

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr **4 / 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 4 quarter of financial year 2007 from 2007-01-01 to 2007-12-31
 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 2008-02-29

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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-Q4 2007	Q1-Q4 2006	Q1-Q4 2007	Q1-Q4 2006
data related to the consolidated financial statement				
I. Net revenues from sales	581,455	491,550	153,955	126,068
II. Operating profit (loss)	44,921	45,551	11,894	11,682
III. Profit before income tax	46,549	54,572	12,325	13,996
IV. Net profit attributable to shareholders	43,444	52,760	11,503	13,531
V. Cash flows from operating activities	39,178	30,092	10,373	7,718
VI. Cash flows from investing activities	-59,111	-45,263	-15,651	-11,609
VII. Cash flows from financing activities	24,973	29,428	6,612	7,547
VIII. Total net cash flows	5,040	14,257	1,334	3,656
IX. Equity attributable to shareholders	287,242	242,403	80,190	63,271
X. Number of shares	7,960,596	7,518,770	7,960,596	7,518,770
XI. Earnings per single share (PLN/EURO)	5.55	7.13	1.47	1.83
data related to the financial statement				
XII. Net revenues from sales of products, goods and materials	530,734	461,808	140,525	118,440
XIII. Profit (loss) on operating activities	36,284	41,653	9,607	10,683
XIV. Gross profit (loss)	30,508	46,216	8,078	11,853
XV. Net profit (loss)	28,875	42,463	7,645	10,890
XVI. Cash flows from operating activities	35,360	22,843	9,362	5,859
XVII. Cash flows from investing activities	-59,458	-43,627	-15,743	-11,189
XVIII. Cash flows from financing activities	24,678	29,657	6,534	7,606
XIX. Total net cash flow	580	8,873	154	2,276
XX. Equity	268,000	238,691	74,819	62,302
XXI. Number of shares	7,960,596	7,518,770	7,960,596	7,518,770
XXII. Earnings (losses) per single share (PLN/EURO)	3.67	5.74	0.97	1.47

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 31.12.2007 – 3.7768;
- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2006 to 31.12.2006 – 3.8991;

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

- 31.12.2007: 3.5820;
- 31.12.2006: 3.8312.

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_4_2007.pdf	Qsr 4 2007

SIGNATURES			
Date	Name and surname	Position	Signature
2008-02-29	Janusz Filipiak	President of the Management Board	
2008-02-29	Piotr Piątosza	Vice-president of the Management Board	

**ComArch Capital Group
Consolidated Financial Statement
for the period from 1 January 2007 to 31 December 2007**



Statement in accordance with the International Financial Reporting Standards

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I. Consolidated Balance Sheet

	Note	At 31 December 2007	At 31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment		182,628	138,765
Goodwill		3,284	3,284
Intangible assets		35,579	36,035
Non-current prepayments		8,458	8,118
Investment in associates	3.2	10,577	7,289
Other investment		123	102
Deferred income tax assets	3.12	12,047	10,994
Other receivables		-	3
		252,696	204,590
Current assets			
Inventories	3.3	32,859	20,136
Trade and other receivables	3.6	188,552	149,950
Current income tax receivables		-	-
Long-term contracts receivables	3.9	17,969	23,926
Available-for-sale financial assets	3.4	-	-
Other financial assets at fair value – derivative financial instruments	3.5	-	167
Cash and cash equivalents		66,368	62,790
		305,748	256,969
TOTAL ASSETS		558,444	461,559
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.7	7,960	7,519
Other capitals		128,875	127,795
Exchange differences		337	463
Net profit for the current period		43,444	52,760
Retained earnings		106,626	53,866
		287,242	242,403
Minority interest		14,655	14,580
Total equity		301,897	256,983
LIABILITIES			
Non-current liabilities			
Credit and loans	3.10	77,739	51,471
Deferred income tax liabilities		6,634	6,309
Provisions for other liabilities and charges		2,676	228
		87,049	58,008
Current liabilities			
Trade and other payables	3.8	152,407	127,714
Current income tax liabilities		2,671	3,424
Long-term contracts liabilities	3.9	6,892	9,744
Credit and loans	3.10	4,945	3,033
Financial liabilities		-	-
Provisions for other liabilities and charges		2,583	2,653
		169,498	146,568
Total liabilities		256,547	204,576
TOTAL EQUITY AND LIABILITIES		558,444	461,559

II. Consolidated Income Statement

Note	3 months ended 31 December 2007	12 months ended 31 December 2007	3 months ended 30 September 2006	12 months ended 30 September 2006
Revenue	170,611	581,455	182,669	491,550
Cost of sales	(125,784)	(450,360)	(140,460)	(370,844)
Gross profit on sales	44,827	131,095	42,209	120,706
Other operating income	808	2,052	566	1,010
Sales and marketing costs	(15,678)	(44,370)	(12,554)	(39,189)
Administrative expenses	(13,533)	(36,757)	(10,597)	(32,965)
Other operating expenses	(380)	(7,099)	(2,169)	(4,011)
Operating profit	16,044	44,921	17,455	45,551
Finance costs-net	(1,125)	(1,660)	(229)	6,431
Share of profit/(loss) of associates	1,147	3,288	443	2,590
Profit before income tax	16,066	46,549	17,669	54,572
Income tax expense	2,505	(3,030)	5,033	(1,585)
Net profit for the period	18,571	43,519	22,702	52,987
Attributable to:				
Equity holders of the company	18,719	43,444	22,827,	52,760
Minority interest	(148)	75	(125)	227
	18,571	43,519	22,702	52,987
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)				
- basic	3.13	5.55		7.13
- diluted	3.13	5.55		6.73

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	-	3,027	-	-	-	-	3,027
Correction of capital from revaluation of shares	-	12	-	-	-	-	12
<i>Currency translation differences¹</i>	-	-	1,126	-	-	-	1,126
<i>Profit for the period²</i>	-	-	-	52,760	-	227	52,987
Total income recognised in equity (1-2)	-	-	1,126	52,760	-	227	54,113
Balance at 31 December 2006	7,519	127,795	463	52,760	53,866	14,580	256,983
Balance at 1 January 2007	7,519	127,795	463	-	106,626	14,580	256,983
Capital from valuation of the managerial option	-	1,080	-	-	-	-	1,080
Increase in capital	441	-	-	-	-	-	441
<i>Currency translation Differences¹</i>	-	-	(126)	-	-	-	(126)
<i>Profit for the period²</i>	-	-	-	43,444	-	75	43,519
Total income recognised in equity (1-2)	-	-	(126)	43,444	-	75	43,393
Balance at 31 December 2007	7,960	128,875	337	43,444	106,626	14,655	301,897

There was a change in presentation of equities in the financial statement as at 31 December 2006. Profits achieved by the dominant unit during previous years that were presented in other capitals, are presented in retained profit. The same presentation method is continued in 2007.

IV. Consolidated Cash Flow Statement

	12 months ended 31 December 2007	12 months ended 31 December 2006
Cash flows from operating activities		
Net profit	43,519	52,987
Total adjustments	(207)	(20,206)
Share in net (gains) losses of related parties valued using the equity method of accounting	(3,288)	(2,590)
Depreciation	16,957	12,740
Exchange gains (losses)	(1,199)	94
Interest and profit-sharing (dividends)	4,055	1,979
(Profit) loss on investing activities	(863)	(7,459)
Change in inventories	(12,764)	5,974
Change in receivables	(36,313)	(59,688)
Change in liabilities and provisions excluding credits and loans	33,208	28,744
Net profit less total adjustments	43,312	32,781
Income tax paid	(4,134)	(2,689)
Net cash used in operating activities	39,178	30,092
Cash flows from investing activities		
Purchase of an associate	-	-
Proceeds from sale of an associate	-	12,232
Purchases of property, plant and equipment	(56,988)	(57,323)
Proceeds from sale of property, plant and equipment	552	473
Purchases of intangible assets	(2,791)	(689)
Purchases of available-for-sale financial assets	(2,002)	(3,000)
Proceeds from sales of available-for-sale financial assets	2,118	3,044
Net cash used in investing activities	(59,111)	(45,263)
Cash flows from financing activities		
Proceeds from share issue	442	-
Proceeds from credits and loans	30,909	37,079
Repayments of credits and loans	(2,675)	(2,718)
Bond interest	-	(2,930)
Bank interest	-	(453)
Redemption of bonds	(3,703)	(1,273)
Other expenses	-	(330)
Other financial proceeds	-	53
Net cash (used in)/generated from financing activities	24,973	29,428
Net change in cash, cash equivalents and bank overdrafts	5,040	14,257
Cash, cash equivalents and bank overdrafts at beginning of the period	62,790	48,967
Positive (negative) exchange differences in cash and bank overdrafts	(1,462)	(434)
Cash, cash equivalents and bank overdrafts at end of the period	66,368	62,790

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 Pawła 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 31 December 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 (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 (100.00 %),
- CA Services S.A. with its registered seat in Krakow (99.90 %),
- ComArch Software S.A.R.L. with its registered seat in Lille (100.00 % subsidiary of ComArch Software AG),
- ComArch Management Spółka z o. o. (limited liability company) with its registered seat in Krakow (100.00 %)*,
- ComArch Corporate Finance Fundusz Inwestycyjny Zamknięty (closed investment fund) (100.00 %)**,
- ComArch Management Spółka z o. o. Spółka Komandytowo-Akcyjna (limited partnership and joint-stock company) with its registered seat in Krakow (100.00 % held by ComArch Corporate Finance Fundusz Inwestycyjny Zamknięty)***,
- MKS Cracovia SSA with its registered seat in Krakow (49.15 %).

*) On 19 October 2007 limited liability company was registered under the company name of ComArch Management Spółka z ograniczoną odpowiedzialnością with its registered seat in Krakow. The share capital of ComArch Management Sp. z o.o. amounts to 50,000.00 PLN and consists of 500 shares of nominal value of 100 PLN each. ComArch S.A. purchased the above-mentioned shares with internal means for the total nominal price of 50,000.00 PLN. The purchased shares constitute 100 % of ComArch Management Sp. z o.o.'s share capital and 100 % of votes at the shareholders' meeting of the company. The subject matter of activities of ComArch Management Sp. z o.o. will be activities related to IT.

**) ComArch S.A. has made an investment in investment certificates of a closed investment fund ComArch Corporate Finance Fundusz Inwestycyjny Zamknięty (hereinafter referred to as the "Fund"). Due to that fact on 24 October 2007 ComArch S.A. purchased four investment certificates of the Fund worth 250,000.00 PLN each. The total value of the purchased investment certificates amounted to 1,000,000.00 PLN. They constitute 100 % of investment certificates issued by the Fund and entitle to 100 % of votes at meeting of the Fund's investors. ComArch S.A. purchased the above-mentioned investment certificates with internal means.

Purpose of the Fund is investment activity in the scope of new technologies and Internet services that are not ComArch S.A.'s basic activities. The first undertaking financed by the Fund will be creating a company that will store electronic health records.

***) On 21 November 2007 limited partnership and joint-stock company was registered under the company name of ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow (hereinafter referred to as the "SKA"). The share capital of SKA amounts to 900,000.00 PLN and consists of 900,000 shares of nominal value of 1.00 PLN each. ComArch S.A. purchased the above-mentioned shares with internal means for the total nominal price of 900,000.00 PLN. The purchased shares constitute 100 % of SKA's share capital and 100 % of votes at the shareholders' meeting of the company. The subject matter of activities of SKA are activities related to IT.

On 30 November 2007 ComArch S.A. sold 900,000 shares of ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow to ComArch Corporate Finance Closed Investment Fund with its registered seat in Krakow. The nominal value of each share is 1.00 PLN and they constitute 100 % of share capital and 100 % of votes at ComArch Management Sp. z o.o. SKA shareholders' meeting. In legal point of view, ComArch Corporate Finance Closed Investment Fund is not a related entity of ComArch S.A. Investment certificates issued by the Fund are not owner securities. ComArch Management Sp. z o.o. SKA is a subsidiary of ComArch S.A. by the unique active partner, i.e. ComArch Management Sp. z o.o. that is a subsidiary of ComArch S.A.

The dominant unit's associate is:

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

On 3 December 2007, an agreement on INTERIA.PL S.A. ownership transfer between ComArch S.A. with its registered seat in Krakow and SKA was concluded. In consequence of this agreement ComArch S.A. transferred INTERIA.PL S.A. ownership to SKA. These were 2,267,814 registered preferential shares and 270,555 ordinary

bearer shares. They in total constituted 36.08 % of share capital of INTERIA.PL S.A. and entitled to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A.

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.

2. Description of the Applied Accounting Policies

This consolidated financial statement for the 12 months ended 31 December 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 12 months ended 31 December 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 LLC	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 %
ComArch Software S.A.R.L.	subsidiary	full	100.00 % held by ComArch Software AG
ComArch Management Sp. z o.o.	subsidiary	full	100,00 %
ComArch Management Sp. z o.o. SKA	subsidiary	full	100.00 % held by ComArch Corporate Finance Fundusz Inwestycyjny Zamknięty
ComArch Corporate Finance Fundusz Inwestycyjny Zamknięty	subsidiary	full	100.00 % in total number of investment certificates
MKS Cracovia SSA	subsidiary	full	49.15 %

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

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 revaluating 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 revaluating 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 is exposed to the following main types of financial risk:

a) Credit Risk

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. Concentration of credit risk is limited due to diversification of the Group's sales to a significant number of customers in different branch of economy, in different world's regions.

b) Risk of Change in Interest Rates

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. The influence of interest rate changes on the amount of interest on credit paid is partly compensated for by a change in the amount of interest received on cash and cash equivalents.

c) Risk of Fluctuation in the Exchange Rates

The company is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EURO/PLN and USD/PLN. 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.

The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

d) Financial Liquidity Risk

The Group has a liquidity risk management system to manage its short, medium and long-term funds. The fundamental financial liquidity risk arises because the majority of costs incurred by the Group are fixed, while revenue from sales, as is typical for a services company, fluctuates. The Group manages liquidity risk by holding the appropriate amount of working capital, by holding reserve credit lines in the current account, by constantly monitoring the forecasted and actual cash flows and by analyzing the maturity profiles of financial assets and liabilities.

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. The scope of the regulations approved by the European Union differs from the full regulations of IFRS that could be applied to financial statements for the twelve months ended 31 December 2007. This difference results from the below-mentioned changes to standard that have not been approved by the European Union yet:

- Changes to IAS 39 Hedge accounting.

It is the view of the Management Board that these changes to standard would have no significant effect on the financial statement if they were applied as at the balance sheet date.

The following standards and interpretations have been published by International Accounting Standards Board or International Financial Reporting Standards Committee however they will be mandatory for periods beginning on or after 1 January 2008:

- Changes to IAS 23 „Borrowing costs” (an effective date: 1 January 2009)
- IFRS 8 „Operating Segments” replaces the requirements of IAS 14 and will be mandatory for annual financial statements for the periods beginning on 1 January 2009. This interpretation will not have a significant impact on the method of classification and presentation of business segments.
- Interpretation of IFRIC 12 „Service Concession Arrangements” (an effective date: 1 January 2008). This interpretation will not have any significant impact on the Group’s financial statement.
- Interpretation of IFRIC 13 – Loyalty Programmes (an effective date: 1 January 2008),
- Interpretation of IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (an effective date: 1 January 2008).

In the opinion of the Group’s Management the above-mentioned accounting standards, interpretations and changes to standards will not have any significant impact on the accounting policy applied by the Group and the financial statement.

3. Notes to the Consolidated Financial Statement

3.1 Segment Information for the 12 months ended 31 December 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

12 months ended 31 December 2006

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients, including:	490,179	8,812	-	498,991
<i>revenues from sales</i>	482,900	8,650	-	491,550
<i>other revenues /operating and financing/</i>	7,279	162	-	7,441
Revenues per segment - sales to other segments	-	5,957	(5,957)	-
Revenues per segment - total*	490,179	14,769	(5,957)	498,991
Costs per segment relating to sales to external clients	438,642	8,367	-	447,009
Costs per segment relating to sales to other segments	-	5,957	(5,957)	-
Costs per segment - total*	438,642	14,324	(5,957)	447,009
Current taxes	(4,643)	-	-	(4,643)
Assets for the tax due to investment allowances and other tax relief	3,058	-	-	3,058
Share of segment in the result of parties valued using the equity method of accounting	2,590	-	-	2,590
Net result,	52,542	445	-	52,987
including:				
<i>result attributable to shareholders of the dominant unit</i>	52,542	218	-	52,760
<i>result attributable to minority interest</i>	-	227	-	227

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

12 months ended 31 December 2007

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients, including:	573,075	10,432	-	583,507
<i>revenues from sales</i>	571,051	10,404	-	581,455
<i>other operating revenues</i>	2,024	28	-	2,052
Revenues per segment - sales to other segments	-	6,660	(6,660)	-
Revenues per segment - total*	573,075	17,092	(6,660)	583,507
Costs per segment relating to sales to external clients	529,961	10,285	-	540,246
Costs per segment relating to sales to other segments	-	6,660	(6,660)	-
Costs per segment - total*	529,961	16,945	(6,660)	540,246
Current taxes	(3,759)	-	-	(3,759)
Assets for the tax due to investment allowances and other tax relief	729	-	-	729
Share of segment in the result of parties valued using the equity method of accounting	3,288	-	-	3,288
Net result,	43,372	147	-	43,519
including:				
<i>result attributable to shareholders of the dominant unit</i>	43,372	72	-	43,444
<i>result attributable to minority interest</i>	-	75	-	75

*) 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 31 December 2006 and as at 31 December 2007 are as follows:

12 months ended 31 December 2006

	IT Segment	Sport Segment	Total
Assets	420,667	40,892	461,559
Liabilities	192,954	11,622	204,576
Investment expenditures	58,552	2,460	61,012
Depreciation	12,035	705	12,740

12 months ended 31 December 2007

	IT Segment	Sport Segment	Total
Assets	518,329	40,115	558,444
Liabilities	246,125	10,422	256,547
Investment expenditures	58,661	1,118	59,779
Depreciation	16,261	696	16,957

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

	12 months ended 31 December 2007	12 months ended 31 December 2006
Poland	466,993	395,048
Europe	89,943	67,298
The Americas	15,125	25,483
Others	9,394	3,721
TOTAL	581,455	491,550

Assets – activities location

	31 December 2007	31 December 2006
Poland	518,773	432,308
Europe	25,078	14,645
The Americas	6,843	10,235
Others	7,750	4,371
TOTAL	558,444	461,559

Investments expenditures - activities location

	12 months ended 31 December 2007	12 months ended 31 December 2006
Poland	58,838	59,511
Europe	702	918
The Americas	239	516
Others	-	67
TOTAL	59,779	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 disposal of INTERIA.PL S.A. shares	(2,574)
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 2007	3,288
At 31 December 2007	10,577
<i>including:</i>	
INTERIA.PL S.A.	10,577

	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2006				
INTERIA.PL S.A.*	Poland	27,289	8,222	36.08
NetBrokers Sp. z o.o.**	Poland	-	-	
		27,289	8,222	
At 31 December 2007				
INTERIA.PL S.A.	Poland	39,746	11,565	36.08

	Country of incorporation	Revenues	Profit/(Loss)	% shares held
12 months ended 31 December 2006				
INTERIA.PL S.A.	Poland	53,008	5,849	36.08
NetBrokers Sp. z o.o.	Poland	-	-	40.00
		53,008	5,849	
12 months ended 31 December 2007				
INTERIA.PL S.A.	Poland	70,786	9,113	36.08

*) On 1 January 2007 ComArch S.A. held 2,538,369 shares of INTERIA.PL S.A., which constituted 36.08 % of company's share capital. These shares gave ComArch S.A. 11,609,625 votes at the General Meeting, which constituted 48.48 % of the total number of votes.

On 3 December 2007, an agreement on INTERIA.PL S.A. ownership transfer between ComArch S.A. with its registered seat in Krakow and SKA was concluded. In consequence of this agreement ComArch S.A. transferred INTERIA.PL S.A. ownership to SKA. These were 2,267,814 registered preferential shares and 270,555 ordinary bearer shares. They in total constituted 36.08 % of share capital of INTERIA.PL S.A. and entitled to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A. As at 31 December 2007, ComArch S.A. doesn't hold any INTERIA.PL S.A. shares, however these shares are still propriety of the Group.

As at 31 December 2007 the fair value of INTERIA.PL S.A. shares held by SKA based on average stock exchange prices from the three months preceding 31 December 2007 was 158.67 million PLN. On 31 December 2007, the closing price of INTERIA.PL S.A. shares was 65.95 PLN. On this day, the value of INTERIA.PL S.A. shares held by SKA was 167.41 million PLN.

* Shares in NetBrokers Sp. z o.o. were sold in the fourth quarter of 2006.

3.3 Inventories

	31 December 2007	31 December 2006
Raw materials	678	880
Work in progress	13,597	11,831
Finished goods	18,582	7,369
Advance due to finished goods	2	56
	32,859	20,136

The cost of inventories included in 'Costs of products, goods and materials sold' amounted to 349.61 million PLN (12 months ended 31 December 2007) and 290.86 million PLN (12 months ended 31 December 2006).

In 2007 the Group reversed a write-off worth 0.1 million PLN that revaluated inventories. In the fourth quarter of 2007, goods were sold in reference to which write-offs revaluating them were recognised in the second quarter of 2007 (0.421 million PLN) and new write-offs were recognised that revalue goods and are worth 0.371 million PLN. These operations were presented per balance in other operating costs (0.271 million PLN). 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 4.5 million PLN shall remain unsettled. Other inventories will be settled in their entirety within 12 months.

3.4 Available-For-Sale Financial Assets

	31 December 2007	31 December 2006
At the beginning of the year		-
Additions	2,039	3,042
Disposal	(2,039)	(3,042)
At 31 December 2007	-	-

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

	31 December 2007		31 December 2006	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts– held-for-trading	-	-	261	94
	-	-	261	94
<i>Current portion</i>	-	-	261	94

As at 31 December 2007, the Group did not held any opened derivative financial instruments. 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. The above-mentioned instruments are valued at fair value according to market price and changes in valuation were referred into the results from financial operations.

3.6 Trade and Other Receivables

	31 December 2007	31 December 2006
Trade receivables	177,664	144,417
Less provision for impairment of receivables	(5,708)	(3,343)
Trade receivables – net	171,956	141,074
Other receivables	4,850	1,945
Short-term prepayments	3,092	2,847
Prepayments of revenues	7,937	3,855
Loans	33	206
Receivables from related parties	684	23
	188,552	149,950
<i>Current portion</i>	188,552	149,950

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 4.99 million PLN (12 months ended 31 December 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
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 31 December 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 69.15 % 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 1,833,464 shares (23.03 % of the company's share capital), which gave 1,833,464 votes at AGM and constituted 12.23 % 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 829,619 shares (10.42 % of the company's share capital), which gave 829,619 votes at AGM (5.53 % of the total number of votes at the AGM).

3.7.2 Changes in Share Capital in the Fourth Quarter of 2007

1) Registration of ComArch Management Sp. z o.o.

On 19 October 2007 limited liability company was registered under the company name of ComArch Management Spółka z ograniczoną odpowiedzialnością with its registered seat in Krakow. The share capital of ComArch Management Sp. z o.o. amounts to 50,000.00 PLN and consists of 500 shares of nominal value of 100 PLN each. ComArch S.A. purchased the above-mentioned shares with internal means for the total nominal price of 50,000.00 PLN. The purchased shares constitute 100 % of ComArch Management Sp. z o.o.'s share capital and 100 % of votes at the shareholders' meeting of the company. The subject matter of activities of ComArch Management Sp. z o.o. are activities related to IT.

2) Registration of ComArch Management Sp. z o.o. SK-A

On 21 November 2007 limited partnership and joint-stock company was registered under the company name of ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow. The share capital of SKA amounts to 900,000.00 PLN and consists of 900,000 shares of nominal value of 1.00 PLN each. ComArch S.A. purchased the above-mentioned shares with internal means for the total nominal price of 900,000.00 PLN. The purchased shares constitute 100 % of SKA's share capital and 100 % of votes at the shareholders' meeting of the company. The subject matter of activities of SKA are activities related to IT.

3) Disposal of Significant Assets

On 30 November 2007 ComArch S.A. sold 900,000 shares of ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow to ComArch Corporate Finance Closed Investment Fund with its registered seat in Krakow. The nominal value of each share is 1.00 PLN and they constitute 100 % of share capital and 100 % of votes at ComArch Management Sp. z o.o. SKA shareholders' meeting. In legal point of view, ComArch Corporate Finance Closed Investment Fund is not a related entity of ComArch S.A. Investment certificates issued by the Fund are not owner securities.

4) INTERIA.PL S.A. Ownership Transfer

On 3 December 2007, an agreement on INTERIA.PL S.A. ownership transfer between ComArch S.A. with its registered seat in Krakow and SKA was concluded. In consequence of this agreement ComArch S.A. transferred INTERIA.PL S.A. ownership to SKA. These were 2,267,814 registered preferential shares and 270,555 ordinary bearer shares. They in total constituted 36.08 % of share capital of INTERIA.PL S.A. and entitled to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A.

As at 31 December 2007, ComArch S.A. held no INTERIA.PL S.A. shares

5) Increase in Share of BZ WBK AIB Asset Management S.A. in the Total Number of Votes at the Annual General Meeting of ComArch S.A.

As a result of purchases of the shares, which were settled on 13 December 2007, customers of BZ WBK AIB Asset Management Spółka Akcyjna with its registered seat in Poznan held more than 10 % of votes at the annual general meeting of ComArch S.A.

On 13 December 2007, there were 1,504,869 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 18.90 % of the company's share capital. This gave 1,504,869 or 10.01 % of the total votes at ComArch S.A.'s annual general meeting.

Within the next 12 months, both an increase and decrease in share in ComArch S.A.'s share capital are possible. Potential decisions on purchase or disposal of shares will rely on company's situation, assessment of this situation and market conditions. Value of assets managed by BZ WBK Asset Management S.A. will have also influence on purchase or disposal decision making.

At the same time, BZ WBK AIB Asset Management S.A. informed that pursuant to art. 46, sec. 1, pt 1) of the Act on investment funds dated 27 May 2004 (Journal of Laws No. 146, pos. 1546, and subsequent changes), BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (investment funds) authorised BZ WBK AIB Asset Management S.A. to manage investment portfolios of investment funds, whose body Towarzystwo is (hereinafter referred to as the "Funds"). With relation to authorisation mentioned above, this notice ought to take into account ComArch S.A. shares, which are held by funds.

The company announced details in current report no. 54/2007.

6) Increase in BZ WBK AIB TFI S.A.'s (Investment Funds) Share in the Total Number of Votes at General Meeting of ComArch S.A.

As a result of purchases of the shares, which were settled on 13 December 2007, 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") held more than 5 % in total number of votes at ComArch S.A.'s annual general meeting.

On 13 December 2007, there were 829,619 ComArch S.A. shares in the securities accounts of Funds, which consisted 10.42 % of the equity. This gave 829,619 votes or 5.52 % of the total votes at ComArch S.A.'s annual general meeting.

At the same time, Towarzystwo informed that pursuant to art. 46, sec. 1, pt 1) of the Act on investment funds dated 27 May 2004 (Journal of Laws No. 146, pos. 1546, and subsequent changes), authorised BZ WBK AIB Asset Management S.A. to manage investment portfolios of investment funds. With relation to authorisation mentioned above, BZ WBK AIB Asset Management S.A. has also the purchase information duty.

The company announced details in current report no. 55/2007.

7) Resolution of the National Deposit for Securities on Registration of ComArch S.A. Shares

The Management Board of the National Deposit for Securities, with the resolution no. 367/07 dated 21 December 2007 on registration of 9,400 ordinary bearer ComArch S.A. shares with the code PLCOMAR00061. On 2 January 2008, they will be transformed from 9,400 registered preference shares marked with the code PLCOMAR00020.

The Management Board of the National Deposit for Securities announced that beginning from 2 January 2008:

- There will be 1,757,800 ComArch S.A. shares marked with the code PLCOMAR00020;
- There will be 9,400 ComArch S.A. shares marked with the code PLCOMAR00061.

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 2007 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 31 December 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: 84.62 %, i.e. 4.9 million PLN
- b) The value of the option for Key Employees: 15.38 %, i.e. 0.89 million PLN

The value of the Option recognised in the income statement for 12 months ended 31 December 2007 amounted to 1.08 million PLN.

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.

The difference between the average capitalisation in December 2007 and the average capitalisation in December 2006 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 will not be issued in 2008.

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.

On 10 December 2007, with the resolution no. 3/12/2007, the Supervisory Board of ComArch S.A. established a list of Key Employees and single option factors for 2008. The total value of the all single option factors for each Key Employee in 2008 shall amount to 3 %.

Pursuant to IFRS2, the company has valued the Option with Black & Scholes model and the Monte Carlo simulation technique. 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:

- 5.74 % 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);
- 33.81 % 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). The determined Option's value amounts to 5.79 million PLN and it will be recognised in the income statement for 2008.

3.7.4 Changes in Share Capital after the Balance Sheet Date

1) Introduction of 9,400 Series A Shares to Trading

With the resolution no. 7/2008 dated 4 January 2008, the Management Board of the Warsaw Stock Exchange decided that pursuant to &19, sec. 1 and 2 of the Rules of the Warsaw Stock Exchange 9,400 ordinary bearer series A ComArch S.A. shares of nominal value of 1 PLN each are admitted to trading. Pursuant to &38 sec. 1 of the Rules of the Warsaw Stock Exchange, the Management Board of the Warsaw Stock Exchange decided that the shares mentioned in the point 1 will be introduced to trading on 11 January 2008, providing that on 11 January 2008 they will be assimilated by the National Deposit for Securities with other ComArch S.A. shares already in trading.

2) Changes in Rights Attached to Series A Shares

Due to request of a shareholder and pursuant to resolution no. 1/16/2007 of ComArch S.A.'s Management Board passed on 13 August 2007 rights attached to 9,400 series A shares have been changed:

1) issuer's shares related to this change:

-9,400 registered preference series A shares

2) legal basis of taken action:

-Article 8 section 1 and 3 of ComArch S.A.'s Statute,

-Resolution no. 1/16/2007 of ComArch S.A.'s Management Board passed on 13 August 2007,

-Resolution No. 913/07 of the Management Board of the National Deposit for Securities dated 21 May 2007.

3) rights attached to shares before and after conversion

-before conversion – registered shares preferential for vote so that 5 votes in the General Meeting corresponds with each share,

-after conversion – ordinary bearer shares with no preferences.

4) number of converted registered preference shares: 9,400

5) number of votes at the issuer's general meeting after conversion: 14,991,796

3) Increase in BZ WBK AIB Asset Management S.A.'s Share in the Total Number of Votes at General Meeting of ComArch S.A.

As result of purchases of the shares, which were settled on 2 January 2008 as well as conversion of registered preference shares into ordinary bearer shares, clients of BZ WBK AIB Asset Management S.A. increased their share in total number of votes at ComArch S.A.'s annual general meeting by more than 2 %.

On 2 January 2008, there were 1,833,464 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB

Asset Management S.A. clients, which constituted 23.03 % of the company's share capital. This gave 1,833,464 or 12.23 % 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 pursuant to art. 46, sec. 1, pt 1) of the Act on investment funds dated 27 May 2004 (Journal of Laws No. 146, pos. 1546, and subsequent changes), 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 (hereinafter referred to as the "Funds"). With relation to authorisation mentioned above, this notice ought to take into account ComArch S.A. shares, which are held by funds.

4) Resolution of the National Deposit for Securities on Assimilation of Series A Shares

The Management Board of the National Deposit for Securities announced that decided to assimilate 9,400 ComArch S.A. shares (marked with the code PLCOMAR00061) with 6,193,396 ComArch S.A. shares (marked with the code PLCOMAR00012). Assimilated shares will be marked with the code PLCOMAR00012. The Management Board of the National Deposit for Securities announced that beginning from 11 January 2008 there will be 6,202,796 ComArch S.A. shares marked with the code PLCOMAR00012.

3.8 Trade and Other Payables

	31 December 2007	31 December 2006
Trade payables	74,885	64,609
Financial liabilities	-	-
Advances received due to services	5,202	6,599
Liabilities to related parties	403	225
Liabilities due to social insurance and other tax charges	16,343	14,380
Investment liabilities	5,115	4,229
Subsidies received	9,942	1,479
Provision for leave	8,527	7,037
Reserve on costs relating to the current period, to be incurred in the future	28,722	25,673
Other payables	1,839	2,257
Special funds (Social Services Fund and Residential Fund)	1,429	1,226
Total liabilities	152,407	127,714

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

3.9 Long-term Contracts

	12 months ended 31 December 2007	12 months ended 31 December 2006
Revenues due to long-term contracts recognised in the reporting period	100,313	123,155
a) revenues from completed contracts recognised in the reporting period	46,680	47,058
b) revenues from contracts not completed recognised in the reporting period	53,633	76,097

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 31 December 2007 amounted to -3.11 million PLN.

3.10 Credits and Loans

	31 December 2007	31 December 2006
Non-current		
Bank credits	77,739	51,471
Loans	-	-
	77,739	51,471
Current		
Bank overdraft	-	-
Loans	205	592
Bank credits	4,740	2,441
	4,945	3,033
Total credit and loans	82,684	54,504

Investments credits

ComArch S.A. credit lines:

- 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 31 December 2007, the value of the credit to be repaid amounted to 15 million PLN. A promissory note, the mortgage on land and the building insurance policy are security for this credit.
- 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 31 December 2007, the value of the credit to be repaid amounted to 26.56 million PLN.
- 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 44,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 27 June 2008. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 31 December 2007, the value of the credit used amounted to 25.77 million PLN.
- An investment credit from Bank Pekao 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 31 December 2007, 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 31 December 2007	6 months or less	6-12 months	1-5 years	Over 5 years	Total
Investments credits	1,564	3,119	36,931	40,808	82,422
Interest	57	-	-	-	57
	1,621	3,119	36,931	40,808	82,479

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

	31 December 2007	31 December 2006
Between 1 and 2 years	5,458	4,142
Between 2 and 5 years	31,473	13,577
Over 5 years	40,808	33,752
	77,739	51,471

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

	31 December 2007	31 December 2006
In Polish currency	82,684	54,504
	82,684	54,504

The effective interest rates at the balance sheet date:

	31 December 2007 PLN	31 December 2006 PLN
Bank credits	6.18 %	5.34 %
Loans	6.20 %	2.95 %

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

	31 December 2007	31 December 2006
At variable interest:		
– expiring within one year	25,436	10,000
	25,436	10,000

3.11 Contingent Liabilities

On 31 December 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 46.46 million PLN, whereas it was 32.02 million on 31 December 2006.

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

	31 December 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

On 10 December 2007, an annex to the credit agreement with Fortis Bank Polska SA was signed. It is related to financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The company announced details of the agreement on 9 June 2006 in current report no. 33/2006. The annex increases credit's amount by 14 million PLN up to 44 million PLN and it exceeds crediting period from 16 to 18 years, till 29 July 2024. The company announced details in current report no. 53/2007.

On 31 December 2007, there were no ComArch S.A.'s suretyships for the debts of INTERIA.PL S.A. from lease agreements (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 1.39 million PLN. In the previous year provisions for part of these claims were created. In the fourth quarter of 2007, additional provisions for these claims were created and amounted to 0.323 million PLN.

As at 31 December 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 31 December 2007 constitutes a deferred income tax asset. The limit of the unused investment relief as at 31 December 2007, discounted as at the permit date, is 27.18 million PLN.

Within the period of 12 months of 2007, due to a high level of income from activities in the Special Economic Zone in Krakow in 2007, the company dissolved in total an asset in the amount of 6.81 million PLN that was established as at 31 December 2006.

As at 31 December 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 8.74 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 in 2008. The effect of the above-mentioned operation on the result of 2007 was 1.93 million PLN. 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 realisation 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. During 2007, the Group settled in part a deferred tax asset related to temporary differences that was recognised on 31 December 2006 and worth 2.52 million PLN; and the Group dissolved a deferred tax provision that was recognised in 2006 and worth 0.029 million PLN. At the same time, an asset due to temporary differences was recognised in the amount of 2.47 million PLN as well as deferred tax provision in the amount of 0.35 million PLN. The total effect of the above-mentioned operations on the result of 2007 was minus 0.37 million PLN.

3. During 2007, the Group reversed in total an asset due to tax loss in a subsidiary, ComArch Software AG that was recognised as at 31 December 2006, and worth 0.988 million PLN; and at the same time, the Group recognised an asset due to tax loss in the subsidiary, in the amount of 0.160 million PLN, the value estimated and possible to recover in 2008.

The total effect of the all above-mentioned operations on the result of 2007 was minus 0.728 million PLN.

3.13 Earnings Per Share

	12 months ended 31 December 2007	12 months ended 30 December 2006
Net profit for the period attributable to equity holders of the company	43,444	52,760
Weighted average number of shares in issue (thousands)	7,827	7,396
Basic earnings per share (PLN)	5.55	7.13
Diluted number of shares (thousands)	7,827	7,835
Diluted earnings per share (PLN)	5.55	6.73

Basic earnings per share in the column '12 months ended 31 December 2007' is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2007 to 31 December 2007 by the weighted average number of shares in issue between 1 January 2007 and 31 December 2007, where the number of days is the weight. Basic earnings per share in the column '12 months ended 31 December 2006' is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 31 December 2006 by the weighted average number of shares in issue between 1 January 2006 and 31 December 2006, where the number of days is the weight.

Diluted earnings per share in the column '12 months ended 31 December 2007' is calculated by dividing the net consolidated profit attributable to equity holders of the company for the period from 1 January 2007 to 31 December 2007 by the weighted average number of shares in issue between 1 January 2007 and 31 December 2007, where the number of days is the weight.

Diluted earnings per share in the column '12 months ended 31 December 2006' calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 31 December 2006 by the weighted average number of shares in issue between 1 January 2006 and 31 December 2006, where the number of days is the weight as well as diluted number of shares (according to IAS 33) resulting from execution of the managerial option for 2006 and calculated pursuant to the programme described in pt 3.7.3 .

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 14 November 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 69.15 % of all votes at the AGM;

- Customers of BZ WBK AIB Asset Management S.A. held 1,833,464 shares (23.03 % of company's share capital), which gave them 1,833,464 votes at the AGM and constituted 12.23 % of the total number of votes at the AGM. The shares comprise shares held by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. As at the day of the report, according to information possessed by the company, they held 829,619 shares (10.42 % in the company's share capital) that entitled to 829,619 votes at the AGM (5.53 % in the total number of votes at the AGM).

b) Changes in holdings of ComArch S.A. shares by managing and supervising persons between 14 November 2007 and 29 February 2008

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 third quarter of 2007, i.e. 14 November 2007 and on 29 February 2008, pursuant to the information possessed by the company.

Members of the Management Board and the Board of Supervisors	Position	As at 29 February 2008		As at 14 November 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	69.15 %	3,411,383	68.98 %
Piotr Piątosza	Vice-President of the Management Board	10,776	0.07 %	10,776	0.07 %
Paweł Prokop	Vice-President of the Management Board	34,268	0.48 %	40,026	0.52 %
Piotr Reichert	Vice-President of the Management Board	-	0.00 %	-	0.00 %
Zbigniew Rymarczyk	Vice-President of the Management Board	21,772	0.15 %	21,772	0.14 %
Marcin Warwas	Vice-President of the Management Board	-	0.00 %	9,850	0.07 %
Number of shares issued		7,960,596	100.0 %	7,960,596	100.0 %

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

1) Deferred Income Tax Asset

Within the period of 12 months of 2007, due to a high level of income from activities in the Special Economic Zone in Krakow in 2007, the company dissolved in total an asset in the amount of 6.81 million PLN that was established as at 31 December 2006.

As at 31 December 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 8.74 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 in 2008. The effect of the above-mentioned operation on the result of 2007 was 1.93 million PLN. 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 realisation 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.

2) Agreement on Sales of INTERIA.PL SA Shares to "BAUER MEDIA INVEST" GmbH

On 3 December 2007, ComArch S.A., "COMARCH MANAGEMENT Spółka z ograniczoną odpowiedzialnością" Spółka Komandytowo-Akcyjna (Ltd' Joint Stock Partnership) and „COMARCH CORPORATE FINANCE” Closed Investment Fund concluded a contract with BAUER MEDIA INVEST” GmbH with its registered seat in Hamburg, Burchardstrasse 11. In consequence of this agreement ComArch S.A. declared:

a) bringing 2,267,814 registered preferential shares and 270,555 ordinary bearer INTERIA.PL SA shares to cover an increase in share capital of 'COMARCH MANAGEMENT Ltd' Joint Stock Partnership. The shares constitute 36.08 % of share capital of INTERIA.PL S.A. and entitle to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A.

b) to ensure sales by 'COMARCH MANAGEMENT Ltd' Joint Stock Partnership the above-mentioned INTERIA.PL SA shares to „BAUER MEDIA INVEST” GmbH by entering into a call of a buyer for INTERIA.PL SA shares for 80.00 PLN for each registered preferential share and 66.62 PLN for each ordinary bearer share. The company announce details in current report no. 52/2007.

4.3 Events After the Balance Sheet Date

1) Introduction of 9,400 Series A Shares to Trading

With the resolution no. 7/2008 dated 4 January 2008, the Management Board of the Warsaw Stock Exchange decided that pursuant to &19, sec. 1 and 2 of the Rules of the Warsaw Stock Exchange 9,400 ordinary bearer series A ComArch S.A. shares of nominal value of 1 PLN each are admitted to trading. Pursuant to &38 sec. 1 of the Rules of the Warsaw Stock Exchange, the Management Board of the Warsaw Stock Exchange decided that the shares mentioned in the point 1 will be introduced to trading on 11 January 2008, providing that on 11 January 2008 they will be assimilated by the National Deposit for Securities with other ComArch S.A. shares already in trading.

2) Change in Rights Attached to Series A Shares

Due to request of a shareholder and pursuant to resolution no. 1/16/2007 of ComArch S.A.'s Management Board passed on 13 August 2007 rights attached to 9,400 series A shares have been changed:

1) issuer's shares related to this change:

-9,400 registered preference series A shares

2) legal basis of taken action:

-Article 8 section 1 and 3 of ComArch S.A.'s Statute,

-Resolution no. 1/16/2007 of ComArch S.A.'s Management Board passed on 13 August 2007,

-Resolution No. 913/07 of the Management Board of the National Deposit for Securities dated 21 May 2007.

3) rights attached to shares before and after conversion

-before conversion – registered shares preferential for vote so that 5 votes in the General Meeting corresponds with each share,

-after conversion – ordinary bearer shares with no preferences.

4) number of converted registered preference shares: 9,400

5) number of votes at the issuer's general meeting after conversion: 14,991,796

3) Increase in BZ WBK AIB Asset Management S.A.'s Share in the Total Number of Votes at General Meeting of ComArch S.A.

As result of purchases of the shares, which were settled on 2 January 2008 as well as conversion of registered preference shares into ordinary bearer shares, clients of BZ WBK AIB Asset Management S.A. increased their share in total number of votes at ComArch S.A.'s annual general meeting by more than 2 %.

On 2 January 2008, there were 1,833,464 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 23.03 % of the company's share capital. This gave 1,833,464 or 12.23 % 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 pursuant to art. 46, sec. 1, pt 1) of the Act on investment funds dated 27 May 2004 (Journal of Laws No. 146, pos. 1546, and subsequent changes), 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 (hereinafter referred to as the "Funds"). With relation to authorisation mentioned above, this notice ought to take into account ComArch S.A. shares, which are held by funds.

4) Resolution of the National Deposit for Securities on Assimilation of Series A Shares

The Management Board of the National Deposit for Securities announced that decided to assimilate 9,400 ComArch S.A. shares (marked with the code PLCOMAR00061) with 6,193,396 ComArch S.A. shares (marked with the code PLCOMAR00012). Assimilated shares will be marked with the code PLCOMAR00012. The Management Board of the National Deposit for Securities announced that beginning from 11 January 2008 there will be 6,202,796 ComArch S.A. shares marked with the code PLCOMAR00012.

5) Terms of Periodical Financial Reports

ComArch S.A.'s Management Board has set the following terms of periodical financial reports in 2008:

QUARTERLY REPORTS (consolidated, extended):

1) Q4 2007- on 29 February 2008

2) Q1 2008- on 15 May 2008

3) Q2 2008- on 14 August 2008

4) Q3 2008- on 14 November 2008

ANNUAL AND HALF-YEAR REPORTS:

1) Consolidated half-year report for the first half-year of 2008- on 29 September 2008

2) Annual report for 2007- on 3 April 2008

3) Consolidated annual report for 2007- on 8 May 2008

6) Settlement of Transaction of Sales of INTERIA.PL S.A. Shares

In January 2008, a transaction of sales of INTERIA.PL S.A. shares by "COMARCH MANAGEMENT Spółka z ograniczoną odpowiedzialnością" Spółka Komandytowo-Akcyjna to "BAUER MEDIA INVEST" GmbH was settled. It was a consequence of an agreement concluded between ComArch S.A. and "BAUER MEDIA INVEST" GmbH on 3 December 2007. The company announced details in current report no. 52/2007.

4.4 Significant Legal, Arbitration or Administrative Proceedings

In the fourth 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 potential total amount of third party claims is 1.39 million PLN. In the previous year provisions for part of these claims were created. In the fourth quarter of 2007, additional provisions for these claims were created and amounted to 0.32 million PLN.

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

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

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

On 3 December 2007, an agreement on INTERIA.PL S.A. ownership transfer between ComArch S.A. with its registered seat in Krakow and ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow („SKA”) was concluded. In consequence of this agreement ComArch S.A. transferred INTERIA.PL S.A. ownership to SKA. These were 2,267,814 registered preferential shares and 270,555 ordinary bearer shares. They in total constituted 36.08 % of share capital of INTERIA.PL S.A. and entitled to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A.

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

In the fourth 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.

4.8 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 Fourth Quarter of 2007 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter

Revenues and profit

In the fourth quarter of 2007, the ComArch Group achieved very favourable financial results. Revenue from sales amounted to 170.61 million PLN, operating profit was 16.04 million PLN and EBIT margin amounted to 9.4 % that was comparable to the fourth quarter of 2006.

In 2007, revenue from sales reached the level of 581.46 million PLN, i.e. an increase of 18.3 % compared to the previous year (491.55 million PLN). Operating profit was 44.92 million PLN and maintained the same level as in 2006 (45.55 million PLN). In consequence, over 2007, EBIT margin amounted to 7.7 % and was lower than in 2006 (9.3 %). The decrease in EBIT margin in 2007 is mostly a result of continuous pressure on increase in remuneration in IT sector. As at 31 December 2007, the ComArch Group had 2,853 employees, i.e. 389 more people than at the end of the previous year (an increase of 15.8 %) and 102 more than as at 30 September 2007.

Over 2007, nominal net profit attributable to the company's shareholders amounted to 43.44 million PLN, i.e. less by 9.32 million PLN than in 2006. 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 and provisions, the costs of the managerial option programme and the sale of INTERIA.PL S.A. shares in Q1 2006) shows that financial results of the Group are close in value to those achieved in 2006. The net profit attributable to the company's shareholders after eliminating the above-mentioned one-off events amounted to 43.8 million PLN compared to 46.37 million PLN in the previous year. Over twelve months of 2007, the adjusted operating profit amounted to 46 million PLN compared to 48.58 million PLN in the previous year.

In 2007, it is noteworthy the improvement in EBITDA, both in nominal and adjusted values. Nominal EBITDA was 61.88 million PLN and was higher by 3.59 million PLN (i.e. 6.2 %) than in 2006; adjusted EBITDA increased by 1.64 million PLN (i.e. 2.7 %) that confirms very good financial situation of the Group.

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):

	Q4 2007	Q4 2006	2007	2006
Revenues from sales	170,611	182,669	581,455	491,550
Depreciation	4,420	3,417	16,957	12,740
Nominal EBIT (according to IFRS)	16,044	17,455	44,921	45,551
Earnings impact of the costs of the managerial option	-264	-730	-1,080	-3,027
Adjusted EBIT	16,308	18,185	46,001	48,578
Nominal net profit per company shareholders (according to IFRS)	18,719	22,827	43,444	52,760
Earnings impact of the costs of the managerial option	-264	-730	-1,080	-3,027
Earnings impact of an asset and provisions due to temporary differences	4,666	6,811	728	2,208
Earnings impact of the sale of Interia.PI shares	0	0	0	7,210
Adjusted net profit per company shareholder				46,369
Nominal EBITDA (EBIT + depreciation)	20,464	20,872	61,878	58,291
Adjusted EBITDA (EBIT + depreciation)	20,728	21,602	62,958	61,318
Nominal EBIT margin	9.4%	9.6%	7.7%	9.3%
Adjusted EBIT margin	9.6%	10.0%	7.9%	9.9%
Nominal net margin	11.0%	12.5%	7.5%	10.7%
Adjusted net margin	8.4%	9.2%	7.5%	9.4%
Nominal EBITDA margin	12.0%	11.4%	10.6%	11.9%
Adjusted EBITDA margin	12.1%	11.8%	10.8%	12.5%

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

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

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 2007, revenue from sales increased by 18.3 % and that is a consequence of increase in sales of all types of products, services and goods offered by the Group. There was just a slight change in the product sales structure compared to the previous year. Sales of IT services (51.2 % in the total sales) have remained the most important category in revenues. Total sales of services and proprietary software increased by 51.98 million PLN, i.e. 16.3 % compared to those in 2006; however share in the total sales maintained, the comparable to the previous year, level of 63.6 %. In 2007, total sales of hardware and the third party software increased by 34.45 million PLN, i.e. 21.4 % compared to those in 2006. Remaining sales have remained at the same level as in 2006, and the share in total sales was 2.7 %.

Products sales structure	Q1-Q4 2007	%	Q1-Q4 2006	%
Services	297,944	51.2%	246,767	50.2%
Proprietary software	72,010	12.4%	71,208	14.5%
Third-party software	74,234	12.8%	70,223	14.3%
Hardware	121,258	20.9%	90,821	18.5%
Others	16,009	2.7%	12,531	2.5%
	581,455	100.0%	491,550	100.0%

Over the twelve months of 2007, there was a significant increase in sales to the public sector (an increase of 43.89 million PLN, i.e. 52.8 % compared to the previous year). In consequence there was an increase in share of sales to this sector in the total sales from 16.9 % to 21.8 %. The increase in sales to this sector is mostly the result of deliveries of hardware to schools in 2007. There was a high increase in sales to the Industry & Utilities sector (an increase of 32.16 million PLN, i.e. 63 %, an increase in share from 10.4 % to 14.3 %). In 2007, there was also significant increase in sales to the Finance and Banking sector (an increase of 10.52 million PLN, i.e. 9.1 %). Sales to clients in the Telecommunications sector have remained at the same level; there was only a slight decrease in their share in total sales (from 25.1 % to 21.2 %) due to an increase in the total revenues from sales. Sales to small and medium enterprises increased by 8.88 million PLN, i.e. 21.9 % and its share in total sales has maintained the same level of 8.5 %. There was a slight decrease in the sales to the Trade and Services sector (a decrease of 5.01 million PLN, i.e. 7.6 %).

Over 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-Q4 2007	%	Q1-Q4 2006	%
Telecommunications, Media, IT	123,222	21.2%	123,541	25.1%
Finance and Banking	125,661	21.6%	115,139	23.4%
Trade and Services	60,847	10.5%	65,854	13.4%
Industry & Utilities	83,216	14.3%	51,055	10.4%
Public sector	127,013	21.8%	83,122	16.9%
Small and Medium-Seized Enterprises	49,461	8.5%	40,581	8.3%
Others	12,035	2.1%	12,258	2.5%
	581,455	100.0%	491,550	100.0%

During four quarters of 2007, export sales were higher by 17.96 million PLN than in 2006 (an increase of 18.6 % from 96.5 million PLN to 114.46 million PLN). The share of export sales in total sales remained at the comparable level of 19.7 % (19.6 % in the previous year). 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-Q4 2007	%	Q1-Q4 2006	%
Domestic	466,993	80.3%	395,048	80.4%
Export	114,462	19.7%	96,502	19.6%
	581,455	100.0%	491,550	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.

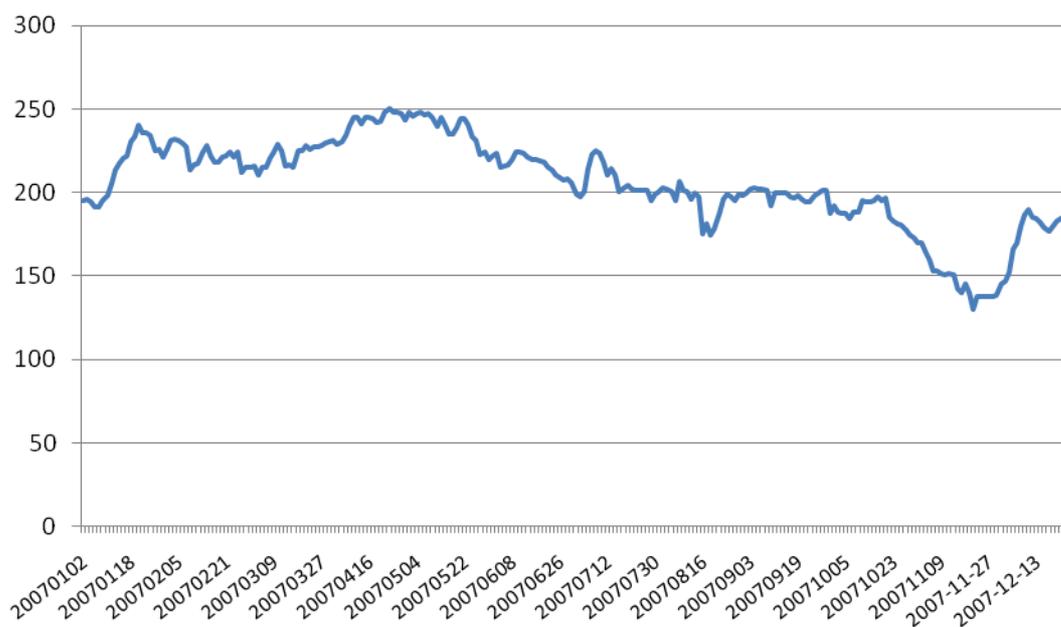
Backlog

As at 28 February 2008, backlog for the current year was at a level of 308.43 million PLN and was up by 4.9 % compared to the same period in the previous year. The share of sales of services and proprietary software has remained at the comparable level of 78 % in the total backlog (76.9 % in the previous year). The increase in backlog mostly resulted from contracts concluded in domestic market. The share of export contracts in backlog decreased from 20.1 % in the previous year to 14.1 %. In the current year, this is a seasonal situation and is a consequence of the strategy assuming that export sales focus on selected markets in Europe as well as North and South America.

Backlog for the current year	As at 28 February 2007	As at 28 February 2006	Change
Revenues contracted for the current year	308,427	294,005	4.9%
including export contracts	43,628	58,988	-26%
% of export contracts	14.1%	20.1%	
including services and proprietary software	240,531	226,004	6.4%
% of services and proprietary software	78.0%	76.9%	

ComArch S.A. stock price performance

Q1-Q4 2007



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 Q4 2007 the following events that greatly impacted the current activities of the ComArch Group took place:

1) Registration of ComArch Management Sp. z o.o.

On 19 October 2007 limited liability company was registered under the company name of ComArch Management Spółka z ograniczoną odpowiedzialnością with its registered seat in Krakow. The share capital of ComArch Management Sp. z o.o. amounts to 50,000.00 PLN and consists of 500 shares of nominal value of 100 PLN each. ComArch S.A. purchased the above-mentioned shares with internal means for the total nominal price of 50,000.00 PLN. The purchased shares constitute 100 % of ComArch Management Sp. z o.o.'s share capital and 100 % of votes at the shareholders' meeting of the company. The subject matter of activities of ComArch Management Sp. z o.o. will be activities related to IT.

2) Closed Investment Fund FORUM I

ComArch S.A. has made an investment in investment certificates of a closed investment fund FORUM I (hereinafter referred to as the "Fund"). Due to that fact on 24 October 2007 ComArch S.A. purchased four investment certificates of the Fund worth 250,000.00 PLN each. The total value of the purchased investment certificates amounted to 1,000,000.00 PLN. They constitute 100 % of investment certificates issued by the Fund and entitle to 100 % of votes at meeting of the Fund's investors. ComArch S.A. purchased the above-mentioned investment certificates with internal means.

Purpose of the Fund is investment activity in the scope of new technologies and Internet services that are not ComArch S.A.'s basic activities. The first undertaking financed by the Fund will be creating a company that will store electronic health records.

3) Resignation of a Member of the Management Board

Rafał Chwast, Vice-President of ComArch S.A.'s Management Board submitted his resignation on 19 October 2007 as of 31 December 2007.

4) Registration of ComArch Management Sp. z o.o. SK-A

On 21 November 2007 limited partnership and joint-stock company was registered under the company name of ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow. The share capital of SKA amounts to 900,000.00 PLN and consists of 900,000 shares of nominal value of 1.00 PLN each. ComArch S.A. purchased the above-mentioned shares with internal means for the total nominal price of 900,000.00 PLN. The purchased shares constitute 100 % of SKA's share capital and 100 % of votes at the shareholders' meeting of the company. The subject matter of activities of SKA are activities related to IT.

5) Disposal of Significant Assets

On 30 November 2007 ComArch S.A. sold 900,000 shares of ComArch Management Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna with its registered seat in Krakow to ComArch Corporate Finance Closed Investment Fund with its registered seat in Krakow. The nominal value of each share is 1.00 PLN and they constitute 100 % of share capital and 100 % of votes at ComArch Management Sp. z o.o. SKA shareholders' meeting. In legal point of view, ComArch Corporate Finance Closed Investment Fund is not a related entity of ComArch S.A. Investment certificates issued by the Fund are not owner securities.

6) INTERIA.PL S.A. Shares Ownership Transfer

On 3 December 2007, an agreement on INTERIA.PL S.A. ownership transfer between ComArch S.A. with its registered seat in Krakow and SKA was concluded. In consequence of this agreement ComArch S.A. transferred INTERIA.PL S.A. ownership to SKA. These were 2,267,814 registered preferential shares and 270,555 ordinary bearer shares. They in total constituted 36.08 % of share capital of INTERIA.PL S.A. and entitled to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A. As at 31 December 2007, ComArch S.A. held no INTERIA.PL S.A. shares

COMARCH Management Sp. z o.o. SKA is a subsidiary of ComArch S.A. by the unique active partner, i.e. ComArch Management Sp. z o.o. that is a subsidiary of ComArch S.A.

7) Agreement of Sales of INTERIA.PL SA Shares to "BAUER MEDIA INVEST" GmbH

On 3 December 2007, ComArch S.A., "COMARCH MANAGEMENT Spółka z ograniczoną odpowiedzialnością" Spółka Komandytowo-Akcyjna (Ltd' Joint Stock Partnership) and „COMARCH CORPORATE FINANCE” Closed Investment Fund concluded a contract with BAUER MEDIA INVEST” GmbH with its registered seat in Hamburg, Burchardstrasse 11. In consequence of this agreement ComArch S.A. declared:

a) bringing 2,267,814 registered preferential shares and 270,555 ordinary bearer INTERIA.PL SA shares to cover an increase in share capital of 'COMARCH MANAGEMENT Ltd' Joint Stock Partnership. The shares constitute 36.08 % of share capital of INTERIA.PL S.A. and entitle to 48.48 % of votes at the annual general meeting of INTERIA.PL S.A.

b) to ensure sales by 'COMARCH MANAGEMENT Ltd' Joint Stock Partnership the above-mentioned INTERIA.PL SA shares to „BAUER MEDIA INVEST” GmbH by entering into a call of a buyer for INTERIA.PL SA shares for 80.00 PLN for each registered preferential share and 66.62 PLN for each ordinary bearer share. The company announce details in current report no. 52/2007.

After the Balance Sheet Date:

1) Transformation of 9,400 Series A Shares

On 2 January 2008, 9,400 registered preferential series A ComArch S.A. shares were transformed into ordinary bearer series A shares. Pursuant to the resolution of the Management Board of the Warsaw Stock Exchange, dated 4 January 2008, the shares were introduced to trading on 11 January 2008, the day when the Management Board of the National Deposit for Securities assimilated the above-mentioned 9,400 company's shares, marked with the code PLCOMAR00061 with 6,193,396 ComArch S.A. shares marked with the code PLCOMAR00012. The company announced details in current reports no. 1/2008, 2/2008 and 4/2008.

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

I. Balance Sheet	31 December 2007	30 September 2007	31 December 2006
(PLN thousands)			
ASSETS	229,185	223,704	184,564
I. Non-current assets	3,167	3,174	3,521
1. Intangible assets	185,380	179,849	142,195
2. Property, plant and equipment	37,007	36,164	36,293
3. Non-current investments	36,964	36,121	36,250
3.1. Non-current financial assets	36,964	36,121	36,247
a) in related parties	-	-	3
b) in other entities	43	43	43
3.2 Other non-current investment	3,631	4,517	2,555
4. Non-current prepayments	3,116	4,210	2,428
4.1 Deferred income tax assets	515	307	127
II. Current assets	279,914	228,255	242,672
1. Inventories	32,442	23,485	19,498
2. Current receivables	170,907	152,022	145,104
2.1 from related parties	24,368,	13,147	20,231
2.2 from other entities	146,539	138,875	124,873
3. Current investments	51,657	20,167	51,525
3.1 Current financial assets	51,657	20,167	51,525
a) in related parties	1,450	1,450	1,250
b) in other entities	12	101	346
c) cash and cash equivalents	50,195	18,616	49,929
4. Short-term prepayments	24,908	32,581	26,545
Total assets	509,099	451,959	427,236
EQUITY AND LIABILITIES			
I. Equity	268,000	262,303	238,691
1. Share capital	7,960	7,960	7,519
2. Supplementary capital	230,244	230,245	172,097
3. Revaluation reserve	-	6	6
4. Other reserve capitals	745	745	21,948
5. Capital from merger settlement	-	-	-7,334
6. Previous years' profit (loss)	176	176	1,992
7. Net profit (loss)	28,875	23,171	42,463
II. Liabilities and provisions for liabilities	241,099	189,656	188,545
1. Provisions for liabilities	3,252	1,140	878
1.1 Provision for deferred income tax	1,202	1,126	878
1.2 Other provisions	2,050	14	-
2. Non-current liabilities	78,044	74,282	51,904
2.1 to related parties	305	352	433
2.2 to other entities	77,739	73,930	51,471
3. Current liabilities	109,387	88,641	95,151
3.1 to related parties	6,085	5,075	4,654
3.2 to other entities	101,927	82,071	89,302
3.3 Special funds	1,375	1,495	1,195
4. Accruals	50,416	25,593	40,612
4.1 Other accruals	50,416	25,593	40,612
a) current	50,416	25,593	40,612
TOTAL EQUITY AND LIABILITIES	509,099	451,959	427,236

Book value	268,000	262,303	238,691
Number of shares	7,960,596	7,960,596	7,518,770
Book value per single share (PLN)	33.67	32.95	31.75
Diluted number of shares		7,977,549	7,957,360
Diluted book value per single share (PLN)		32.88	30.00

II. Income Statement	3 months ended 31 December 2007	12 months ended 31 December 2007	3 months ended 31 December 2006	12 months ended 31 December 2006
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For the periods 01.01 – 31.12.2007 and 01.01-31.12.2006 (thousands of PLN)

I. Net revenues from sales of products, goods and materials, including:	153,810	530,734	171,663	461,808
- revenues from related parties	13,329	35,400	8,859	26,053
1. Net revenues from sales of products	108,019	314,909	99,884	293,512
2. Net revenues from sales of goods and materials	45,791	215,825	71,779	168,296
II. Costs of products, goods and materials sold, including:	109,118	400,128	132,875	342,322
- to related parties	3,695	16,606	4,598	16,299
1. Manufacturing cost of products sold	65,579	209,356	64,906	187,474
2. Value of products, goods and materials sold	43,539	190,772	67,969	154,848
III. Gross profit (loss) on sales	44,692	130,606	38,788	119,486
IV. Costs of sales	15,018	41,000	11,893	38,295
V. Administrative expenses	12,479	33,124	9,448	29,616
VI. Profit/loss on sales	17,195	56,482	17,447	51,575
VII. Other operating revenues	199	642	138	418
1. Gain on disposal of non-financial non-current assets	91	152	-7	-
2. Other operating revenues	108	490	145	418
VIII. Other operating costs	6,409	20,840	3,823	10,340
1. Loss on disposal of non-financial non-current assets	-	-	55	55
2. Revaluation of non-financial assets	-138	191	-	-
3. Cost of works financed with subsidies	4,803	15,079	2,252	7,698
4. Other operating costs	1,744	5,570	1,516	2,587
IX. Profit (loss) on operating activities	10,985	36,284	13,762	41,653
X. Financial revenues	377	2,239	2,177	9,512
1. Interest, including:	482	2,210	416	1,109
- from related parties	90	414	197	409
2. Gain on disposal of investments	-132	-	1,933	8,217
3. Revaluation of investments	-	-	-305	-
4. Other	27	29	133	186
XI. Finance costs	3,248	8,015	2,690	4,949
1. Interest	885	2,541	229	1,962
2. Revaluation of investments	620	620	46	46
3. Other	1,743	4,854	2,415	2,941
XII. Profit (loss) on business activities	8,114	30,508	13,249	46,216
XV. Gross profit (loss)	8,114	30,508	13,249	46,216
XVI. Income tax	2,410	1,633	2,112	3,753
XIX. Net profit (loss)	5,704	28,875	11,137	42,463

Net profit (loss) (annualised)	28,875	42,463
Weighted average number of shares 1.01.2007 - 31.12.2007	7,827,443	7,396,147
Earnings (losses) per single share (PLN)	3.69	5.74
Diluted weighted average number of shares 1.01.2007 - 31.12.2007	7,827,443	7,834,737
Diluted earnings (losses) per single share (PLN)	3.69	5.42

III. Changes in Equity	3 months ended 31 December 2007	12 months ended 31 December 2007	12 months ended 31 December 2006
I. Opening balance of equity	262,303	238,691	157,774
a) changes to adopted accounting principles (policies)	-	-	157,774
I. a. Opening balance of equity after adjustments	262,303	7,519	6,955
1. Opening balance of share capital	7,960	7,519	6,955
1.1 Changes in share capital	-	441	564
a) increases (due to)	-	441	564
- share issue	-	441	564
1.2 Closing balance of share capital	7,960	7,960	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	230,245	172,097	105,113
3.1 Changes in supplementary capital	-1	58,147	66,984
a) increases (due to)	-	65,481	66,984
- profit-sharing for the previous years	-	44,278	29,088
- surplus due to the conversion on convertible bonds	-	-	37,896
- transferring the reserve capital	-	21,203	-
b) decreases (due to)	1	7,334	-
- covering the loss from merger	1	7,334	-
3.1 Closing balance of supplementary capital	230,244	230,244	172,097
4. Opening balance of revaluation reserve	6	6	12
4.1 Changes in revaluation reserve	-	-	-6
a) increases (due to)	-	-	12
- valuation of shares at the balance sheet date	-	-	-
- correction of valuation due to the conversion of bonds	-	-	12
b) decreases (due to)	6	6	18
- valuation of shares at the balance sheet date	6	6	18
4.2 Closing balance of revaluation reserve	0	0	6
5. Opening balance of capital from merger	-	-7,334	-7,334
a) increases (due to)	-	7,334	-
- covering the loss from supplementary capital	-	7,334	-
5.1 Closing balance of capital from merger	-	0	-7,334
6. Opening balance of other reserve capitals	745	21,948	21,948
a) decreases (due to)	-	21,203	-
- transferring to the supplementary capital	-	21,203	-
6.1 Closing balance of other reserve capitals	745	745	21,948
7. Opening balance of previous years' profit	176	44,455	31,080
a) changes to adopted accounting principles (policies)	-	-	-
7.1 Opening balance of previous years' profit after adjustments	176	44,455	31,080
a) increases (due to)	-	-	-
- retained earnings for the previous year	-	-	-
b) decreases (due to)	-	44,279	29,088
- transferring the result from the previous years to capital	-	44,279	29,088
7.2 Closing balance of previous years' profit	176	176	1,992
8.1 Net result for the first half of 2007	5,704	28,875	42,463
8.2 Net result for the period	5,704	28,875	42,463
II. Closing balance of equity	268,000	268,000	238,691
III. Equity including proposed profit-sharing (loss coverage)	268,000	268,000	238,691

IV. Cash Flow Statement

For the period 01.01– 31.12.2007 and 01.01-31.12.2006 (thousands of PLN)	3 months ended 31 December 2007	12 months ended 31 December 2007	3 months ended 31 December 2006	12 months ended 31 December 2006
A. Cash flows from operating activities				
I. Net profit (loss)	5,704	28,875	11,137	42,463
II. Total adjustments	34,592	6,485	25,520	-19,620
1. Depreciation	4,029	15,508	3,111	11,561
2. Exchange gains (losses)	165	402	24	108
3. Interest and profit sharing (dividends)	1,730	3,703	417	1,727
4. (Profit) loss on investing activities	529	428	-1,524	-8,177
5. Change in provisions	1,157	-364	-1,550	-353
6. Change in inventories	-8,958	-12,944	84	6,396
7. Change in receivables	-18,487	-24,902	-32,637	-50,546
8. Change in current liabilities, excluding credits and loans	22,138	13,015	36,468	18,164
9. Change in prepayments and accruals	32,289	11,054	21,127	1,500
10. Other adjustments	-	585	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	40,296	35,360	36,657	22,843
B. Cash flows from investing activities				
I. Inflows	1,064	3,553	3,002	16,017
1. Disposal of property, plant and equipment and intangible assets	164	614	227	400
2. From financial assets, including:	900	2,939	2,775	15,617
a) in related parties	900	900	2,775	12,575
- repayment of the granted non-current loans	-	-	342	342
- sale of financial assets	900	900	2,433	12,233
b) in other entities	-	2,039	-	3,042
- sales of financial assets	-	2,039	-	3,042
II. Outflows	-11,950	-63,011	-28,916	-59,644
1. Purchase of property, plant and equipment and intangible assets	-9,137	-57,948	-27,916	-54,013
2. For financial assets, including:	-2,813	-5,063	-1,000	-5,631
a) in related parties	-2,813	-3,063	-1,000	-2,631
- purchase of financial assets	-2,813	-2,863	-	-1,000
- non-current loans granted	-	-	-1,000	-1,631
- current loans granted	-	-200	-	-
- surcharge to capital	-	-	-	-
b) in other entities	-	-2,000	-	-3,000
- purchase of financial assets	-	-2,000	-	-3,000
III. Net cash used in investing activities (I-II)	-10,886	-59,458	-25,914	-43,627
C. Cash flows from financing activities				
I. Inflows	4,633	31,237	22,741	37,026
1. Inflows from share issue	-1	441	-	-
2. Loans and credits	4,634	30,795	22,741	37,026
3. Interest	-	1	-	-
3. Other inflows from financing activities	-	-	-	-
II. Outflows	-2,320	-6,559	-1,225	-7,369
1. Repayment of loans and credits	-590	-2,270	-500	-2,403
2. Redemption of bonds	-	-	-	-2,930
3. Interest	-1730	-3,704	-415	-1,726
4. Other financial liabilities	-	-585	-310	-310
III. Net cash (used in)/generated from financing activities (I-II)	2,313	24,678	21,516	29,657
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	31,723	580	32,259	8,873
E. Balance sheet change in cash and cash equivalents, including:	31,559	178	32,234	8,765
- change in cash and cash equivalents due to exchange differences	-164	-402	-25	-108
F. Cash and cash equivalents opening balance	18,524	49,905	17,671	41,140
H. Closing balance of cash and cash equivalents (F+/- E), including:	50,083	50,083	49,905	49,905
- limited disposal	-	-	-	-

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 12 months ended 31 December 2007 was prepared according to IFRS, the financial results would amount to 37.28 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 0.1 million PLN that revaluated inventories and was performed in 2006 as inventories. The reversed amount was classified in the other operating revenues item. In 2007, ComArch S.A. recognised write-offs that revalue goods and materials, worth 0.291 million PLN. In the financial statement they were presented per balance in the amount of 0.19 million PLN as operating costs. 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 2007, an asset due to temporary differences in income tax, worth 2.443 million PLN, was recognised; and tax asset worth 1.755 million PLN recognised at 31 December 2006 was dissolved in part. Provisions for deferred income tax in the amount of 0.353 million PLN was recognised as well as provisions for deferred income tax in the amount of 0.029 million PLN recognised at 31 December 2006 was dissolved in part. The total effect of these operations on the result of 2007 was 0.364 million PLN.

4. Selected Notes to the Summary Financial Statement

4.1. NON-CURRENT FINANCIAL ASSETS	31 December 2007	30 September 2007	31 December 2006
a) in subsidiaries and correlated parties	36,964	24,861	24,987
- interest or shares	29,339	17,851	17,803
- other securities	1,060	-	-
- loans granted	5,439	5,873	6,249
- other non-current financial assets	1,126	1,137	935
b) in associates	-	11,260	11,260
- interest or shares	-	11,260	11,260
c) in other entities	-	-	3
- loans granted	-	-	3
Non-current financial assets, TOTAL	36,964	36,121	36,250

4.2. CHANGES IN NON-CURRENT FINANCIAL ASSETS (TYPES)	3 months ended 31 December 2007	12 months ended 31 December 2007	3 months ended 31 December 2006	12 months ended 31 December 2006
a) Opening balance	36,121	36,250	37,763	38,428
- interests or shares	29,113	29,063	29,933	32,123
- loans	5,873	6,252	7,830	6,305
- other non-current assets	1,135	935	-	-

b) increases (due to)	14,223	14,737	-279	2,874
- purchases of shares in subsidiaries	13,013	13,063	-	1,000
- purchases of shares in associates	1,060	1,060	-	-
- loans granted to other entities	115	200	-	632
- loans granted to subsidiaries	-	-	-	-
- interest due to non-current loans	35	414	146	354
- balance sheet valuation of non-current loans	-	-	6	-
- revaluation of shares in foreign currencies	-	-	-431	-
- reclassification to non-current loans to subsidiaries	-	-	-	888
c) decreases (due to)	13,380	14,023	1,234	5,052
- disposing of shares of associates	11,260	11,260	496	3,996
- decrease in shares due to merger	900	900	-	-
- repayment of subsidiaries' loans	-	-	322	322
- repayment of other entities' loans	-	88	37	37
- balance sheet valuation of shares	620	620	64	64
- balance sheet valuation of non-current loans and other assets	600	1,155	436	535
- revaluation of shares in foreign currencies	-	-	-121	-
- reclassification to current financial loans	-	-	-	98
- reclassification to non-current financial assets	-	-	-	-
d) Closing balance	36,964	36,964	36,250	36,250

4.3. CURRENT FINANCIAL ASSETS	31 December 2007	30 September 2007	31 December 2006
a) in subsidiaries and correlated parties	1,450	1,450	1,250
- loans granted	1,450	1,450	1,250
c) in other entities	12	101	346
- other securities (types)	-	-	-
- shares in funds	-	-	-
- treasury bills	-	-	-
- loans granted	12	38	179
- other current financial assets (by types)	-	63	167
- assets due to the valuation of forward contracts	-	63	167
g) cash and cash equivalents	50,195	18,616	49,929
- cash in hand and at banks	50,083	18,524	49,905
- other cash	-	-	-
- other monetary assets	112	92	24
TOTAL current financial assets	51,657	20,167	51,525