COMARCH
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FINANCIAL SUPERVISION AUTHORITY

CONSOLIDATED HALF-YEAR REPORT PSr 2007
Year

(pursuant to &86 sec.2 and &87 sec. 4 of the Regulation issued by the Minister of Finance on 19 October 2005 - Journal of Laws No. 209 Item 1744)
for issuers of securities managing production, construction, trade and services activities

for the first half of 2007 from	2007-01-01 to 2007-06-30
including consolidated financial statement according to	International Financial Reporting Standards (IFRS)
in currency	PLN
and condensed financial statement according to	Act on Accounting (Journal of Laws 02.76.694)
in currency	PLN
date of publication	2007-09-28

COMARCH SA
(full name of an issuer)

COMARCH (abbreviated name of issuer)	**Information Technology (IT)** (sector according to WSE classification)
31-864 (postal code)	**Kraków** (city)
Al. Jana Pawła II (street)	**39A** (number)
012 646 10 00 (telephone number)	**012 646 11 00** (fax)
investor@comarch.pl (e-mail)	**www.comarch.pl** (www)
677-00-65-406 (NIP)	**350527377** (REGON)

Deloitte Audyt Sp. z o.o.
(An auditor entitled to audit financial statements)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	First half of 2007	First half of 2006	First half of 2007	First half of 2006
Data related to the consolidated financial statement				
I. Net revenues from sales of products, goods and materials	270,409	186,824	70,261	47,901
II. Profit (loss) on operating activities	19,033	19,233	4,945	4,931
III. Profit (loss) before income tax	20,758	27,138	5,394	6,958
IV. Net profit attributable to the company's shareholders	17,886	23,142	4,647	5,934
V. Cash flows from operating activities	9,236	-31,527	2,400	-8,083
VI. Cash flows from investing activities	-37,741	-2,188	-9,806	-561
VII. Cash flows from financing activities	18,257	-3,144	4,744	-806
VIII. Total net cash flows	-10,248	-36,859	-2,663	-9,451
IX. Equity attributable to the company's shareholders	261,185	242,403	69,357	59,950
X. Number of shares	7,960,596	7,518,770	7,960,596	7,518,770
XI. Earnings (losses) per single share (PLN/EURO) attributable to the company's shareholders	2.33	3.18	0.61	0.82
Data related to the condensed financial statement				
XII. Net revenues from sales of products, goods and materials	246,282	175,024	63,992	44,876
XIII. Profit (loss) on operating activities	15,091	20,349	3,921	5,217
XIV. Profit (loss) before income tax	13,395	26,022	3,480	6,672
XV. Net profit (loss)	14,154	24,825	3,678	6,365
XVI. Cash flows from operating activities	10,132	-28,470	2,633	-7,300
XVII. Cash flows from investing activities	-37,231	-2,202	-9,674	-565

XVIII. Cash flows from financing activities	17,620	-3,144	4,578	-806
XIX. Total net cash flows	-9,479	-33,816	-2,463	-8,670
XX. Equity	253,286	221,066	67,260	54,673
XXI. Number of shares	7,960,596	7,518,770	7,960,596	7,518,770
XXII. Earnings (losses) per single share (PLN/EURO) (annualised)	4.18	6.70	1.09	1.72

Euro exchange rates used for calculation of the selected financial data:
- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2007 to 30.06.2007 – 3.8486;
- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2006 to 30.06.2006 – 3.9002;

The value of equity was presented based on NBP average exchange rates as of the end of the period:
- 30.06.2007: 3.7658;
- 30.06.2006: 4.0434.

This report ought to be delivered to the Financial Supervision Authority, the Warsaw Stock Exchange and a press agency compliant with the law.

THE HALF-YEAR REPORT INCLUDES:

File	Description
Consolidated Financial Statement.pdf	Consolidated Financial Statement - attachment no. 1
Condensed Financial Statement.pdf	Condensed Financial Statement - attachment no. 2
Report from Review of the Consolidated Financial Statement.pdf	Report from Review of the Consolidated Financial Statement – attachment no. 3
Report from Review of the Condensed Financial Statement.pdf	Report from Review of the Condensed Financial Statement - attachment no. 4
Report of the Management Board.pdf	Report of the Management Board - attachment no. 5
The Management Board's statement regarding the independent auditor.pdf	The Management Board's statement regarding the independent auditor - attachment no. 6
The Management Board's statement regarding the reliability of the financial statement.pdf	The Management Board's statement regarding the reliability of the financial statement - attachment no. 7

SIGNATURES			
SIGNATURES OF ALL MEMBERS OF THE BOARD			
Date	Name and surname	Position	Signature
2007-09-28	Janusz Filipiak	President of the Management Board	
2007-09-28	Rafał Chwast	Vice-president of the Management Board	
2007-09-28	Piotr Piątosa	Vice-president of the Management Board	
2007-09-28	Paweł Prokop	Vice-president of the Management Board	
2007-09-28	Piotr Reichert	Vice-president of the Management Board	
2007-09-28	Zbigniew Rymarczyk	Vice-president of the Management Board	
2007-09-28	Marcin Warwas	Vice-president of the Management Board	

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SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS			
Date	Name and surname	Position	Signature
2007-09-28	Maria Smolińska	Head Accountant	

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REPORT OF AN INDEPENDENT EXPERT AUDITOR FROM THE REVIEW OF THE CONDENSED FINANCIAL STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2007

To the Shareholders and the Board of Supervisors of ComArch S.A.

We have conducted a review of the ComArch S.A.'s condensed financial report including:

- balance sheet as at 30 June 2007, with total assets, total equity and liabilities amounting to 485.965 million PLN,
- income statement for the period from 1 January 2007 to 30 June 2007, with the net profit for the year amounting to 14.154 million PLN,
- changes in equity for the period from 1 January 2007 to 30 June 2007 showing an increase in the value of equity in the amount of 14.595 million PLN,
- cash flow statement for the period from 1 January 2007 to 30 June 2007 showing a decrease in cash and cash equivalents in the amount of 9.479 million PLN,
- additional information and annotations.

The Management Board of ComArch S.A. takes responsibility for reliability, correctness and clarity of information in this report. Our task was to review this report.

The review of the financial report was prepared and conducted in compliance with the Polish law and standards for performance of the expert auditor profession, issued by the National Board of Expert Auditors in Poland. According to these standards we are obliged to plan and conduct review so as to have sufficient certainty that the financial statement does not include significant errors. This review has been conducted largely by analyzing data from the financial report, by inspecting the account books as well as by using information obtained from the Management Board and from personnel responsible for finance and accounting at the company.

The scope and the method of review of the financial statement differ significantly from audit that expresses our opinion on the financial statement; hence we do not present such opinion.

The review we have carried out did not indicate any need to introduce significant changes in the financial report enclosed, which was sufficiently reliable and clear in presenting the asset and financial situation of the ComArch S.A. as at 30 June 2007 along with its financial result for the period from 1 January 2007 to 30 June 2007, compliant with the accounting principles specified in the Act on Accounting dated 29 September 1994, the requirements specified in the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange (Journal of Laws of 2005, No. 209, pos. 1744) and the Regulation issued by the Minister of Finance on 18 October 2005 concerning information presented in financial statements and consolidated financial statements, required in a prospectus for issuers with its registered seat in Poland, to whom Polish accounting principles are proper ones (Journal of Laws of 2005, No. 209, pos. 1743).

....
Radosław Kuboszek
Expert auditor
Registration no. 90029/6847

....
persons representing the company

....
entity entitled to audit the financial statements registered in the list of entities entitled under item no. 73 (the list of KRBR)

Warsaw, 28 September 2007

All amounts are expressed in thousands of PLN unless otherwise indicated

I. Balance Sheet

(PLN thousands)	**30 June 2007**	**31 December 2006**	**30 June 2006**
ASSETS			
I. Non-current assets	**215,081**	**184,564**	**147,283**
1. Intangible assets	3,247	3,521	2,322
2. Property, plant and equipment	171,942	142,195	106,784
3. Non-current investments	36,210	36,293	37,996
3.1. Non-current financial assets	36,167	36,250	37,953
a) in related parties	36,167	36,247	37,896
b) in other entities	-	3	57
3.2 Other non-current investment	43	43	43
4. Non-current repayments	3,682	2,555	181
4.1 Deferred income tax assets	3,507	2,428	-
4.2 Other repayments	175	127	-
II. Current assets	**270,884**	**242,672**	**171,584**
1. Inventories	40,534	19,498	21,392
2. Current receivables	158,313	145,104	97,294
2.1. from related parties	17,253	20,231	17,798
2.2 from other entities	141,060	124,873	79,496
3. Current investments	41,773	51,525	8,034
3.1. Current financial assets	41,773	51,525	8,034
a) in related parties	1,450	1,250	250
b) in other entities	128	346	225
c) cash and cash equivalents	40,195	49,929	7,559
4. Short-term prepayments	30,264	26,545	44,864
Total assets	**485,965**	**427,236**	**318,867**
EQUITY AND LIABILITIES			
I. Equity	**253,286**	**238,691**	**221,066**
1. Share capital	7,960	7,519	7,519
2. Supplementary capital	230,245	172,097	-7,334
3. Revaluation reserve	6	6	172,097
4. Other reserve capitals	745	21,948	19
5. Capital from merger settlement	-	-7,334	21,948
6. Previous years' profit (loss)	176	1,992	1,992
7. Net profit (loss)	14,154	42,463	24,825
II. Liabilities and provisions for liabilities	**232,679**	**188,545**	**97,801**
1. Provisions for liabilities	1,087	878	-
1.1. Provision for deferred income tax	1,073	878	-
1.2. Other provisions	14	-	-
2. Non-current liabilities	70,192	51,904	18,421
2.1. to related parties	381	433	497
2.2. to other entities	69,811	51,471	17,924
3. Current liabilities	134,096	95,151	49,685
3.1. to related parties	5,492	4,654	3,338
3.2. to other entities	126,815	89,302	44,953
3.3. Special funds	1,789	1,195	1,394
4. Accruals	27,304	40,612	29,695
4.1 Other accruals	27,304	40,612	29,695
a) current	27,304	40,612	29,695
TOTAL EQUITY AND LIABILITIES	**485,965**	**427,236**	**318,867**

All amounts are expressed in thousands of PLN unless otherwise indicated

II. Income Statement

For the period 01.01 – 30.06 (PLN thousands)	6 months ended 30 June 2007	6 months ended 30 June 2006
I. Net revenues from sales of products, goods and materials, including:	246,282	175,024
- revenues from related parties	15,151	9,867
1. Net revenues from sales of products	134,854	127,786
2. Net revenues from sales of goods and materials	111,428	47,238
II. Costs of products, goods and materials sold, including:	192,160	120,266
- to related parties	8,659,	7,135
1. Manufacturing cost of products sold	96,845,	76,539
2. Value of products, goods and materials sold	95,315	43,727
III. Gross profit (loss) on sales	54,122	54,758
IV. Costs of sales	17,140	17,996
V. Administrative expenses	13,144	12,925
VI. Profit/loss on sales	23,838	23,837
VII. Other operating revenues	446	266
1. Gain on disposal of non-financial non-current assets	67	13
2. Other operating revenues	379	253
VIII. Other operating costs	9,193	3,754
1. Loss on disposal of non-financial non-current assets	-	-
2. Revaluation of non-financial assets	-	-
3. Cost of works financed with subsidies	6,874	2,878
4. Other operating costs	2,319	876,
IX. Profit (loss) on operating activities	15,091	20,349
X. Financial revenues	1,212	7,449
1. Interest, including:	1,210	534
- from related parties	186	138
2. Gain on disposal of investments	-	6,284
3. Revaluation of investments	-	435
4. Other	2	196
XI. Finance costs	2,908	1,776
1. Interest	981	1,484
2. Revaluation of investments	-	-
3. Other	1,927	292
XII. Profit (loss) on business activities	13,395	26,022
XV. Gross profit (loss)	13,395	26,022
XVI. Income tax	-759	1,197
XIX. Net profit (loss)	**14,154**	**24,825**
Net profit (loss) (annualised)	31,792	47,627
Weighted average number of shares 1.07.2006 - 30.06.2007	7,604,714	7,111,993
Earnings (losses) per single share (PLN)	4,18	6,70
Diluted weighted average number of shares 1.07.2006 - 30.06.2007	7,673,809	7,112,916
Diluted earnings (losses) per single share (PLN)	4,14	6,70

*) Dilution due to the probable execution of the managerial option for 2007 providing that in December 2007 the average capitalisation of ComArch S.A. shares at the Warsaw Stock Exchange will be equal to the average capitalisation of ComArch S.A. shares from June 2007.

All amounts are expressed in thousands of PLN unless otherwise indicated

III. Changes in Equity

(PLN thousands)	6 months ended 30 June 2007	2006	6 months ended 30 June 2006
I. Opening balance of equity	238,691	157,774	157,774
a) changes to adopted accounting principles (policies)	-	-	-
I. a. Opening balance of equity after adjustments	238,691	157,774	157,774
1. Opening balance of share capital	7,519	6,955	6,955
1.1 Changes in share capital	441	564	564
a) increases (due to)	441	564	564
- share issue	441	564	-
- the conversion of convertible bonds	-	-	564
1.2 Closing balance of share capital	**7,960**	**7,519**	**7,519**
2. Opening balance of due payments for share capital	-	-	-
2.1 Closing balance of due payments for share capital	**-**	**-**	**-**
3. Opening balance of supplementary capital	172,097	105,113	105,113
a) increases (due to)	65,482	66,984	66,984
- profit-sharing for the previous years	44,279	29,088	29,088
- surplus due to the conversion on convertible bonds	-	37,896	37,896
- transfer of reserve capital	21,203	-	-
b) decreases (due to)	7,334	-	-
- capital from covering the loss due to merger	7,334	-	-
3.1 Closing balance of supplementary capital	**230,245**	**172,097**	**172,097**
4. Opening balance of revaluation reserve	6	12	12
4.1 Changes in revaluation reserve	-	-6	7
a) increases (due to)	-	12	12
- correction of valuation due to the conversion of bonds	-	12	12
b) decreases (due to)	-	18	5
- valuation of shares at the balance sheet date	-	18	5
4.2 Closing balance of revaluation reserve	**6**	**6**	**19**
5. Opening balance of capital from merger	-7,334	-7,334	-7,334
a) increases (due to)	7,334	-	-
- covering the loss on supplementary capital	7,334	-	-
5.1 Closing balance of capital from merger	**-**	**-7,334**	**-7,334**
6. Opening balance of other reserve capitals	21,948	21,948	21,948
b) decreases (due to)	21,203	-	-
- transfer to reserve capital	21,203	-	-
6.1 Closing balance of other reserve capitals	**745**	**21,948**	**21,948**
7. Opening balance of previous years' profit	44,455	31,080	31,080
a) changes to adopted accounting principles (policies)	-	-	-
7.1. Opening balance of previous years' profit after adjustments	44,455	31,080	31,080
a) increases (due to)	-	-	-
- retained profit from the previous year	-	-	-
b) decreases (due to)	44,279	29,088	29,088
- transferring the result from the previous year to capital	44,279	29,088	29,088
7.2. Closing balance of previous years' profit	**176**	**1,992**	**1,992**
8. Net result	**14,154**	**42,463**	**24,825**
a) net result	14,154	42,463	24,825
II. Closing balance of equity	**253,286**	**238,691**	**221,066**
III. Equity including proposed profit-sharing (loss coverage)	253,286	238,691	221,066

All amounts are expressed in thousands of PLN unless otherwise indicated

IV. Cash Flow Statement

For the period 01.01 – 30.06 (PLN thousands)	6 months ended 30 June 2007	6 months ended 30 June 2006
A. Cash flows from operating activities		
I. Net profit (loss)	14,154	24,825
II. Total adjustments	-4,022	-53,295
1. Depreciation	7,458	5,526
2. Exchange gains (losses)	299	-224
3. Interest and profit sharing (dividends)	1,468	997
4. (Profit) loss on investing activities	-106	-6,784
5. Change in provisions	-869	1,197
6. Change in inventories	-21,036	4,459
7. Change in receivables	-12,912	-3,162
8. Change in current liabilities, excluding credits and loans	38,165	-27,692
9. Change in prepayments and accruals	-17,074	-27,616
10. Other adjustments	585	4
III. Net cash used in operating activities (I+/-II) – indirect method	**10,132**	**-28,470**
B. Cash flows from investing activities		
I. Inflows	2,363	12,905
1. Disposal of property, plant and equipment and intangible assets	324	105
2. From financial assets, including:	2,039	12,800
a) in related parties	-	9,800
- sale of shares	-	9,800
b) in other entities	2,039	3,000
- sales of financial assets	2,039	3,000
II. Outflows	-39,594	-15,107
1. Purchase of property, plant and equipment and intangible assets	-37,394	-10,517
2. For financial assets, including:	-2,200	-4,590
a) in related parties	-200	-1,631
- purchase of financial assets	-	-1,000
- non-current loans granted	-200	-631
- surcharge to capital	-	-
b) in other entities	-2,000	-2,959
- purchase of financial assets	-2,000	-2,959
III. Net cash used in investing activities (I-II)	**-37,231**	**-2,202**
C. Cash flows from financing activities		
I. Inflows	20,914	2,059
1. Share issue	442	-
2. Credits and loans	20,471	2,059
3. Other financial inflows	1	-
II. Outflows	-3,294	-5,203
1. Repayment of loans and credits	-1,090	-1,276
2. Bonds redemption	-	-2,930
3. Interest	-1,470	-997
4. Other financial liabilities	-734	-
III. Net cash (used in)/generated from financing activities (I-II)	**17,620**	**-3,144**
D. Total net cash flow (A.III+/-B.III+/-C.III)	**-9,479**	**-33,816**
E. Balance sheet change in cash and cash equivalents, including:	-9,778	-33,592
- change in cash and cash equivalents due to exchange differences	-299	-224
F. Cash and cash equivalents opening balance	49,905	41,140
H. Closing balance of cash and cash equivalents (F+/- E), including:	40,127	7,548
- limited disposal	-	211

All amounts are expressed in thousands of PLN unless otherwise indicated

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) in condensed form, required by the regulations of the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange (Journal of Laws, 2005, No. 209, pos. 1744).
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 20065. If this financial statement for the 6 months ended 30 June 2007 was prepared according to IFRS, the financial results would amount to 11.39 million PLN.

2. Selected Valuation Principles

Non-current financial assets
As at the balance sheet date, financial assets are classified as non-current in the financial statement if the period of their further owning exceeds 12 months from the balance sheet date.
Shares are recognised at the acquisition or originate date according to acquisition price, and at the balance sheet date according to acquisition price less write-offs due to permanent loss in value. When permanent loss in value appears, the revaluation of write-offs is carried out no later than at the balance sheet date.
Loans are valuated 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 valuated at nominal value, while cash in foreign currencies was valuated at NBP average exchange rates at the balance sheet date.
Loans are valuated according to nominal value plus accrued interest.

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

ComArch S.A. reversed a write-off worth 0.084 million PLN that revaluated inventories and was performed in 2006. The reversed amount was classified in the other operating revenues item. In the first half of 2007, ComArch S.A. carried out write-offs revaluating goods and materials that were worth 0.42 million PLN. 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. Within 6 months of 2007, an asset due to temporary differences in income tax, worth 1.54 million PLN, was recognised. A tax asset worth 0.463 million PLN recognised at 31 December 2006 was dissolved in part. Provisions for deferred income tax in the amount of 0.224 million PLN was recognised as well as provisions for deferred income tax in the amount of 0.029 million PLN was dissolved in part. The total effect of these operations on the result of 2007 was plus 0.883 million PLN.

4. Selected Notes to the Summary Financial Statement

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

All amounts are expressed in thousands of PLN unless otherwise indicated

4.2. CHANGES IN NON-CURRENT FINANCIAL ASSETS (TYPES)	**6 months ended 30 June 2007**	**2006**	**6 months ended 30 June 2006**
a) Opening balance	36,250	38,428	38,428
- interests or shares	29,063	32,123	32,123
- loans	7,187	6,305	6,305
b) increases (due to)	199	2,874	3,089
- purchases of shares in subsidiaries	-	1,000	1,000
- purchases of shares in associates	-	-	-
- reclassification to non-current loans to subsidiaries	-	888	888
- loans granted to other entities	85	-	-
- loans granted to subsidiaries	-	632	632
- interest due to non-current loans	114	354	144
- balance sheet valuation of non-current loans	-	-	-6
- revaluation of shares in foreign currencies	-	-	431
c) decreases (due to)	282	5,052	3,564
- decrease in shares due to merger	-	-	-
- disposing of shares of associates	-	3,996	3,500
- revaluation of shares in foreign currencies	-		-
- reclassification to current loans	-	98	64
- repayment of related entities loans	-	322	-
- repayment of other entities loans	88	37	-
- balance sheet valuation	194	599	-
- reclassification to current financial assets	-	-	-
d) Closing balance	**36,167**	**36,250**	**37,953**

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

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REPORT OF AN INDEPENDENT EXPERT AUDITOR FROM THE REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2007

To the Shareholders and the Board of Supervisors of ComArch S.A.

We have conducted a review of the ComArch Capital Group's consolidated financial report that appears above. The capital group's dominant entity is ComArch S.A. with its registered seat at Al. Jana Pawła II 39A, Kraków. We reviewed:

- consolidated balance sheet as at 30 June 2007, with total assets, total equity and liabilities amounting to 521.396 million PLN,
- consolidated income statement for the period from 1 January 2007 to 30 June 2007, with the net profit for the year amounting to 17.929 million PLN,
- changes in consolidated equity for the period from 1 January 2007 to 30 June 2007 showing an increase in the value of equity in the amount of 18.825 million PLN,
- consolidated cash flow statement for the period from 1 January 2007 to 30 June 2007 showing a decrease in cash and cash equivalents in the amount of 10.248 million PLN,
- additional information and annotations.

The Management Board of the dominant unit takes responsibility for reliability, correctness and clarity of information in this consolidated report. Our task was to review this consolidated report.

The consolidated financial report for the 6 months ended 30 June 2007 includes financial information on 10 subsidiaries consolidated with the full method and one associate. The financial reports of subsidiaries weren't reviewed by the entities entitled to audit financial statements. Share of the consolidated reports that were not reviewed, in the consolidated balance sheet total before consolidating corrections amounts to 14 %, and in the consolidated revenues before consolidating corrections amounts to 17%.

The review of the consolidated financial report was prepared and conducted in compliance with the Polish law and standards for performance of the expert auditor profession, issued by the National Board of Expert Auditors in Poland. According to these standards we are obliged to plan and conduct review so as to have sufficient certainty that the consolidated financial statement does not include significant errors. This review has been conducted largely by analyzing data from the consolidated financial report, by inspecting the consolidation documentation as well as by using information obtained from the Management Board and from personnel responsible for finance and accounting at the dominant unit.

The scope and the method of review of the consolidated financial statement differ significantly from audit. Due to the fact that our task wasn't to express our opinion concerning the reliability, correctness and clarity of this consolidated financial statement, we do not present such opinion.

The review we have carried out did not indicate any need to introduce significant changes in the consolidated financial report enclosed, which was sufficiently reliable and clear in presenting the asset and financial situation of the ComArch S.A. Capital Group as at 30 June 2007 along with its financial result for the period from 1 January 2007 to 30 June 2007, compliant with the International Financial Reporting Standards, as approved by the European Union.

....
Radosław Kuboszek
Expert auditor
Registration no. 90029/6847

....
persons representing the company

....
entity entitled to audit the financial
statements registered in the list of entities
entitled under item no. 73 (the list of KRBR)

Warsaw, 28 September 2007

All amounts are expressed in thousands of PLN unless otherwise indicated

I. Consolidated Balance Sheet

	Note	At 30 June 2007	At 31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	3.2	168,742	138,765
Goodwill	3.3	3,284	3,284
Intangible assets	3.4	35,582	36,035
Non-current prepayments	3.5	8,120	8,118
Investment in associates	3.6	9,135	7,289
Other investment		102	102
Deferred income tax assets	3.19	9,046	10,994
Other receivables		-	3
		234,011	**204,590**
Current assets			
Inventories	3.7	41,270	20,136
Trade and other receivables	3.11	168,429	149,950
Current income tax receivables		-	-
Long-term contracts receivables	3.16	25,606	23,926
Available-for-sale financial assets	3.9	-	-
Other financial assets at fair value – derivative financial instruments	3.10	63	167
Cash and cash equivalents	3.12	52,017	62,790
		287,385	**256,969**
TOTAL ASSETS		**521,396**	**461,559**
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.13	7,960	7,519
Other capitals	3.14	128,349	127,795
Exchange differences		364	463
Net profit for the current period		17,886	52,760
Retained earnings		106,626	53,866
		261,185	**242,403**
Minority interest	3.14	14,623	14,580
Total equity		**275,808**	**256,983**
LIABILITIES			
Non-current liabilities			
Credit and loans	3.17	69,811	51,471
Deferred income tax liabilities	3.19	6,504	6,309
Provisions for other liabilities and charges	3.20	228	228
		76,543	**58,008**
Current liabilities			
Trade and other payables	3.15	153,674	127,714
Current income tax liabilities		796	3,424
Long-term contracts liabilities	3.16	7,505	9,744
Credit and loans	3.17	4,175	3,033
Financial liabilities		-	-
Provisions for other liabilities and charges	3.20	2,895	2,653
		169,045	**146,568**
Total liabilities		**245,588**	**204,576**
TOTAL EQUITY AND LIABILITIES		**521,396**	**461,559**

All amounts are expressed in thousands of PLN unless otherwise indicated

II. Consolidated Income Statement

	Note	6 months ended 30 June 2007	6 months ended 30 June 2006
Revenue	3.21	**270,409**	**186,824**
Cost of sales	3.22	(214,404)	(133,822)
Gross profit on sales		**56,005**	**53,002**
Other operating income	3.23	750	304
Sales and marketing costs	3.22	(18,902)	(17,926)
Administrative expenses	3.22	(14,916)	(14,542)
Other operating expenses	3.24	(3,904)	(1,605)
Operating profit		**19,033**	**19,233**
Finance costs-net	3.25	(121)	6,414
Share of profit/(loss) of associates	3.6	1,846	1,491
Profit before income tax		**20,758**	**27,138**
Income tax expense	3.26	(2,829)	(3,727)
Net profit for the period		**17,929**	**23,411**
Attributable to:			
Equity holders of the company		**17,886**	**23,142**
Minority interest		43	269
		17,929	23,411
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)			
– basic	3.28	2.33	3.18
– diluted	3.28	2.30	2.95

All amounts are expressed in thousands of PLN unless otherwise indicated

III. Consolidated Statement of Changes in Equity

	Attributable to equity holders					Minority interest	Total equity
	Share capital	Other capitals	Exchange differences	Share capital	Other capitals	Exchange differences	Share capital
Balance at 1 January 2006	**6,955**	**86,861**	**(663)**	**-**	**53,866**	**14,353**	**161,372**
Increase in capital	564	-	-	-	-	-	564
Increase in capital due to the conversion of convertible bonds	-	37,895	-	-	-	-	37,895
Capital from valuation of the managerial option	-	1,639	-	-	-	-	1,639
Correction of capital from revaluation of shares	-	12	-	-	-	-	12
Currency translation differences[1]	-	-	*498*	-	-	-	*498*
Profit for the period[2]	-	-	-	*23,142*	-	*269*	*23,411*
Total income recognised in equity (1-2)	-	-	498	23,142	-	269	23,909
Balance at 30 June 2006	**7,519**	**126,407**	**(165)**	**23,142**	**53,866**	**14,622**	**225,391**
Balance at 1 January 2007	**7,519**	**127,795**	**463**	**-**	**106,626**	**14,580**	**256,983**
Capital from valuation of the managerial option	-	554	-	-	-	-	554
Increase in capital	441	-	-	-	-	-	441
Currency translation differences[1]	-	-	*(99)*	-	-	-	*(99)*
Profit for the period[2]	-	-	-	*17,886*	-	*43*	*17,929*
Total income recognised in equity (1-2)	-	-	(99)	17,886	-	43	17,830
Balance at 30 June 2007	**7,960**	**128,349**	**364**	**17,886**	**106,626**	**14,623**	**275,808**

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. Comparable data for the first half of 2006 are presented in the similar way.

All amounts are expressed in thousands of PLN unless otherwise indicated

IV. Consolidated Cash Flow Statement

	6 months ended 30 June 2007	6 months ended 30 June 2006
Cash flows from operating activities		
Net profit	17,929	23,412
Total adjustments	(5,414)	(54,651)
Share in net (gains) losses of related parties valued using the equity method of accounting	(1,846)	(1,491)
Depreciation	8,101	6,174
Exchange gains (losses)	(37)	(202)
Interest and profit-sharing (dividends)	1,646	1,130
(Profit) loss on investing activities	(99)	(7,271)
Change in inventories	(21,144)	4,359
Change in receivables	(17,508)	(37,005)
Change in liabilities and provisions excluding credits and loans	25,473	(20,345)
Net profit less total adjustments	12,515	(31,239)
Income tax paid	(3,279)	(288)
Net cash used in operating activities	**9,236**	**(31,527)**
Cash flows from investing activities		
Proceeds from sale of an associate	-	9,800
Purchases of property, plant and equipment	(35,697)	(11,442)
Proceeds from sale of property, plant and equipment	387	104
Purchases of intangible assets	(2,427)	(691)
Purchases of available-for-sale financial assets	(2,082)	(2,959)
Proceeds from sales of available-for-sale financial assets	2,078	3,000
Net cash used in investing activities	**(37,741)**	**(2,188)**
Cash flows from financing activities		
Proceeds from credits and loans	20,535	2,070
Net proceeds from share issue	441	-
Repayments of credits and loans	(1,249)	(1,286)
Redemption of bonds	-	(2,930)
Bond interest	-	(454)
Bank interest	(1,470)	(544)
Other expenses	-	-
Net cash (used in)/generated from financing activities	**18,257**	**(3,144)**
Net change in cash, cash equivalents and bank overdrafts	**(10,248)**	**(36,859)**
Cash, cash equivalents and bank overdrafts at beginning of the period	62,790	48,968
Positive (negative) exchange differences in cash and bank overdrafts	(525)	465
Cash, cash equivalents and bank overdrafts at end of the period	**52,017**	**12,574**

V. Supplementary Information

1. Information about Group Structure and Activities

The basic activities of the ComArch Group (the "Group"), in which ComArch S.A. with its registered seat in Krakow at Al. Jana 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 30 June 2007, the following entities formed the ComArch Group (in parentheses, the share of votes held by ComArch S.A.):

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

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

The dominant unit's associate is:
- INTERIA.PL S.A. with its registered seat in Krakow (48.48 %),

On 14 September 2007 limited liability company was registered under the company name of ComArch Software S.A.R.L. with its registered seat in Lille, in France. Issuer's subsidiary, ComArch Software AG holds 100 % of ComArch Software S.A.R.L. shares, that constitute 100 % of the share capital and 100 % of votes at the meeting of shareholders. The share capital of ComArch Software S.A.R.L. amounts to 150,000 Euro and consists of 1,500 shares of nominal value of 100 Euro each. ComArch Software AG purchased the above-mentioned shares with internal means for the total price of 150,000 Euro. The shares were considered as significant due to the fact that ComArch Software AG exceeded 20 % in the share capital of ComArch Software S.A.R.L. The subject matter of activities of ComArch Software S.A.R.L. will be creation and implementation of IT systems.

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

2. Description of the Applied Accounting Policies

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

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

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

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

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

All amounts are expressed in thousands of PLN unless otherwise indicated

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

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

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

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 valuated 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 numbers 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 valuated 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 valuated 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 valuated according to direct technical production costs.
Application software produced by the Group and allocated for multiple sales is valuated 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 valuated at fair value, increased (in case of an item of liabilities not qualified as valuated 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 valuated at fair value. Financial liabilities set as items being hedged are subject to appraisal pursuant to hedge accounting principles.

c) Provisions for Liabilities

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

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

Restructuring provisions mostly comprise employee severance payments. These provisions are not recognised in reference to future operational losses.

If there are a number of similar liabilities, the probability of the necessity for expending funds for settlement is assessed for the whole group of similar liabilities. The provision is recognised even if the probability of expending funds in reference to one item within the group of liabilities is small.

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

2.1.10 Deferred Income Tax

The general principle, pursuant to IAS12, is applied. It states that due to temporary differences between the presented value of assets and liabilities as well as their tax value and tax loss it will possible to deduct in the future, a provision is established and deferred income tax assets are defined.
Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle.
Deferred income tax liabilities are established in the amount of income tax payable in the future in reference to positive temporary differences, which would result in increasing the basis of taxation in the future.
Deferred income tax is established using fiscal rates (and regulations) which are legally binding at the balance sheet date, which according to expectations shall be in force at the moment of realisation of relevant deferred income tax assets or settlement of deferred income tax liability.
The difference between deferred income tax liabilities and deferred income tax assets at the end and at the beginning of the reporting period affects the financial results. In addition, liabilities and assets due to deferred income tax related to operations settled with equity are referred into equity.

2.2 Recognition of Revenues and Costs

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

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

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

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

Unit managers may decide to include estimated revenues that are highly probable to be realised into the total revenues from a contract (e.g. during the implementation of the contract, project modifications are carried out for technical reasons and it is justified to assume with some probability that the ordering party will accept the modifications and that there will be revenues flowing from them).
When integration contracts under which software is allocated for multiple sales are ComArch property, the revenues and costs related to this software and the revenues and costs related to the other part of the integration contract are recognised separately.
Several integration contracts are combined and recognised as one contract, if:

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

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

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

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

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

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

a) Other Operational Revenues and Costs

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

b) Financial Revenues and Costs

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

2.3 Financial Risk Management

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

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) Interest rate risk

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

monitors market situation in this scope. 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.
An analysis of the sensitivity of the Group's financial results to interest rate risk carried out in accordance with MSSF principles indicates that if, on the balance sheet date, the interest rates had been 50 base points higher/lower, net profit for the six months ended 30 June 2007 would have been 55,000 PLN higher/lower given that the other variables remained constant. This would largely have been the result of higher/lower costs arising from interest paid on variable interest rate credit, balanced by higher/lower revenue arising from interest received on cash and cash equivalents. Conducting an analogous analysis as at 31 December 2006 indicates that if interest rates had been 50 base points higher/lower net profit for second half 2006 would have been 21,000 PLN higher/lower, given that the other variables remained constant. The change in the sensitivity of the Group's financial result to interest rate changes resulted from an increase in the variable interest rate credit balance in the six months ended 30 June 2007 combined with a simultaneous fall in cash and cash equivalents.

c) Foreign exchange risk

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. These values were presented in note 3.8.

An analysis of the Group's sensitivity to exchange rate fluctuation risk conducted in accordance with IFRS 7 indicated that if the actual exchange rate in relation to the balance sheet exchange rate valuation for the EURO and USD had risen/fallen by 5 % with all other variables remaining constant, the Group's net result for the six months ended 30 June 2007 would have been 1.49 million PLN higher/lower. This is made up of 995,000 PLN from financial assets and liabilities expressed in EURO, and 495,000 PLN from financial assets and liabilities expressed in USD.

The assessment above of the affect of exchange rate risk on the financial result was calculated using a symmetrical method that assumes that the rates' increases and decreases close at the same amount.

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.

Information concerning the financial liabilities' maturity dates is provided in note 3.15.

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 valuated 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 six months ended 30 June 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.

All amounts are expressed in thousands of PLN unless otherwise indicated

3. Notes to the Consolidated Financial Statement

3.1 Segment Information for the 6 months ended 30 June 2007

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

Revenues, costs and financial results

6 months ended 30 June 2006

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients,	189,282	4,260	-	193,542
including:				
revenues from sales	*182,602*	*4,222*	*-*	*186,824*
other revenues /operating and financing/	*6,680*	*38*	*-*	*6,718*
Revenues per segment - sales to other segments	-	2,935	(2,935)	-
Revenues per segment - total*	189,282	7,195	(2,935)	193,542
Costs per segment relating to sales to external clients	164,165	3,730	-	167,895
Costs per segment relating to sales to other segments	-	2,935	(2,935)	-
Costs per segment - total*	164,165	6,665	(2,935)	167,895
Current taxes	(251)	-	-	(251)
Assets for the tax due to investment allowances and other tax relief	(3,476)	-	-	(3,476)
Share of segment in the result of parties valuated using the equity method of accounting	1,491	-	-	1,41
Net result,	22,881	530	-	23,411
including:				
result attributable to shareholders of the dominant unit	*22,881*	*261*	*-*	*23,142*
result attributable to minority interest	*-*	*269*	*-*	*269*

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

6 months ended 30 June 2007

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients,	266,087	5,072	-	271,159
including:				
revenues from sales	*265,494*	*4,915*	*-*	*270,409*
other operating revenues	*593*	*157*	*-*	*750*
Revenues per segment - sales to other segments	-	3,210	(3,210)	-
Revenues per segment - total*	266,087	8,282	(3,210)	271,159
Costs per segment relating to sales to external clients	247,260	4,987	-	252,247
Costs per segment relating to sales to other segments	-	3,210	(3,210)	-
Costs per segment - total*	247,260	8,197	(3,210)	252,247
Current taxes	(687)	-	-	(687)
Assets for the tax due to investment allowances and other tax relief	(2,142)	-	-	(2,142)
Share of segment in the result of parties valuated using the equity method of accounting	1,846	-	-	1,846
Net result,	17,844	85	-	17,929
including:				
result attributable to shareholders of the dominant unit	*17,844*	*42*	*-*	*17,886*
result attributable to minority interest	*-*	*43*	*-*	*43*

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

Sales between specific segments are calculated based on market conditions.

All amounts are expressed in thousands of PLN unless otherwise indicated

Share of business segments in Assets and Liabilities and Investment Expenditures

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

6 months ended 30 June 2006

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

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

6 months ended 30 June 2007

	IT Segment	Sport Segment	Total
Assets	480,773	40,623	521,396
Liabilities	205,839	39,749	245,588
Investment expenditures	39,881	325	40,206
Depreciation	7,789	312	8,101

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

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

Revenues from basic sales by market location

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

Assets – activities location

	30 June 2007	31 December 2006
Poland	496,145	432,308
Europe	11,980	14,645
The Americas	9,478	10,235
Others	3,793	4,371
TOTAL	**521,396**	**461,559**

All amounts are expressed in thousands of PLN unless otherwise indicated

Investments expenditures - activities location

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

3.2 Property, Plant and Equipment

	Lands and buildings	Means of transport and machinery	Furniture, fittings and equipment	Total
At 1 January 2006				
Cost or valuation	75,839	52,108	3,997	131,944
Accumulated depreciation	(8,635)	(29,838)	(2,623)	(41,096)
Net book amount	67,204	22,270	1,374	90,848
Year ended 31 December 2006				
Opening net book amount	67,204	22,270	1,374	90,848
Additions	42,834	16,010	675	59,519
Disposals	(120)	(478)	(56)	(654)
Depreciation charge	(1,865)	(8,583)	(500)	(10,948)
Closing net book amount	108,053	29,219	1,493	138,765
At 31 December 2006				
Cost or valuation	118,553	67,640	4,616	190,809
Accumulated depreciation	(10,500)	(38,421)	(3,123)	(52,044)
Net book amount	108,053	29,219	1,493	138,765
6 months ended 30 June 2007				
Opening net book amount	108,053	29,219	1,493	138,765
Additions	21,542	14,897	987	37,426
Disposals	(16)	(400)	(40)	(456)
Depreciation charge	(1,151)	(5,516)	(326)	(6,993)
Closing net book amount	128,428	38,200	2,114	168,742
At 30 June 2007				
Cost or valuation	140,079	82,137	5,561	227,777
Accumulated depreciation	(11,651)	(43,937)	(3,447)	(59,035)
Net book amount	128,428	38,200	2,114	168,742

Bank borrowings are secured on land and buildings for the value of 110.28 million PLN (ordinary mortgages and real estate mortgages in Fortis Bank Polska S.A., Kredyt Bank S.A. and Bank BPH S.A. securing an existing or future claim) due to investment in the Special Economic Zone.

	6 months ended 30 June 2007	6 months ended 30 June 2006
Amount of an external financing charges activated in the given period	611	4
Rate of capitalisation	5,27 %	4,96 %

Investment expenditures on property, plant and equipment under construction are recognised in the net balance sheet value of property, plant and equipment:

	30 June 2007	30 June 2006
Buildings	19, 478	11,032
Equipment	1,191	670

Depreciation write-offs were presented in the income statement. They increase the costs of sold products, goods and materials in the amount of 5.87 million PLN (8.62 million PLN in 2006), costs of sales in the amount of 0.44 million PLN (0.59 million PLN in 2006) and administrative expenses in the amount of 0.68 million PLN (1.74 million PLN in 2006).

All amounts are expressed in thousands of PLN unless otherwise indicated

Assets in finance leasing

The Group possesses cars and routers that are used on finance leases basis. Value of these assets, presented in the financial statement, is as follows:

Gross value	877
Accumulated depreciation	180
Net value	697

The contracts were concluded for a period of three years. As at 30 June 2007, value of liabilities due to leases amounts to 0.34 million PLN.

In books depreciation is presented in the amount of 0.07 million PLN as well as interest in the amount of 0.02 million PLN that are recognised in finance costs. Net amount of leasing fees for the six months ended 30 June 2007 (net equity + interest) amounts to 0.12 million PLN, including

Net equity	105 thousand PLN
Interest	18 thousand PLN

As at 30 June 2007, the amount of due leasing fees amounts to 0.034 million PLN, including:

Net equity	315 thousand PLN
Interest	25 thousand PLN

Due leasing fees will be realised within one year from the beginning of the balance sheet date.

3.3 Goodwill

Goodwill comprises company’s value established at purchases of shares in the following companies:

	30 June 2007 r.
ComArch Kraków S.A.	99
CDN ComArch S.A.	1,227
ComArch Software AG	1,900
ComArch, Inc.	58
Total	**3,284**

In the first half of 2007 goodwill did not change. As at 31 December 2006, the Group ran a test for loss in value in reference to the goodwill. The test did not show any loss in value. The next test will be run on 31 December 2007.

3.4 Other Intangible Assets

	Cost of completed development works	**Right of perpetual usufruct**	**Trademarks, licences and software**	**Other**	**Total**
At 1 January 2006					
Cost (gross)	2,057	31,650	10,053	1,583	45,343
Accumulated amortisation and impairment	(2,057)	-	(7,591)	(671)	(10,319)
Net book amount	-	31,650	2,462	912	35,024
Year ended 31 December 2006					
Opening net book amount	-	31,650	2,462	912	35,024
Disposals	-	-	2,612	155	2,767
Additions	-	-	(1)	(55)	(56)
Amortisation charge	-	-	(1,215)	(485)	(1,700)
Closing net book amount	-	31,650	3,858	527	36,035
At 30 June 2006					
Cost (gross)	2,057	31,650	10,904	1,650	46,261
Accumulated amortisation and impairment	(2,057)	-	(8,173)	(977)	(11,207)
Net book amount	-	31,650	2,731	673	35,054

All amounts are expressed in thousands of PLN unless otherwise indicated

At 31 December 2006					
Cost (gross)	2,057,	31,650	12,664	1,683	48,054
Accumulated amortisation and impairment	(2,057),	-	(8,806)	(1,156)	(12,019)
Net book amount	-	31,650	3,858	527	36,035
6 months ended 30 June 2007					
Opening net book amount	-	31,650	3858	527	36,035
Additions	-	-	573	57	630
Disposals	-	-	(2)	(19)	(21)
Amortisation charge	-	-	(891)	(171)	(1,062)
Closing net book amount	-	31,650	3,538	394	35,582
At 30 June 2007					
Cost (gross)	2,057	31,650	13,235	1,721	48,663
Accumulated amortisation and impairment	(2,057)	-	(9,697)	(1,327)	(13,081)
Net book value	-	31,650	3,538	394	35,582

I. Other intangibles include activated costs related to the MKS Cracovia SSA trademark in the amount of 0.08 million PLN as well as the right to use the players' image in the amount of 0.28 million PLN as well as copyrights and protective rights in the amount of 0.03 million PLN. Except for the trademark of MKS Cracovia SSA, all other items of the intangible assets were acquired.
The general amount of depreciation is given in the income statement, whereas 0.98 million PLN is given in the generation costs, 0.012 million PLN is presented in costs of sales and 0.073 million PLN in the general expenses.

The perpetual usufruct right for land related to MKS Cracovia SSA is considered the intangible asset with unspecified period of use and is not depreciated. Land of the company of MKS Cracovia SSA in perpetual usufruct is not subject to depreciation, as it is of unspecified period of use due to the fact that the company expects renewal of perpetual usufruct right which will occur without incurring any major costs, as the company is not obliged to meet any conditions, which would decide about extension of this right.
The company does not expect incurring major costs in renewal of perpetual usufruct right in the context of the previous activities of the co-owner of the Club that is the City of Krakow. The city supports sport activities, including SSA Cracovia, by way of, among others:

– additional financing of sport infrastructure
– accumulated depreciation of real estate tax
– contributing fees for perpetual usufruct in non-cash contribution

II. Impairment test for the right of perpetual usufruct as at 30 June 2006.

As at 30 June 2007, analysis was performed on changes in prices of real estate properties in Krakow in the six months ended 30 June 2007, based on articles and reports published by "Krajowy Rynek Nieruchomosci" (www.krn.pl), „Instytut Analiz Monitor Rynku Nieruchomości" (www.mrn.pl) and "REAS Konsulting" from which it follows that within the six months ended 30 June 2007 prices of real estate properties in Krakow continued on an upward trend that begun in 2004 after Poland joining European Union. It was determined on this basis that no loss occurred in the value of perpetual usufruct right to land owned by ComArch S.A. in 2007.

3.5 Non-current Prepayments

	30 June 2007	31 December 2006
Opening balance	8,118	6,885
Additions due to:	130	1,490
- non-current prepayments of costs	130	1,490
Decreases due to:	128	257
- accumulated depreciation of the right of perpetual usufruct	46	89
- non-current prepayments	82	168
As at 30.06.2007 / 31.12.2006	**8,120**	**8,118**

All amounts are expressed in thousands of PLN unless otherwise indicated

3.6 Investment in Associates

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

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

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

	Country of incorporation	Revenues	Profit /(Loss)	% of shares held
6 months ended 30 June 2006				
INTERIA.PL S.A.	Poland	25,676	3,566	36.08
NetBrokers Sp. z o.o.	Poland	18,189	510	40.00
		43,865	4,076	
6 months ended 30 June 2007				
INTERIA.PL S.A.	Poland	30,897	5,118	36.08
NetBrokers Sp. z o.o.	Poland	-	-	0.00
		30,897	5,118	

As a result of disposal of 350,000 INTERIA.PL S.A. shares by ComArch S.A. on 19 January 2006, ComArch S.A. holds 2,538,369 shares of INTERIA.PL S.A., which constitute 36.08 % of company's share capital. These shares give ComArch S.A. 11,609,625 votes at the General Meeting, which constitutes 48.48 % of the total number of votes.
As at 30 June 2007 the fair value of INTERIA.PL S.A. shares held by ComArch S.A. based on average stock exchange prices from the three months preceding 30 June 2007 was 174.13 million PLN. On 29 June 2007, the closing price of INTERIA.PL shares was 69.5 PLN. On this day, the value of INTERIA.PL S.A. shares held by ComArch S.A. was 176.42 million PLN.

3.7 Inventories

	30 June 2007	31 December 2006
Raw materials	676	880
Work in progress	14,927	11,831
Finished goods	25,641	7,369
Advance due to finished goods	26	56
	41,270	**20,136**

The cost of inventories recognised as expenses and included in 'Costs of products, goods and materials sold' amounted to 173.59 million PLN (6 months ended 30 June 2007) and 105.51 million PLN (6 months ended 30 June 2006) and 290.86 million PLN (12 months ended 31 December 2006).
The Group reversed a write-off worth 0.084 million PLN that revaluated inventories and was performed in 2006. The write-off was classified as an item in 'Other operating costs'. In the second quarter of 2007 a write-off worth 0.42 million PLN that revaluated inventories was performed. 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

All amounts are expressed in thousands of PLN unless otherwise indicated

after 12 months from the balance sheet date approximately 4.9 million PLN shall remain unsettled. Other inventories will be settled in their entirety within 12 months.

3.8 Categories and Classes of Financial Instruments

Assets and financial liabilities by categories (according to IAS 39) are presented as follows:

	30 June 2007	31 December 2006
Financial assets		
Valuated at fair value through the income statement	63	167
Derivative instruments in hedging relation	-	-
Investment held to maturity	-	-
Own receivables (including cash and cash equivalents)	220,446	212,740
Available-for-sale assets	-	-
Financial liabilities		
Valuated at fair value through the income statement	-	-
Derivative instruments in hedging relation	-	-
Financial liabilities	227,660	182,218
Contracts on financial guarantees	-	-

Within the particular categories of financial instruments the following classes of instruments are specified:

Own receivables	30 June 2007	31 December 2006
Receivables from related parties (note 3.11)	300	23
Receivables from other entities - current (note 3.11)	168,129	149,927
Receivables from other entities - non-current	-	-
Cash and cash equivalents (note 3.12)	52,017	62,790
Total	**220,446**	**212,740**

Financial liabilities	30 June 2007	31 December 2006
Liabilities due to credits (note 3.17)	73,986	54,504
Liabilities to related parties (note 3.15)	365	225
Liabilities to other entities - current (note 3.15)	152,969	181,738
Liabilities to other entities – non-current	-	-
Liabilities due to financial lease (note 3.15)	340	480
Total	**227,660**	**182,218**

Currency structure of financial liabilities and assets is presented as follows:

	Financial assets		Financial liabilities	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Currency - PLN	165,421	122,492	209,169	160,676
Currency - EURO	22,164	55,815	2,254	4,409
Currency - USD	25,621	27,805	15,908	16,342
Currency - GBP	21	2	-	-
Currency - UAH	378	215	65	21
Currency - AED	3,555	4,181	33	82
Currency - SKK	116	107	15	50
Currency - RUB	1,090	528	51	533
Currency - LTL	2,078	1,499	165	105
Currency - others	2	96	-	-
Total	**220,446**	**212,740**	**227,660**	**182,218**

All amounts are expressed in thousands of PLN unless otherwise indicated

As at 30 June 2007, the maturity date of the particular classes of the own receivables (trade receivables and cash) presents as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Receivables from related parties	300	-	-	-	300
Receivables from other entities - current	153,024	15,006	99	-	168,129
Receivables from other entities - non-current	-	-	-	-	-
Cash and cash equivalents (note 3.12)	52,017	-	-	-	52,017
Total	**205,341**	**15,006**	**99**	**-**	**220,446**

As at 31 December 2006, the maturity date of the particular classes of the own receivables (trade receivables and cash) presents as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Receivables from related parties	23	-	-	-	23
Receivables from other entities - current	132,978	16,804	145	-	149,927
Receivables from other entities - non-current	-	-	-	-	-
Cash and cash equivalents (note 3.12)	62,790	-	-	-	62,790
Total	**195,791**	**16,804**	**145**	**-**	**212,740**

As at 30 June 2007, the maturity date of the particular classes of the financial liabilities presents as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Liabilities due to credits (note 3.17)	4,175	4,861	31,580	33,370	73,986
Liabilities to related parties	365	-	-	-	365
Liabilities to other entities - current	139,358	13,611	-	-	152,969
Liabilities to other entities – non-current	-	-	-	-	-
Liabilities due to financial lease	280	60	-	-	340
Total	**144,178**	**18,532**	**31,580**	**33,370**	**227,660**

As at 31 December 2006, the maturity date of the particular classes of the financial liabilities presents as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Liabilities due to credits (note 3.17)	3,033	4,142	13,577	33,752	54,504
Liabilities to related parties	225	-	-	-	225
Liabilities to other entities - current	112,344	14,665	-	-	127,009
Liabilities to other entities - non-current	-	-	-	-	-
Liabilities due to financial lease	280	200	-	-	480
Total	**115,882**	**19,007**	**13,577**	**33,752**	**182,218**

3.9 Available-For-Sale Financial Assets

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

In the periods related to this statement, no write-offs due to loss in value of available-for-sale financial assets were performed.
Shares in investment funds comprise shares in money market fund and debt securities of KBC GAMMA SFIO that ComArch had purchased as cash deposit.

All amounts are expressed in thousands of PLN unless otherwise indicated

3.10 Derivative Financial Instruments

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

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

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

3.11 Trade and Other Receivables

	30 June 2007	31 December 2006
Trade receivables	155,426	144,417
Less provision for impairment of receivables	(3,532)	(3,343)
Trade receivables - net	151,894	141,074
Other receivables	8,116	1,945
Short-term prepayments	3,024	2,847
Prepayments of revenues	5,009	3,855
Loans	86	206
Receivables from related parties	300	23
	168,429	**149,950**
Current portion	*168,429*	*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 2.22 million PLN (6 months ended 30 June 2007) and 1.58 million PLN (12 months ended 31 December 2006). This write-off was presented in the other operating costs in the income statement.

3.12 Cash and Cash Equivalents

	30 June 2007	31 December 2006
Cash in hand, cash at banks	52,017	18,914
Current bank deposit	-	43,876
Total cash and cash equivalents	**52,017**	**62,790**

In the first half of 2007 an effective interest rate for short-term bank deposits was 3.82 %, 3.52 % for euro and 5.14 % for USD. The average maturity period for these deposits was 1.59 day.

For the needs of the cash flow, cash and cash equivalents include cash in hand, deposits and equivalent. Credit in the current account is included in financial operations.

All amounts are expressed in thousands of PLN unless otherwise indicated

3.13 Share Capital

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

The nominal value of one share is 1 PLN.

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

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:
a) disposal for the benefit of persons, who were shareholders of the Company on 18 March 1998,
b) disposal for the benefit of descendants of a disposer,
c) conveying property of a registered share as a result of succession.
The written consent of the Management Board is required to dispose of registered shares. The sale of shares without the permission of the Management Board is possible on the condition that it is stated in ComArch S.A.'s statute.
Every ordinary bearer share entitles its holder to one vote at the AGM. The conversion of bearer shares into registered shares is not permitted.

3.13.1 Shareholders who Directly or Indirectly through Subsidiary Entities hold at least 5 % of the Total Number of Votes as at the Date of the Preparation of the Financial Report for the First Half of 2007

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

According to information on the day of the report, customers of BZ WBK AIB Asset Management S.A. held 1,461,243 shares (18.36 % of company's share capital), which gave them 1,461,243 votes at the AGM and constituted 9.72 % of the total number of votes at the AGM. 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 746,533 shares (9.38 % in the company's share capital) that entitled to 746,533 votes at the AGM (4.97 % in the total number of votes at the AGM).

3.13.2 Changes in Share Capital in the First Half of 2007

1) Subscription for Series I2 Shares

Subscription for series I2 shares began on 16 March 2007, and was completed on 23 March 2007. The shares were allocated on 26 March 2007. 441,826 shares were taken up by subscription. Subscriptions were made on 441,826 shares and 441,826 shares were allocated. An acquisition price of I2 shares was 1.00 PLN per every share. 13 persons subscribed for I2 shares and shares were allocated to 13 persons. The company did not enter into agreement on subissue. A value of subscription, i.e. number of offered shares multiplied by issue price was 441,826 PLN. Total issue costs amounted to 16,331.90 PLN, including:
- costs of an offering: 14,150.00 PLN,
- civil law activities tax: 2,181.90 PLN.
Issue costs will be settled into finance costs. An average cost of subscription for series I2 shares per one share amounted to 0.04 PLN.

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

Due to the Board of Supervisors' decision concerning to the execution of managerial option programme for members of the Management Board and Key Employees in March 2007 (detailed information is presented in point 3.7.3), on 20 April 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered an increase in ComArch S.A.'s share capital to the amount of 7,960,596 PLN. After this increase company's share capital is divided into 7,960,596 shares. It corresponds to 15,029,396 votes at the company's AGM. The relevant change in statute was registered on 20 April 2007 by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register. The company announced details in current reports no. 9/2007 and 10/2007.

3) Registration and Introduction to Trading of Series I2 Shares

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

4) Transactions of Disposal of Issuer's Shares

On 11 January 2007, Vice - president of ComArch S.A.'s Management Board sold 150 ordinary bearer ComArch S.A. shares for 201 PLN each.

On 17 January 2007, one of ComArch S.A.'s supervising persons sold 10,000 ordinary bearer ComArch S.A. shares for 222 PLN each.

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

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

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

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

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

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

5) Disposal of ComArch S.A. Shares by BZ WBK AIB Asset Management S.A. (JSC)

As result of disposal of the shares, which was settled on 17 May 2007, clients of BZ WBK AIB Asset Management S.A. decreased by over 2 % their participation in total number of votes at ComArch S.A.'s annual general meeting. They held over 10 % of total number of votes at ComArch S.A.'s annual general meeting up to the present.
On 17 May 2007, there were 1,513,179 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 19.01 % of the Company's share capital. This gave 1,513,179 or 10.07 % of the total votes at ComArch S.A.'s annual general meeting.
At the same time, BZ WBK AIB Asset Management S.A. informed that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (JSC) authorised BZ WBK AIB Asset Management S.A. to manage investment portfolioes of investment funds, whose body Towarzystwo is. With relation to authorisation mentioned above, this notice ought to take into account ComArch S.A. shares, which are held by funds.

As a result of disposal of the shares, which was settled on 30 May 2007, clients of BZ WBK AIB Asset Management S.A. hold less then 10 % in total number of votes at ComArch S.A.'s annual general meeting.
On 30 May 2007, there were 1,461,243 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 18.36 % of the Company's share capital. This gave 1,461,243 or 9.72 % of the total votes at ComArch S.A.'s annual general meeting.

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

a) Managerial Option Programme for 2005-2007

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

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

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b) and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 31 December 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in 2006 and 2007) the value of the Option amounted to 7.8 % of the increase in capitalisation.

Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. Beginning with the third quarter of 2005, the company classifies the value of particular Options in its income statement. The company notes that despite the fact that the value of the Option decreases the net profit of the company and of the Group, this operation does not affect the value of cash flows. Moreover, the economic cost of the Option shall be classified in the income statement through its inclusion in the “diluted net profit” of newly issued shares for the participants of the programme. Despite the fact that the IFRS2 standard was officially adopted by the European Union to companies listed on the stock exchange in the preparation of consolidated statements, many experts point out its controversial nature – in their opinion, placing the cost of the Option in the income statement results in the double inclusion of the effect of the Option programme (once by result and second by dilution).
Pursuant to requirements of IFRS2, the valuation of the Option was carried out as at the date of the resolution on the option programme, i.e. as at 30 June 2005. The Monte Carlo simulation technique was used to valuate the Option. It was combined with the process of discounting non-negative financial flows related to the options calculated on the basis of the MAX () function. Apart from the assumptions resulting from the nature of the Option program described above, the following additional assumptions were adopted for the needs of the valuation:

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

Initially, the determined total value of Options amounted to 6.20 million PLN including:
a) Option No. 1, i.e. the option due to increases in capitalisation in 2005: 0.044 million PLN;
b) Option No. 2, i.e. the option due to increases in capitalisation in 2006: 3.05 million PLN;
c) Option No. 3, i.e. the option due to increases in capitalisation in 2007: 3.1 million PLN.
After changes to the program were applied (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in 2006 and 2007) the value of the Option amounts to 5.79 million PLN.

As at 30 June 2007, the value of the Option for the Management of the Board and Key Employees amounts to:
a) The value of the option for the Management Board: 87.18 %, i.e. 5.04 million PLN
b) The value of the option for Key Employees: 12.82 %, i.e. 0.74 million PLN
The value of the Option recognised in the income statement for the first half of 2007 amounted to 0.55 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 0.52 million PLN in Q3-Q4 of 2007.

Pursuant to the conditions of the program, the company has determined that:
a) the average capitalisation of ComArch S.A. as of December 2004 was 476.5 million PLN,
b) the average capitalisation of ComArch S.A. as of December 2005 was 441.7 million PLN,
c) the average capitalisation of ComArch S.A. as of December 2006 was 1,539.7 million PLN.
The difference between the average capitalisation in December 2005 and the average capitalisation in December 2004 is negative, which means that the basic condition of the programme has not been met. As a result, shares for members of the Management Board and Key Employees weren’t issued in 2006.

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

b) Managerial Option Programme for 2008-2010

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

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

In the fourth quarter of the year that precedes the year of the Programme execution, the Supervisory Board of the Company shall establish a list of Key Employees and single option factors. List of Key Employees and single option factors shall be established independently for each subsequent year. The total value of the all single option factors for each Key Employee in the given year shall amount to 3 % (in words: three percent) of increase in the Company's capitalisation. Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. The company will recognise the value of the particular options beginning from the options' acquiring, i.e. an establishment by the Supervisory Board a list of Key Employees and single option factors for each subsequent year.

3.13.4 After the Balance Sheet Date

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

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

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

Between 21 August 2007 and 23 August 2007 a member of ComArch S.A.'s Management Board sold 5,758 ordinary bearer shares of ComArch S.A. at average price of 180.24 PLN every share. Information was prepared on 28 August 2007 in Krakow.

On 22 August 2007 a member of ComArch S.A.'s Management Board sold 9,850 ordinary bearer shares of ComArch S.A. at average price of 180.00 PLN every share. Information was prepared on 24 August 2007 in Krakow.

On 29 August 2007 a member of ComArch S.A.'s Management Board sold 10,776 ordinary bearer shares of ComArch S.A. at average price of 190.50 every share. Information was prepared on 31 August 2007 in Krakow.

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

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

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

Prior to the above-mentioned share decrease, Funds held 751,533 of the Company's shares, which constituted 9.44 % of the equity. This gave 751,533 or 5.00 % of the total votes at ComArch S.A.'s annual general meeting.
On 16 July 2007, there were 746,533 ComArch S.A. shares in the securities accounts of Funds, which consisted 9.38 % of the equity. This gave 746,533 or 4.97 % of the total votes at ComArch S.A.'s annual general meeting.

All amounts are expressed in thousands of PLN unless otherwise indicated

3.14 Other Capitals

3.14.1 Capital of the company's shareholders

	Convertible bonds-capital component	Capital from valuation of the managerial option	Investment capital and capital for covering the budget commitments	Supplementary capital from premium share	Supplementary capital from bonds conversion into shares	TOTAL
Balance at 1 January 2006	(12)	1,682	745	84,446	-	86,861
Managerial option valuation	-	1,639	-	-	-	1,639
Capital from bonds conversion into shares	-	-	-	-	37,895	37,895
Revaluation of shares	12	-	-	-	-	12
Balance at 30 June 2006	**-**	**3,321**	**745**	**84,446**	**37,895**	**126,407**
Managerial option valuation	-	1,388	-	-	-	1,388
Balance at 31 December 2006	**-**	**4,709**	**745**	**84,446**	**37,895**	**127,795**
Balance at 1 January 2007	-	4,709	745	84,446	37,895	127,795
Managerial option valuation	-	554	-	-	-	554
Balance at 30 June 2007	**-**	**5,263**	**745**	**84,446**	**37,895**	**128,349**

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. Comparable data for the six months ended 30 June 2006 are presented in the similar way. There was no dividend paid for the year 2006.

3.14.2. Minority capital

	TOTAL
Minority capital	
As at 1 January 2006	14,353
Share of the minority shareholders in the result for the 6 months of 2006	269
As at 30 June 2006	**14,622**
Share in the result for the second half of 2006	(42)
As at 31 December 2006	**14,580**
As at 1 January 2007	14,580
Share of the minority shareholders in the result for the 6 months of 2007	43
As at 30 June 2007	**14,623**

3.15 Trade and Other Payables

	30 June 2007	31 December 2006
Trade payables	110,418	64,609
Financial liabilities	-	-
Advances received due to services	5,193	6,599
Liabilities to related parties	365	225
Liabilities due to social insurance and other tax charges	6,711	14,380
Investments liabilities	4,063	4,229
Subsidies received	1,659	1,479
Provision for leave	9,897	7,037
Reserve on costs relating to the current period, to be incurred in the future	10,941	25,673
Other payables	2,582	2,257
Special funds (Social Services Fund and Residential Fund)	1,845	1,226
Total liabilities	**153,674**	**127,714**

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

All amounts are expressed in thousands of PLN unless otherwise indicated

3.16 Long-term Contracts

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

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognised results corresponds to revenues.
At the end of the reporting period, long-term contracts were valuated in accordance with the degree of work progress. Changes in settlements due to long-term contracts recognised in assets and liabilities between 31 December 2006 and 30 June 2007 amounted to 3.13 million PLN.

3.17 Credits and Loans

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

Investments credits

ComArch S.A. credit lines:

a) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw in amount of 20 million PLN for the financing of the first construction stage of production and office buildings in the Special Economic Zone in Krakow. The crediting period may last a maximum of 10 years, i.e. until 2015. This credit has a variable interest rate. As at 30 June 2007, the value of the credit to be repaid amounted to 16 million PLN. A promissory note, the mortgage on land and the building insurance policy are security for this credit.

b) An investment credit from Kredyt Bank S.A. with its registered seat in Warsaw, for the financing of the second construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 80 % of the investment value up to a maximum of 26.82 million PLN. The crediting period may last a maximum of 16 years at a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2006, the value of the credit to be repaid amounted to 26.76 million PLN.

c) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of the investment value up to a maximum of 30,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 31 December 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2007, the value of the credit to be repaid amounted to 15.45 million PLN.

d) An investment credit from Bank BPH S.A. with its registered seat in Warsaw, for the financing of purchase of land in the Special Economic Zone in Krakow. The credit amounts to 15.1 million PLN. The crediting period may last a maximum of 5 years at a variable interest rate. The mortgage on the land is security for this credit. As at 30 June 2006, the value of the credit to be repaid amounted to 15.1 million PLN.

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

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

All amounts are expressed in thousands of PLN unless otherwise indicated

The exposure of Group bank credits to interest rate changes:

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

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

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

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

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

The effective interest rates at the balance sheet date:

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

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

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

3.18 Contingent Liabilities

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

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

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

(*) they comprise credit lines at current account that are described in 3.16

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

On 30 June 2007, the value of ComArch S.A. suretyships for the debts of INTERIA.PL S.A. from lease agreements amounted to 0.024 million PLN (compared to 0.094 PLN on 31 December 2006).
The ComArch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is 1.32 million PLN. In the previous year provisions for part of these claims were created. In the first half of 2007, In the opinion of the Management Board and based on the opinions of legal advisors, there are no circumstances suggesting the appearance of significant obligations on this account and, as a result, provisions for the amount of potential claims were not recognised in the financial statement.

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

All amounts are expressed in thousands of PLN unless otherwise indicated

3.19 Deferred Income Tax

	30 June 2007	31 December 2006
Deferred income tax assets		
Beginning of year:	**10,994**	**7,272**
- charged to financial result	10,994	7,272
Movement on deferred income tax account charged to financial result		
- recognition of an asset due to tax loss from the previous years	-	(1,197)
- dissolution/recognition of an asset due to tax relief of the dominant unit due to activities in Special Economic Zone	(2,197)	2,064
- dissolution/recognition of an asset for a possible to settle tax loss of ComArch Software AG	(494)	988
- dissolution of an asset due to valuation of INTERIA.PL S.A. shares	(352)	(568)
- recognition/dissolution of an asset due to temporary differences related to costs (depreciation, currency differences, costs of research works)	1,095	2,435
End of year	**9,046**	**10,994**
- charged to financial result	9,046	10,994
Deferred tax liabilities		
Beginning of year:	**6,309**	**5,649**
- charged to equity	5,430	5,430
- charged to financial result	879	219
Movement on deferred tax liabilities charged to financial result		
- liability due to temporary differences related to costs	195	879
- dissolution of provision for deferred income tax related to NetBrokers	-	(219)
End of the period	**6,504**	**6,309**
- charged to equity	5,430	5,430
- charged to financial result	1,074	879

Deferred income tax asset

	Tax loss asset	Asset due to temporary differences (costs of research works, revaluation write-offs, depreciation)	Asset due to valuation of INTERIA.PL S.A.	Asset due to tax relief related to income tax (SEZ)	Total
At 1 January 2006	**1,197**	**2**	**1,323**	**4,750**	**7,272**
Charged/credited/ to the result for 2006	-209	2,435	-568	2,064	3,722
At 31 December 2006	**988**	**2,437**	**755**	**6,814**	**10,994**
Charged/credited/ to the result for the six months ended 30 June 2007	-494	1,095	-352	(2,197)	-1,948
At 30 June 2007	**494**	**3,532**	**403**	**4,617**	**9,046**

All amounts are expressed in thousands of PLN unless otherwise indicated

Deferred income tax liability

	Depreciation	Other temporary differences	Provisions due to valuation of NetBrokers Sp. z o.o.	Provisions due to valuation of fair value of MKS Cracovia SSA's assets	Total
At 1 January 2006	**-**	**-**	**219**	**5,430**	**5,649**
Charged/credited/ to the result for 2006	879	-	-219	-	660
At 31 December 2006	**879**	**-**	**-**	**5,430**	**6,309**
-charged to financial result	879	-	-	-	879
-charged to equity	-	-	-	5,430	5,430
Charged/credited/ to the result for the six months ended 30 June 2006	67	128	-	-	195
At 30 June 2007	**946**	**128**	**-**	**5,430**	**6,504**
-charged to financial result	946	128	-	-	1,074
-charged to equity	-	-	-	5,430	5,430

1. As a result of Poland joining the European Union, an act was passed on 2 October 2003 that changed the act on special economic zones and certain other acts (Journal of Laws No. 188 Item 1840) that changed the conditions for tax exemptions for entities operating in special economic zones. Pursuant to the article 6, section 1 of this act, these entities may apply for changes to the terms and conditions of their permits in order to adjust them to the principles for granting public aid in force in the European Union. Pursuant to the article 5, section 2 point 1 lit. b), point 2, point 3 of the act, the maximum amount of public aid for entities, which operate in a special economic zone on the basis of a permit issued before 1 January 2000, cannot exceed 75 % of the value of investments incurred in the period from the date of obtaining the permit until 31 December 2006, provided that in determining the maximum amount of public aid, the total amount of public aid obtained since 1 January 2001 is taken into consideration. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of ComArch S.A., the maximum value of public aid will not exceed 75 % of the value of investment expenditures, which the company has incurred/shall incur since obtaining the permit, i.e. 22 March 1999, until 31 December 2006.
The costs of investments and the amount of aid are subject to discounting pursuant to Par. 9 of the Regulation of the Ministry from 14 September 2004 on the Krakow Special Economic Zone (Journal of Laws 220 Item 2232) with wording changed pursuant to Par. 1 of the Regulation of the Ministry from 8 February 2005 that changed the Ordinance on the Krakow Special Economic Zone (Journal of Laws No. 32 Item 270) and with Par. 2 of the latter Ordinance taken into consideration.
ComArch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On 1 July 2004, it received a decision from the Minister of the Economy dated 24 June 2004 on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). The updated permit extended the period in which ComArch S.A. is entitled to use public aid for investments incurred in the special economic zone until 31 December 2017.

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

As at 30 June 2007, the company presented a deferred income tax asset in the income statement due to activities in the SSE (hereinafter referred to as the "Asset") that was worth 4.62 million PLN. This Asset will be realised successively (as write-offs diminishing net profit of the Group) in proportion to the generation of ComArch's tax-exempt income. Within the 6 months of 2007, the Asset was dissolved that was worth 2.2 million PLN (from the amount of 6.81 million PLN that was recognised at 31 December 2006). At the same time, pursuant to IAS12, the company will regularly verify the valuation of the Asset considering the possibilities of its realisation and further recognition. Additionally, the company signifies that the recognition of this Asset does not have any influence on cash flow in the company and in the Group (both the recognition and realization of the Asset). This is an accrual based operation and is a result of the fact that the Group applies IFRS when preparing consolidated financial statements of the Group.
ComArch S.A. approached in order to get a new permit because it is still going to invest in the Special Economic Zone. The company received the permit on 17 April 2007.

2. Within the six months ended 30 June 2007, the Group settled in part a deferred tax asset related to temporary differences that was recognised on 31 December 2006 and worth 0.82 million PLN; and the Group dissolved a deferred tax provision that was recognised in 2006 and worth 0.03 million PLN. At the same time, an asset due to temporary differences was recognised in the amount of 1.56 million PLN as well as deferred tax provision in the amount of 0.22 million PLN. The total effect of the above-mentioned operations on the result of 2007 was 0.55 million PLN.

3. Within the six months ended 30 June 2007, the Group reversed in part an asset due to tax loss in a subsidiary ComArch Software AG. The asset was recognised as at 31 December 2007 and worth 0.49 million PLN.

All amounts are expressed in thousands of PLN unless otherwise indicated

The total effect of the all above-mentioned operations on the result of 6 months ended 30 June 2007 was -2.14 million PLN.

3.20 Provisions for Other Liabilities and Charges

	Costs related to the current period, which will be incurred in future	Provisions for contracts costs	Other provisions (court proceedings)	Total
At 1 January 2007	74	2,579	228	2,881
Recognised in the consolidated income statement:				
– Additional provisions	100	2,795	-	2,895
Provisions used during year	(74)	(2,579)	-	(2,653)
At 30 June 2007	**100,**	**2,795**	**228**	**3,123**

Analysis of total provisions:

	30 June 2007	31 December 2006
Non-current	228	228
Current	2,895	2,653

All provisions were calculated based on credible estimate as of the balance sheet date. Costs of the current period refer to provisions established for costs on account of media. Provisions for costs of contracts refer to recognition of the forecast losses in contracts.

3.21 Revenues from Sales

	6 months ended 30 June 2007	6 months ended 30 June 2006
Revenues from sales of products and services		
Revenues from sales of IT services	111,094	82,215
Revenues from sales of proprietary software and licences	28,799	46,895
Revenues from other sales	9,588	10,062
Total	**149,481**	**139,172**
Revenues from sales of goods and materials		
Revenues from sales of hardware	66,768	33,557
Revenues from third party software and licences	37,849	11,305
Revenues from other sales	16,311	2,790
Total	**120,928**	**47,652**
Total revenues from sales	**270,409**	**186,824**

3.22 Costs of products, services, goods and materials sold

I/1 Costs by types	6 months ended 30 June 2007	6 months ended 30 June 2006
Depreciation of property, plant and equipment in use and intangible assets	8,101	6,174
Costs of social benefits	131,387	82,243
Change in products and work in progress	(42,975)	(13,567)
Consumption of raw materials and auxiliary materials	4,694	3,701
Third party services	30,846	25,994
Taxes and charges	1,971	1,608
Other costs	5,807	7,426
Costs of products sold, services, marketing and distribution as well as administrative costs, including:	**139,635**	**113,579**
- manufacturing costs	*105,943*	*81,122*
- costs of sales	*18,902*	*17,926*
- general costs	*14,916*	*14,542*
- exchange differences on liabilities	*(126)*	*(11)*
I/2 Costs of goods and materials sold	**101,915**	**49,833**
I/3 Costs of work execution within the framework of union projects	**6,672**	**2,878**
I/4 Total costs of products sold, services, marketing, administrative, goods, materials and work execution within the framework of union projects	**248,222**	**166,290**

All amounts are expressed in thousands of PLN unless otherwise indicated

II. Costs of social benefits	**6 months ended 30 June 2007**	**6 months ended 30 June 2006**
Remuneration	114,187	69,714
Social insurance	14,319	10,759
Social Services Fund	1,040	541
Training	725	372
Health and Safety at Work	1	4
Other	1,115	853
Total	**131,387**	**82,243**

3.23 Other Operating Revenues

Other operating revenues and profits	**6 months ended 30 June 2007**	**6 months ended 30 June 2006**
Dissolution of write-offs that revaluate payments	-	-
Dissolution of write-offs that revaluate goods	84	46
Recovered communication damages	75	57
Outdated liabilities	2	59
Received contractual penalties	122	-
Earnings on disposal on non-financial non-current assets	61	9
Refund of VAT	142	26
Investment subsidies	81	-
Other	183	107
Total	**750**	**304**

3.24 Other Operating Costs

Other operating costs and looses	**6 months ended 30 June 2007**	**6 months ended 30 June 2006**
Write-off that revaluates assets (impairment)	421	-
Membership fees	188	94
Donations	161	88
Loss on disposal and non-current assets decommissioning	-	-
Legal expenses	-	234
Write-off that revaluates receivables	2,215	918
Compensation	521	131
Social costs	92	-
Dissolution of the provisions for 2006	175	-
Other	131	140
Total	**3,904**	**1,605**

3.25 Finance costs – net

	6 months ended 30 June 2007	**6 months ended 30 June 2006**
Interest expense:	(777)	(1 526)
- convertible bonds	-	(907)
- interest on borrowings	2	(11)
- other	(779)	(608)
Gains on bank deposits	838	355
Gains on disposal of securities	39	41
Net gains/(looses) on exchange differences (note 3.27)	(45)	150
Gains on disposal of financial assets	(103)	7,210
Fair value valuation of financial instruments and investment	-	-
Other	(73)	184
- investment credit valuation	104	169
- other	(177)	15
Total	**(121)**	**6 414**

All amounts are expressed in thousands of PLN unless otherwise indicated

3.26 Income Tax

	6 months ended 30 June 2007	6 months ended 30 June 2006
Current tax	687	250
Deferred tax	2,142	3,477
Total	**2,829**	**3,727**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	6 months ended 30 June 2007	6 months ended 30 June 2006
Consolidated gross profit before tax	20,758	27,138
Tax calculated with the nominal rate on gross profit	3,944	5,156
Differences between gross profit and basis of taxation:		
consolidation adjustments	*(2,644)*	*127*
exclusions of losses in consolidated companies	*1,662*	*1,268*
Sum of gross profits in consolidated entities (nominal basis of taxation with the assumption of correspondence of balance sheet profit with the basis of taxation)	19,776	28,533
Permanent and temporary differences between gross profit and the actual basis of taxation, including:	(16,355)	(27,215)
utilisation of previously unrecognised tax losses	*(2,370)*	*(7,482)*
differences between basis of taxation and gross profit	*(2,421)*	*(7,947)*
income not subject to tax (due to activities in SEZ)	*(11,564)*	*(11,786)*
other	-	-
Taxable base from income tax	**3,421**	**1,318**
Tax calculated at tax rate for the Group	687	250
Effective tax rate	3.31%	0.92%

The applicable tax rate was 19 % in 2007 and resulted mostly from the average tax rates for the dominant unit. The similar method is applied to 2006.
Tax authorities can run inspections for books of account and tax settlements within 5 years of the end of the year, in which tax returns were filed and can charge additional tax on the Group along with penalties and interest. In the opinion of the Management Board of the dominant unit, there are no circumstances indicating possibility of arising significant obligations on this account.

3.27 Net Foreign Exchange (looses) /gains

The exchange differences (charged)/credited to the income statement are included as follows:

	6 months ended 30 June 2007	6 months ended 30 June 2006
Revenues from sales	(929)	(203)
Costs of products, goods and materials sold	126	(11)
Finance costs - net	(45)	150
Total	**(848)**	**64**

3.28 Profit per Share

	6 months ended 30 June 2007	6 months ended 30 June 2006
Net profit for the period attributable to equity holders of the company	17,886	23,142
Weighted average number of shares in issue (thousands)	7,692	7,271
Basic earnings per share (PLN)	**2.33**	**3.18**
Diluted number of shares (thousands)	7,761	7,844
Diluted earnings per share (PLN)	**2.30**	**2.95**

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

Diluted earnings per share in the column '6 months ended 30 June 2007' is calculated by dividing the net consolidated profit attributable to equity holders of the company for the period from 1 January 2007 to 30 June 2007

All amounts are expressed in thousands of PLN unless otherwise indicated

by the sum of weighted average number of shares in issue between 1 January 2007 and 30 June 2007, where the number of days is the weight, and diluted number of shares resulting from the execution of the managerial option for 2007 according to terms of the option programme (pt 3.7.3) and diluted number of potential shares resulting from the possible execution of the managerial option for 2007 (according to IAS 33).
Diluted earnings per share in the column '6 months ended 30 June 2006' calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 30 June 2006 by the weighted by the weighted average number of shares in issue between 1 January 2006 and 30 June 2006, where the number of days is the weight as well as diluted number of shares (according to IAS 33) providing dilution of shares related to possible execution of the managerial option for 2006, providing that the average capitalisation of ComArch S.A. at WSE in December 2005 would be equal to the average capitalisation in June 2006.

3.29 Related-party Transactions

3.29. Revenues from sales of goods and services

	6 months ended 30 June 2007	6 months ended 30 June 2006
Revenues from sales of goods:		
INTERIA.PL	-	-
NetBrokers	-	-
Revenues from sales of services:		
INTERIA.PL	668	347
NetBrokers	-	34
	668	**381**

Price for services is determined depending on the type of transaction, according to one of three methods:
1) comparable market price,
2) cost - plus basis (margin from 2 to 3 % for goods, 5 % for services)
3) margin on sales of services (from 10 % to 40 %)

3.29.2 Purchases of Goods and Services

	6 months ended 30 June 2007	6 months ended 30 June 2006
Purchases of goods:		
Associate INTERIA.PL	395	390
Purchase of services:		
Associate INTERIA.PL	188	117
	583	**507**

Price for services and goods is usually negotiated with related entities using one of the above methods. In the reporting period, there were no significant transactions with related entities other than those listed above.

3.29.3 Balance of Settlements as of the Balance Sheet Date Resulting from the Sale/Purchase of Goods /Services

	6 months ended 30 June 2007	6 months ended 30 June 2006
NetBrokers Sp. z o.o.		3
INTERIA.PL S.A.	300	23
	300	**26**
INTERIA.PL S.A.	365	129
	365	**129**

There were neither write-offs that revaluate receivables from the related entities as at 30 June 2007 nor within the first half of 2007.

3.29.4 Remuneration of the Managing and Supervising Persons

In the first half of 2007, the total remuneration of members of the ComArch S.A.'s Management Board amounted to 8,581,570.57 PLN and the total remuneration of members of the ComArch S.A.'s Supervisory Board amounted to 210,125.00 PLN.

All amounts are expressed in thousands of PLN unless otherwise indicated

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

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

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

- Customers of BZ WBK AIB Asset Management S.A. held 1,461,243 shares (18.36 % of company's share capital), which gave them 1,461,243 votes at the AGM and constituted 9.72 % of the total number of votes at the AGM. 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 746,533 shares (9.38 % in the company's share capital) that entitled to 746,533 votes at the AGM (4.97 % 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 August 2007 and 28 September 2007

The following table presents the ownership of ComArch SA shares by management and supervisors as at the date on which the consolidated quarterly report for the second quarter of 2007 was published, i.e. 14 August 2007 and on 28 September 2007, pursuant to the information possessed by the company.

		As at 28 September 2007		As at 14 August 2007	
Members of the Management Board and the Board of Supervisors	Position	Shares	Share of votes at the AGM (%)	Shares	Share of votes at the AGM (%)
Elżbieta and Janusz Filipiak	Chairman of the Board of Supervisors and President of the Management Board	3,411,383	68.98 %	3,411,383	68.98 %
Rafał Chwast	Vice-President of the Management Board	5,552	0.04 %	5,552	0.04 %
Piotr Piątosa	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	0.14 %	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 %**

Between 21 August 2007 and 23 August 2007 a member of ComArch S.A.'s Management Board sold 5,758 ordinary bearer shares of ComArch S.A. at average price of 180.24 PLN every share.
On 22 August 2007 a member of ComArch S.A.'s Management Board sold 9,850 ordinary bearer shares of ComArch S.A. at average price of 180.00 PLN every share.

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

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

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

3.32 Events After the Balance Sheet Date

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

On 2 July 2007, ComArch S.A.'s Management Board received a contract between ComArch S.A. and Ministry of Interior and Administration on implementation of ePUAP (Electronic Platform of Public Administration Services) IT system. Gross value of the signed contract amounts to circa 13.77 million PLN. Completion date of this project was established on 31 May 2008.
ePUAP is the main project related to the Information Technology Plan for Poland in 2007-2010. ePUAP shall be a common infrastructure which allows any public administration unit to provide electronic access to public services for the citizens, entrepreneurs and other public administration units. In the future, the launched platform will enable defining of other processes that serve citizens and enterprises as well as create access to the particular public administration domain systems (both central and city-governmental). It will also enable development of public e-services. The designed system is one of the so-called e-Government projects that will enable realisation of central and regional public services which need the access to so-called base registers.

2) Registration of Changes in the Company's Statute

On 12 July 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered changes in the Company's Statute resolved by the General Meeting on 28 June 2007. The previous article 8, section 4 of the company's Statute is worded as follows:
"4. Disposal of registered preferential share results in expiration of specific rights for voting in the General Meeting related to it, whereat the following circumstances doesn't result in expiration of specific rights for voting in the General Meeting related to it:
a) disposal for the benefit of persons, who were shareholders of the Company on 18 March 1998,
b) disposal for the benefit of descendants of a disposer,
c) conveying property of a registered share as a result of succession."
The previous article 9, section 3 of the company's Statute is worded as follows:
"3. In the period by 27 June 2010, the Management Board is authorised to increase the share capital by the amount of 1,100,000.00 PLN (in words: one million one hundred thousand PLN) (the target capital)."

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

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

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

Between 21 August 2007 and 23 August 2007 a member of ComArch S.A.'s Management Board sold 5,758 ordinary bearer shares of ComArch S.A. at average price of 180.24 PLN every share.

On 22 August 2007 a member of ComArch S.A.'s Management Board sold 9,850 ordinary bearer shares of ComArch S.A. at average price of 180.00 PLN every share.

On 29 August 2007 a member of ComArch S.A.'s Management Board sold 10,776 ordinary bearer shares of ComArch S.A. at average price of 190.50 PLN every share.

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

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

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., on behalf of Arka BZ WBK Share Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund, Arka BZ WBK Balanced Open Investment Fund as well as Lukas Open Investment Fund (hereinafter referred to as the "Funds"), informed that, as a result of disposal of the shares, which was settled on 16 July 2007, the above-mentioned Funds hold less then 5 % in total number of votes at ComArch S.A.'s annual general meeting.
Prior to the above-mentioned share decrease, Funds held 751,533 of the Company's shares, which constituted 9.44 % of the equity. This gave 751,533 or 5.00 % of the total votes at ComArch S.A.'s annual general meeting.
On 16 July 2007, there were 746,533 ComArch S.A. shares in the securities accounts of Funds, which consisted 9.38 % of the equity. This gave 746,533 or 4.97 % of the total votes at ComArch S.A.'s annual general meeting.

5) Registration of the company ComArch Software S.A.R.L. in Lille in France

On 14 September 2007 limited liability company was registered under the company name of ComArch Software S.A.R.L. with its registered seat in Lille, in France. Issuer's subsidiary, ComArch Software AG holds 100 % of ComArch Software S.A.R.L. shares, that constitute 100 % of the share capital and 100 % of votes at the meeting of shareholders. The share capital of ComArch Software S.A.R.L. amounts to 150,000 Euro and consists of 1,500 shares of nominal value of 100 Euro each. ComArch Software AG purchased the above-mentioned shares with internal means for the total price of 150,000 Euro. The shares were considered as significant due to the fact that ComArch Software AG exceeded 20 % in the share capital of ComArch Software S.A.R.L. The subject matter of activities of ComArch Software S.A.R.L. will be creation and implementation of IT systems.

3.32 Significant Legal, Arbitration or Administrative Proceedings

In the first half 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 1.32 million PLN. In the previous year provisions for part of these claims were created. In the first half of 2007, in the opinion of the Management Board and based on the opinions of legal advisors, there are no circumstances suggesting the appearance of significant obligations on this account and, as a result, provisions for the amount of potential claims were not recognised in the financial statement.

REPORT
OF COMARCH S.A.'s MANAGEMENT BOARD
REGARDING
THE ACTIVITIES OF THE CAPITAL GROUP
IN THE FIRST HALF OF 2007

Krakow, 28 September 2007

1. GENERAL INFORMATION ABOUT THE CAPITAL GROUP

1.1 Selected Financial Data

1.1.1 Consolidated Financial Data

	H1 2007	H1 2006	H1 2005
Revenues from sales	270,409	186,824	176,932
Operating profit	19,033	19,233	5,222
Profit before income tax	20,758	27,138	3,853
Net profit attributable to shareholders of the company	17,886	23,142	9,686
Profit per share	2,33	3,18	1,41
Assets	521,396	334,217	312,485
Book value	275,808	225,391	161,372

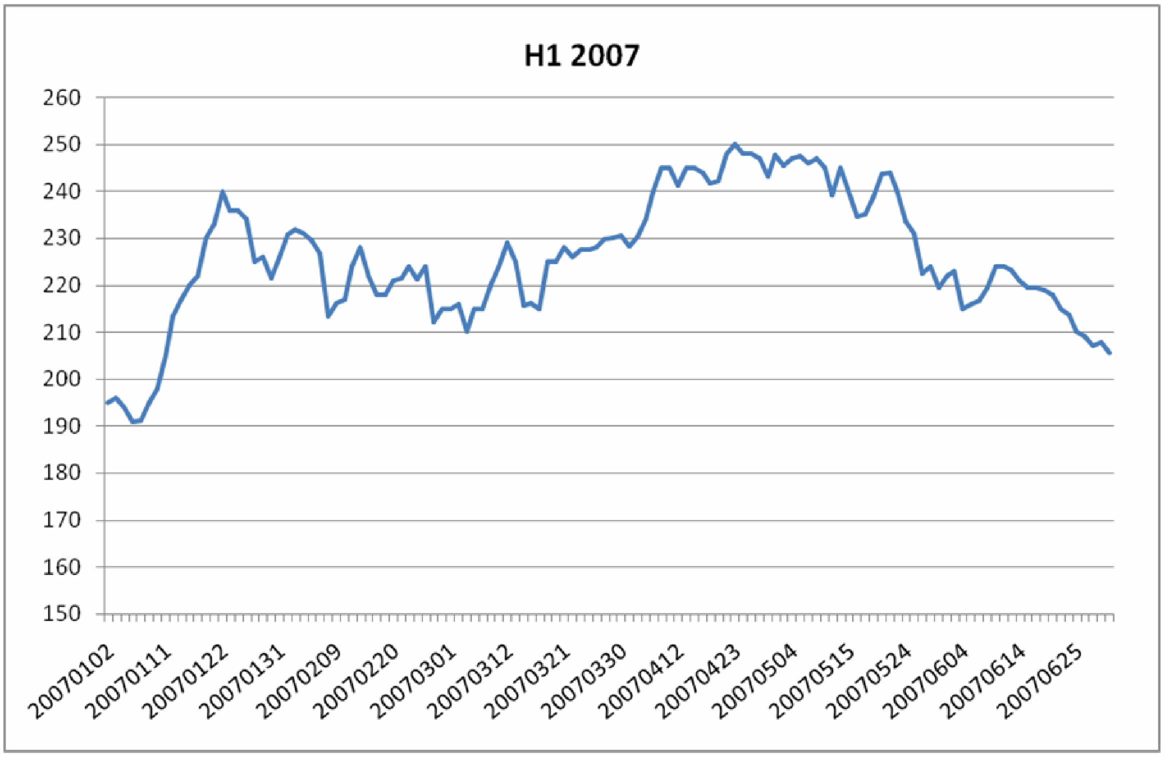
ComArch Group achieved very favourable results in the first half of 2007. Revenues from sales amounted to 270.41 million PLN, i.e. 44.7 % more that within the six months ended 30 June 2006, operating profit remained at the comparable level (19.03 million PLN compared to 19.23 million PLN). In comparison to the six months ended 30 June 2006, value of profit before taxes and net profit attributable to shareholders diminished (respectively: 20.76 million PLN compared to 27.14 million PLN and 17.89 million PLN compared to 23.14 million PLN). However one ought to remember that in the first quarter of 2006, there was a sale of INTERIA.PL S.A. shares that increased net profit for 2006 by 7.21 million PLN. It is noteworthy that the good financial results were achieved coinciding with growth in employment in the Group of 257 persons to the level of 2,721 and increase in remuneration in the IT sector.

Backlog for the current year	**As at 31 July 2007**	**As at 31 July 2006**	**Change**
Revenues contracted for the current year	487,176	386,072	26.2 %
including export contracts	95,618	78,880	21.2 %
% of export contracts	*19.6 %*	*20.4 %*	
including services and proprietary software	306,037	274,640	11.4 %
% of services and proprietary software	*62.8 %*	*71.1 %*	

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

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

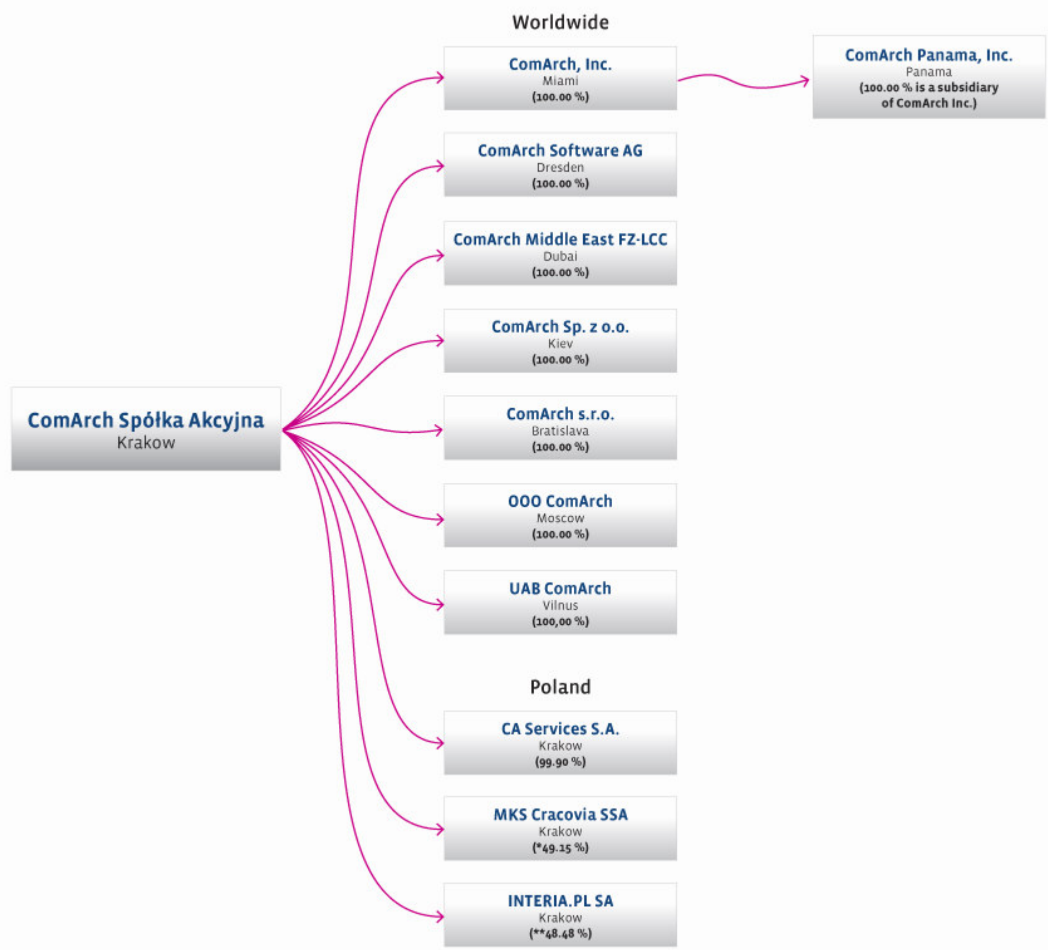
1.1.2 ComArch S.A. Stock Price Performance (in PLN)



PLN	**2007**		**2006**	
Period	**The highest**	**The lowest**	**The highest**	**The lowest**
Q1	240.00	191.00	119.00	64.60
Q2	250.10	205.50	148.00	114.00

On 29 June 2007, closing rate of ComArch S.A. shares at Warsaw Stock Exchange reached 205.50 PLN compared to 130 PLN on 30 June 2006 and 191 PLN on 29 December 2006.

1.2 Organisational Structure and Characteristics of the Group's Entities



(in parentheses, the share of votes held by ComArch S.A.):
*) MKS Cracovia SSA is ComArch S.A.'s subsidiary according to IAS 27 pt 13.
**) Pursuant to the Act on Accounting dated 29 September 1994, INTERIA.PL S.A. is an associate of ComArch S.A.

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 14 September 2007 limited liability company was registered under the company name of ComArch Software S.A.R.L. with its registered seat in Lille, in France. Issuer's subsidiary, ComArch Software AG holds 100 % of ComArch Software S.A.R.L. shares, that constitute 100 % of the share capital and 100 % of votes at the meeting of shareholders. The share capital of ComArch Software S.A.R.L. amounts to 150,000 Euro and consists of 1,500 shares of nominal value of 100 Euro each. ComArch Software AG purchased the above-mentioned shares with internal means for the total price of 150,000 Euro. The shares were considered as significant due to the fact that ComArch Software AG exceeded 20 % in the share capital of ComArch Software S.A.R.L. The subject matter of activities of ComArch Software S.A.R.L. will be creation and implementation of IT systems.

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 acquire contracts in foreign markets and execute them in their entirety or in part. ComArch s.r.o. produces software on order for the ComArch Group.
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.
Interia.pl is a web portal that provides information, communication and search services to web communities.

1.3 Shareholding Structure, Managing and Supervising Entities

1.3.1 Shareholders Holding at least 5 % of the Total Number of Votes at the General Meeting of the Dominant Unit

As at 28 September 2007, 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, are:

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

- Customers of BZ WBK AIB Asset Management S.A. held 1,461,243 shares (18.36 % of company's share capital), which gave them 1,461,243 votes at the AGM and constituted 9.72 % of the total number of votes at the AGM. 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 746,533 shares (9.38 % in the company's share capital) that entitled to 746,533 votes at the AGM (4.97 % in the total number of votes at the AGM).

1.3.2 Shareholding Structure of Managing and Supervising Entities as at the Date of Publication of the Consolidated Financial Statement for the 6 Months Ended 30 June 2007

Shareholders	Position	Number of shares	% of share capital	Number of votes at the company's AGM	% of votes at the company's AGM
Elżbieta and Janusz Filipiak	Chairman of the Board of Supervisors and President of the Management Board	3,411,383	42.85 %	10,367,383	68.98 %
Rafał Chwast	Vice-President of the Management Board	5,552	0.07 %	5,552	0.04 %
Piotr Piątosa	Vice-President of the Management Board	10,776	0.14 %	10,776	0.07 %
Paweł Prokop	Vice-President of the Management Board	34,268	0.43 %	71,868	0.48 %
Piotr Reichert	Vice-President of the Management Board	-	0.00 %	-	0.00 %
Zbigniew Rymarczyk	Vice-President of the Management Board	21,772	0.27 %	21,772	0.14 %
Marcin Warwas	Vice-President of the Management Board	-	0.00 %	-	0.00 %
Number of shares issued		**7,960,596**	**100.00 %**	**15,029,396**	**100.00 %**

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

1.3.2 Registered Shares of the Dominant Unit with Voting Rights

Registered shares in Series A and B have voting rights in the way that each share entitles to 5 votes at the Annual General Meeting of ComArch S.A. The married couple of Elżbieta and Janusz Filipiak together holds 855,400 registered preference shares in Series A with 4,277,000 votes in the AGM of the company and together holds 883,600 registered preference shares in Series B with 4,418,000 votes in the AGM of the company. Vice-president of the Management Board, Paweł Prokop holds 9,400 registered preference shares in series A, with the rights to 47,000 votes in the AGM of the company.
Conversion of the registered shares of the company into bearer shares is allowed. In case of conversion of registered shares into bearer shares, they lose all rights. Disposal of registered preferential share results in expiration of specific rights for voting in the General Meeting related to it, whereat the following circumstances doesn't result in expiration of specific rights for voting in the General Meeting related to it:
a) disposal for the benefit of persons, who were shareholders of the Company on 18 March 1998,
b) disposal for the benefit of descendants of a disposer,
c) conveying property of a registered share as a result of succession.
Disposal of registered shares requires consent of the Management Board provided in writing. Disposal of shares without consent of the Management Board is possible on conditions specified in ComArch S.A.'s Statute. Bearer shares entitle to 1 vote at the Annual General Meeting. Conversion of bearer shares into registered shares is not allowed.

1.3.3 ComArch S.A.'s Board of Supervisors and Management Board

A) Members of ComArch S.A.'s Board of Supervisors and Management Board as at 30 June 2007

ComArch S.A.'s Board of Supervisors

Name and surname	Position
Elżbieta Filipiak	Chairman of the Board of Supervisors
Maciej Brzeziński	Vice-Chairman of the Board of Supervisors
Wojciech Kucharzyk	Member of the Board of Supervisors
Anna Ławrynowicz	Member of the Board of Supervisors
Tadeusz Syryjczyk	Member of the Board of Supervisors

According to the company's information only Chairman of the Board of Supervisors Mrs. Elżbieta Filipiak holds the dominant unit's shares. On 30 June 2007, Mrs. Filipiak held 799,000 shares, which constituted 10.04 % of the company's share capital. They gave 3,995,000 votes at the annual general meeting, that constituted 26.58 % of the total number of votes at ComArch S.A.'s annual general meeting.

ComArch S.A.'s Management Board

Name and surname	Position
Janusz Filipiak	President of the Management Board
Rafał Chwast	Vice-President of the Management Board
Piotr Piątosa	Vice-President of the Management Board
Paweł Prokop	Vice-President of the Management Board
Piotr Reichert	Vice-President of the Management Board
Zbigniew Rymarczyk	Vice-President of the Management Board
Marcin Warwas	Vice-President of the Management Board

Dariusz Durałek, Jowita Gmytryk, Tomasz Matysik, Katarzyna Maurer, Tomasz Nakonieczny and Urszula Ulanik are the company's proxies.

B) Value of Remuneration of the Managing and Supervising Persons in the Dominant Unit for the First Half of 2007

The total value of remuneration of managing persons amounted to 8,581,570.57 PLN.
The total value of remuneration of supervising persons amounted to 210,125.00 PLN.

C) Changes in Membership of Managing and Supervising Persons in the First Half of 2007

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

On 28 June 2007, the Annual General Meeting of ComArch S.A. appointed Piotr Reichert and Marcin Warwas for the posts of Vice-Presidents of the Management Board of ComArch S.A. and Tadeusz Syryjczyk for the post of the member of the Supervisory Board of ComArch S.A.

D) Principles for Appointing and Dismissing of the Management Board pursuant to art. 19 and art. 20 of the Statute of ComArch S.A.

According to the Statute of the company, the Management Board of the company consists of 2 to 8 persons appointed and dismissed by the General Meeting. Members of the Management Board are appointed for the common term of office of three years. The Supervisory Board may suspend in activities, on important reasons, particular or all members of the Management Board and may delegate members of the Supervisory Board for temporary execution of the activities of members of the Management Board.

E) Rights of the Management Board pursuant to art. 9, 20 - 22 of the Statute of ComArch S.A. and pursuant to the Commercial Companies Code

- The Management Board may appoint proxies.

- President of the Management Board single-handedly or two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy are authorised for making statements on behalf of the company and representing the company in Court and off Court.

- In agreements between the company and members of the Management Board and in disputes with them, the company is represented by the Supervisory Board or by a proxy appointed with a resolution of the General Meeting. The Supervisory Board may authorise, by way of a resolution, one or more members of the Supervisory Board to perform such legal actions.

- The Management Board defines internal organisation of the company.

- According to the art. 445 and 446 of the Commercial Companies Code, general meeting passes a resolution on amendments to the statues, providing for the authorisation for the Management Board to increase the share capital within the limits of the authorised capital.

- According to the art. 9, sec. 3, the Management Board is authorised to increase the share capital by 1,100,000.00 PLN (target capital) till 27 June 2010.

- According to the art. 9, sec. 5 of the ComArch S.A.'s Statute, within the target capital, the Management Board of the company may issue shares only in conversion for cash contributions and may not issue preferential shares or allocate personal rights for the shareholder, referred to in Article 354 of the Code of Trade Companies. In the scope of all the issues related to increasing the share capital within the target capital, in particular on excluding or limiting collection right, as well as determining the issue price, obtaining consent of the Supervisory Board is required.

F) Agreements between the Issuer and the Managing Persons, which Plan for Compensation in Case of Resignation or Discharge from the Occupied Post

None present.

G) Principles and Regulations for Remunerating Managing and Supervising Persons

According to the article 15 point 8) of the ComArch S.A.'s Statute, competencies of the General Meeting include regulations for remunerating members of the Supervisory Board.

According to the article 15 point 10) of the ComArch S.A.'s Statute, competencies of the General Meeting include defining principles and regulations for remunerating members of the Management Board provided that this competency may be passed on in part or in entirely to the Supervisory Board. Before 29 August 2004, this competency remained with the Supervisory Board. At present, the resolution of the Supervisory Board of 20 August 2004 and the resolution No. 52 of the General Meeting of 30 June 2005 are binding in the scope of defining principles for salary for members of the Management Board.

H) Managerial Option Programme

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. The theoretical option's value per particular member of the Management Board in the first half of 2007 is included in the table below:

Name and surname	Theoretical option's value (in thousands of PLN)
Janusz Filipiak	345
Rafał Chwast	28
Piotr Piątosa	14
Paweł Prokop	28
Piotr Reichert	0
Zbigniew Rymarczyk	28
Marcin Warwas	14
TOTAL	457

More details are presented in point 5.2.5.

1.4 Employment

On 30 June 2007, in ComArch S.A. there were 2,508 employees compared to 2,335 persons as at 31 December 2006, and in ComArch Group number of employees reached 2,721 persons compared to 2,464 persons as at 31 December 2006 (excluding employees of MKS Cracovia SSA; as at 30 June 2007 there were 162 persons compared to 110 persons as at 31 December 2006).

1.4.1 Systems that Control Employees Shares Programmes

None present.

2. ECONOMIC ACTIVITIES

2.1 Products and Services Offered by ComArch in 2006

ComArch is a producer of innovative IT systems for key sectors of economy: telecommunications, finances, public administration, large companies and the sector of small and medium-sized companies. A wide range of the ComArch offer includes ERP-class and financial and accounting systems, CRM systems and loyalty software, sales support and electronic document exchange systems, knowledge management, Business Intelligence, security and protection of data and many other solutions. Apart from providing innovative IT solutions to its customers, ComArch is focused on professional customer service and on providing consulting, advisory and integration services as a uniform package, with which our customers can take full advantage of the possibilities offered by modern IT systems.

PRODUCTS

2.1.1 Solutions for the Telecommunications Sector

ComArch BSS Suite is an innovative, modular billing platform supporting all areas related to settlements and customer services, as well as broadly understood suppliers and recipients of telecommunications services. Its task is to execute business objectives of the operator and preparing him for introduction of new-generation services. A comprehensive set of modules allows management of business in all telecommunications markets: stationary telephone networks, mobile telephone networks, Internet services, cable TV or contents providers. ComArch BSS Suite features flexible, scalable and open architecture which supports the complete billing process. The system, based on the latest technologies, is a very effective and reliable one, which can be integrated with other systems. ComArch BSS Suite received certificates of performance on Sun and HP platforms in international testing centres in the United Kingdom, Switzerland and Germany. With it, operators can handle the most difficult challenges, such as inter-operator billing, implementation of new-generation services or convergent billing.

ComArch OSS Suite is a complex platform for network and telecommunications services management. It enables operators to increase reliability and quality of their infrastructure and services. The platform is compliant with the NGOSS standard and consists of modules, which can be tailored to individual needs of the operator in order to increase return on investment (ROI) and operational costs. The platform supports all OSS areas. It has been built with modern technologies (J2EE, CORBA and RMI), with the communication bus based on XML and SOAP, allowing perfect integration with other IT systems (e.g. BSS, OSS, CRM) and efficient flow of information between particular systems.

ComArch offers solutions to the telecommunication sector that link the company’s easily integrated systems with the considerable business experience of its consultants. The offered solutions are capable of being implemented in different configurations as well as being combined with third-party products. ComArch solutions and projects are designed to fulfil the demands of each specific client.
- Preconfigured billing and subscriber service for MVNOs/MVNEs
- Management of service quality for MVNOs/MVNEs
- TriplePlay services management
- Process-Driven Inventory Management

2.1.2 Solutions for the Finance and Banking Sector

ComArch Internet Retail Banking provides 24/7 access to services offered by the bank to retail customers and „micro” companies over the Internet, WAP, SMS and other distribution channels. Due to excellent integration with various central systems, it is a versatile, complete, efficient and safe supplement of the IT bank environment. The ComArch Internet Banking Platform offers solutions for providing financial services through self-service channels, meeting high requirements of banks, brokerages, associations of investment funds and other financial institutions. It is also an integration platform, combining services and products offered by a financial institution or by an entire financial group into one solution.

ComArch Internet Corporate Banking is an innovative IT banking system specialised in services for corporate customers. It was created from the scratch and implemented for the first time in 2003 with all needs of medium-sized and large companies in mind. It is optimised for mass processing of payments, allocation of roles in a company, support of communication between the customer and the advisor appointed by the bank, as well as the highest security level available.

ComArch Internet Investments, as an independent system or a functional supplement for ComArch Internet Banking, ensures access to investment financial services through the Internet and other electronic channels of distribution (e.g. WAP, SMS and call centre) for customers of brokerages, trustees, Investment Fund Associations, Open Pension funds and other institutions operating in the capital market. This system, developed continuously since 1998, offers the widest functionality available in the market in the scope of access to the brokerage account, TFI registers and specialised investment products.

ComArch Credit Process Management is an application suite supporting service of credit processes in all clients segments: corporate clients, medium and small enterprises and retail clients. The modular design of this system enables selection of an optimum set of functionalities and support for the most important processes related to management of any credit products for any customer segment: product design, simulations, preparing an application, support for the decision-making process, preparing an agreement, activation of funds, hedging management, monitoring of active agreements, settlements of transactions, management of the sales network and calculation of commission, as well as vindication from unreliable customers.

The corporate version of the **ComArch Credit Process Management** system is its extension with additional tools, specific for this segment of customers, such as the rating engine, the index analysis module or the extended module of hedges management. As with CRM solutions, emphasis has been put on flexibility of the decision-making mechanism in designing the system supporting the crediting process for large companies, and the proposals generated automatically do not restrict the process management policy in the degree characteristic for the retail segment.

ComArch CRM Sales Management is an integrated application of the new generation front-end type. It ensures complex management of the relations with customers, from the moment of the acquisition action to the initiation of the sales programmes (cross- and up-selling) to the current operational services within the whole range of the product offer.
The system includes functionality for the front-office employees (the Salesman Application) providing direct customer services, and for middle- and back-office employees (the Branch Director Application, the Central Application), responsible for management of the sales process.

ComArch CRM Campaign Management is a system supporting the entire cycle of marketing campaign management: from planning to tests, execution and modification to tests of performance. The system allows reaching the target group of customers of a precisely defined profile, at a proper time, with appropriate information, and through an appropriate communication channel. The possibility of integration of mass Above The Line (ATL) campaigns and direct Below The Line (BTL) campaigns is a unique solution, allowing achievement of the synergy effect between the two types of activities and winning savings on costs of reaching the customer.

ComArch CRM Corporate is a system, which provides a complex support for work of people directly engaged in creation and maintenance of relations with the customers of the bank (relationship manager, adviser, assistant). It offers a similar range of functionalities as ComArch CRM Sales Management, with a full coverage of features specific for services provided for the corporate customer. Unlike the solution designed for the retail segment, emphasis has been put here not on the standardisation of procedures and processes, but on collecting comprehensive information about the customer, the industry of his activity and other factors essential for the relationship with the customer.

ComArch Factoring is a complex solution servicing debt financing transactions, allowing for both electronic and paper invoices. This solution features high flexibility in modelling of the client service process. It enables the introduction of data related to the factorer, debtor and the definition of a financing program.

ComArch Asset Management is addressed to asset management companies, trust banks, investment, pension or insurance funds and other institutions that conduct investment activities and manage portfolios.

ComArch Custody is an application designed for banks dealing with trading in securities. The system allows registering and quantitative as well as financial settlements of transactions with securities in NDS S.A. and foreign deposit and settlement chambers.

ComArch Risk Management is a management system for risks related to investment and credit portfolios. It automates risk control processes aimed at limitation (restriction) of the impact of fluctuation of risk factors on the elements of commercial operations. It also enables identification of the possibility of using the observed fluctuations in investments.

ComArch Commission is a commission system designed for institutions which use extended networks of agents, brokers and intermediaries in their businesses. The system enables integration of all data related to sales networks, commission policy for all distribution channels and settlements with sales network units in one place. Additionally, collecting all sales data in one system allows better control over sales and optimising incentive systems.

ComArch Debt Management is a system facilitating notice and vindication processes. It enables centralised management of all processes and vindication cases with attention paid to the specific nature of the process and products, in the context of which it is used. All contacts with the debtor and other entities in the case are registered and the system reminds users about deadlines of tasks to be performed, such as telephone notice calls or replying to correspondence.

ComArch Insurance – Complex solutions supporting the basic business processes of insurance companies, dedicated to both property insurance companies and life insurance companies.

2.1.3 Universal Solutions for Businesses

ComArch CRM Campaign Management is a system supporting the entire cycle of marketing campaign management: from planning to tests, execution and modification to tests of performance. The system allows reaching the target group of customers of a precisely defined profile, at a proper time, with appropriate information, and through an appropriate communication channel.

ComArch CRM Sales Management ensures complex management of relations with customers from the acquisition action to activation of the sales programmes (cross- and up-selling), building loyalty programmes, to termination the co-operation. The system includes functionalities for both salespeople who provide direct customer services (the Salesman Application) as well as back-office employees, responsible for management of the sales process (the Central Application: preparing information for salespeople, preparing the pricing policy, building sales plans, monitoring sales and analysing reports with results, etc.).

ComArch Loyalty Management is an advanced set of business applications with broad functionalities, designed for both simple and advanced loyalty programmes. The system features flexibility, an ergonomical user interface and ease of operation. Scalable architecture guarantees customising the loyalty program development to the pace of company's growth.

ComArch Document Management System is a system supporting management of document and information flow in the company. The system is aimed at improving efficiency of the company especially in the scope of work organisation and access to information and documents.

ComArch Content Management System is a system for management of portal content and structure. It offers a set of tools enabling remote website updating and management.

ComArch Business Intelligence is a modern IT solution based on the data warehouse technology. Its basic role is to provide well-organised and easy-to-understand information supporting the decision-making process at various levels of company management. ComArch Business Intelligence enables selection and application of different analysis areas, depending on user's needs, e.g. sales, finances, controlling and others.

ECOD is a complex solution of the EDI (Electronic Document Interchange) type and sales support. In the scope of sales channel management ComArch offers ECOD systems: Agent, Operator, Archive, Distribution, Data Share, Factoring, Delivery, DMS, Organizer, and Loyalty.

ComArch Security Management allows creation, development and management of the security policy for all networks and devices used in any location and architecture. Apart from this solution, ComArch has a broad range of products; including authentication and authorisation, public key infrastructure, as well as management of security and content.

CDN system is a complete line of ERP systems for all types of businesses.

- The CDN Egeria Integrated Management System is a modern Polish system of the ERP II class, supporting company management features. The system offers a balanced functionality, including all essential areas of business activity. It is a universal tool guaranteeing stable development of any company, flexible enough to satisfy diverse needs.
- **CDN XL** is a multi-module, fully integrated IT system of the ERP class, dedicated for medium size and large trade, manufacturing and service companies.
- **CDN OPT!MA** is a program for management, handling sales, accounting, HR and salary departments. The program supports business management and it is a perfect working tool for an accounting office. The unique feature is the possibility of leasing the program over the Internet via the ASP - CDN Online platform.
- CDN Klasyka is a coherent and complete offer for small and medium-size trade, service and manufacturing companies. It consists of +10 programs supporting management and accounting, all working in the DOS environment.

2.1.4 Solutions for Public Administration

Electronic services platform built on the basis of the e-Urzad application and portal solutions is a solution dedicated specifically for institutions with extensive and frequent interactions with a large number of external users (applicants, members of local communities or Customers). Wrota Regionalne is one of the most widely known implementations of the electronic services platform.

e-urzad portal application is a product dedicated mainly for customers from the public sector. The product meets the requirement of contacting offices and citizens in a simpler and more flexible way, through the introduction of electronic exchange of documents, shortening time for handling specific cases, and reducing the necessity for the applicants to appear in the office.

ERP-class systems customised to specific needs of the public sector, extended with modules, which take into consideration specific needs of administration. The standard version of the offered solution includes budget accounting (including RB documents in printable and electronic versions), managing the unit's budget, calculation of salaries according to detailed regulations for budget entities.

ComArch offer for Public Administration in the scope of management of documents and group work includes systems built around the **ComArch Document & Workflow Management platform**. It is an environment supporting management of document and information flow in the office. Implementation of this system increases efficiency of the office, especially in the scope of organisation of work, access to information and all types of documents.

Business Intelligence support constitutes data warehouses, reporting and analyses, these solutions being definitely proven with clients, who manage large volumes of data, have many systems or regional locations. We offer complex performance of the BI project starting from the business analysis, to designing and construction of data warehouses and ETL procedures, to selection, supply, integration and implementation of data access tools as well as preparing reports, analyses and statistics, including data mining.

ComArch Education – education management support. An integrated system supporting the work of educational departments, and their dependant educational agencies, related to the collection of data of pupils' learning processes, creation of organizational charts and finance, personnel and remuneration management. It uses the Internet as the medium of communication between participants of the teaching/learning process.

SERVICES

The strategic area of ComArch activity consists in taking advantage of the experience and knowledge of company's employees by providing a full range of IT services: from consulting, to implementation of individual solutions, to outsourcing. The services provided by ComArch form an important and effective way of applying competence of the employees of the company. Execution of numerous programming and integration projects allowed the company to gather unique experience and create a unique team of people. This experience is proven with numerous certificates and authorisations of leading suppliers of IT solutions. The broad range of ComArch IT services is provided in a highly competent and reliable way. The most important services provided by ComArch include:

- Business Process Management
- Integration of IT Systems and implementation projects
- Turnkey projects
- IT Outsourcing (Outsourcing Infrastructures and Body Leasing)
- IT Services
- Data Security and Protection
- Consulting and Training

2.1.5 Services Dedicated to All Group of Customers

The strategic area of ComArch activities consists of taking advantage of the experience and knowledge of company's employees by providing a full range of IT services: from consulting to implementation of individual solutions, to outsourcing. The services provided by ComArch form an important and effective way of applying competence of the company's employees. Execution of numerous programming and integration projects allowed the company to gather unique experience and create unique team of people. This experience is proven with numerous certificates and authorisations of leading suppliers of IT solutions. The broad range of ComArch IT services is provided in a highly competent and reliable way. The most important services provided by ComArch are:

- Business Process Management
- Integration of IT systems and implementation projects
- Turnkey projects
- IT Outsourcing (Outsourcing Infrastructures and Body Leasing)
- IT services
- Data Security and Protection
- Consulting and Training

Internet portal – INTERIA.PL S.A.

INTERIA.PL S.A. was established in August 1999 as the joint undertaking of the Polish market's leading IT company, ComArch S.A., and the biggest Polish radio station, RMF FM. In 2001 the company made its debut on the Warsaw Stock Exchange (INT).

Today, INTERIA.PL is the leading player on the Polish market for new generation media with extensive media experience and a unique knowledge of Internet technology. The company's Internet portal, www.interia.pl, makes a wide range of top quality services available to individual Internet users. These include news, multimedia, Internet television and radio, and Internet-community enabling.

INTERIA.PL, with its modern marketing and promotional solutions, leads the Polish advertising market. The biggest Polish companies from all sectors, as well as the dynamically growing small and medium enterprise market, use INTERIA.PL's advertising services.

The company also offers a wide variety of technology for business, which is developed from the most contemporary Internet solutions used every day on the www.interia.pl portal.

Sports activity

MKS Cracovia SSA carries out sport activity by participating in professional league and contests in several sport disciplines, with football and ice hockey being the key ones. The objective of investing in the company is promotion of ComArch brand. It is an element of marketing strategy of the ComArch Group, aimed at creating image of ComArch as the first-choice integrator for large and medium-seized enterprises in Poland.
Revenues from sport activity of MKS Cracovia SSA include revenues on account of advertising services and other services, as well as revenues from tickets for sport events organised by the company.

2.2 Position of the Group in the IT Market and Information about Markets and Sources of Supply

Due to the type of IT systems offered by the company, medium-sized and large companies (who are the largest clients of advanced IT solutions all over the world) constitute the main group of clients. Majority of company's products are addressed to specific groups of customers, while IT services are of universal nature and are offered to all groups of customers. Sale in the Group is highly diversified, with no dependency on one major client. In the first half of 2007 the biggest customer was Ministry of National Education with share in sales in the amount of 13.60 %.
Due to the specific nature of the industry, in which ComArch manages its operations, international concerns, which are producers of computer systems and programmers tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In the first half of 2007 the biggest supplier was Ogólnopolska Fundacja Edukacji Komputerowej that delivered products and goods constituting 12.67 % of the total revenues of the Group.

The ComArch Group operates on the IT services market. The Polish IT market, despite continuing consolidations, remains fragmented, which means that market share for individual companies is quite small. Over the last few years though, ComArch Group has had a growth dynamic that has outperformed the entire market and made it one of the market leaders. The ComArch Group does not participate in the waves of mergers and takeovers evident on the Polish IT market but instead pursues a consistent strategy of organic growth and development.

According to the Computerworld Top 200 report for 2006 ComArch S.A. maintained its position as the largest IT system integrator in Poland and also occupied third place on export revenue among domestic and companies. The ComArch Group occupies fourth place for gross profit, fifth place for the value of revenue from IT services and sixth place among companies selling proprietary software. ComArch S.A. is the second largest employer among Polish IT companies.

According to an IDC report for 2006 ComArch S.A. was third on revenue from sales of ERP systems – behind only SAP and Oracle, and its share of the ERP sector rose to 8.1% in 2006.

The www.interia.pl portal is the third most frequently recognised and visited in Poland.

Both now and in the near future the majority of revenue will come from the domestic market. Nevertheless, the Group is intensifying its operations beyond Poland and aiming to achieve significant revenue growth by selling products and services on markets abroad, and especially in Eastern and Western Europe and both of the Americas.

2.2.1 Geographical Sales Structure

Geographical sales structure	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%
Domestic (Poland)	218,217	80.7 %	144,515	77.4 %
Export	52,192	19.3 %	42,309	22.6 %
	270,409	**100.0 %**	**186,824**	**100.0 %**

Geographical sales structure (excluding contract with MEN)	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%
Domestic (Poland)	181,447	77.7 %	144,515	77.4 %
Export	52,192	22.3 %	42,309	22.6 %
	233,639	**100.0 %**	**186,824**	**100.0 %**

The consistent increase in the share of export sales in the total sales is a positive trend. In the first half of 2007, export in sales reached 52.19 million PLN and increased by 9.88 million PLN compared to the previous year (an increase of 23 %). The share of export in revenues from sales decreased from 22.6 % to 19.3 %; however it is a result of a significant increase in revenues from domestic sales related to the deliveries of hardware to schools (the contract with MEN). The share of export sales in total sales diminished by the contract with MEN has remained at the same level as during the six months ended 30 June 2006 (22.3 %). A constant increase in the share of export sales remains one of the main strategic trends in the development of the Group.

2.2.2 Market Structure of Sales

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

Market Structure of Sales	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%
Telecommunication, Media, IT	54,851	20.3 %	43,222	23.1 %
Finance and Banking	47,481	17.6 %	40,547	21.7 %
Trade and Services	32,732	12.1 %	35,045	18.8 %
Industry & Utilities	29,137	10.8 %	18,998	10.2 %
Public Sector	80,112	29.6 %	25,382	13.6 %
Small and Medium-seized Enterprises	20,202	7.5 %	19,056	10.2 %
Other	5,894	2.1 %	4,574	2.4 %
	270,409	**100.0 %**	**186,824**	**100.0 %**

Market Structure of Sales (excluding contract with MEN)	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%
Telecommunication, Media, IT	54,851	23.5 %	43,222	23.1 %
Finance and Banking	47,481	20.3 %	40,547	21.7 %
Trade and Services	32,732	14.0 %	35,045	18.8 %
Industry & Utilities	29,137	12.5 %	18,998	10.2 %
Public Sector	43,342	18.6 %	25,382	13.6 %
Small and Medium-seized Enterprises	20,202	8.6 %	19,056	10.2 %
Other	5,894	2.5 %	4,574	2.4 %
	233,639	**100.0 %**	**186,824**	**100.0 %**

2.2.3 Products Structure of Sales

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

Products structure of sales	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%
Services	131,668	48.7 %	110,229	59.0 %
Proprietary Software	27,061	10.0 %	20,900	11.2 %
Third-party Software	37,743	14.0 %	11,314	6.1 %
Hardware	66,869	24.7 %	37,317	20.0 %
Other	7,068	2.6 %	7,064	3.7 %
	270,409	**100.0 %**	**186,824**	**100.0 %**

Products structure of sales (excluding contract with MEN)	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%
Services	131,668	56.4 %	110,229	59.0 %
Proprietary Software	27,061	11.6 %	20,900	11.2 %
Third-party Software	37,743	16.2 %	11,314	6.1 %
Hardware	30,099	12.9 %	37,317	20.0 %
Other	7,068	2.9 %	7,064	3.7 %
	233,639	**100.0 %**	**186,824**	**100.0 %**

2.3 The Most Important Contracts Signed in the First Half of 2007

The most important contracts that were signed within the first half of 2007 are:

2.3.1 Contract with TeleYemen

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

2.3.2 Contract with Ministry of Finance

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

2.3.3 Agreement with the Ministry of National Education

On 30 April 2007, an agreement between ComArch and the Ministry of National Education was signed. This contract is for the delivery, installation and network connection of 961 computer labs in primary schools, junior high schools, post-junior high schools and post-secondary schools located in the area of the second Region that includes the provinces: Małopolskie and Podkarpackie. The net value of this agreement amounts to 41,577,276 PLN. The contract will be carried out during a 70 day period beginning from the date of the contract signing, warranty service will be provided during a 36 month period beginning from the delivery date. The company announced details in current report no. 11/2007.

2.3.4 Contracts with Ogólnopolska Fundacja Edukacji Komputerowej (OFEK)

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

2.4 Production Capacity of the Group

Most of production by ComArch consists in production of computer software on the basis of customer orders and in production of company's own, versatile software products. The basic factor limiting the production capacity is human resources. The company flexibly manages teams of employees through continuous optimising of filling of posts in current commercial projects (for which contracts are signed) and internal projects (developing new products and updating the existing ones, not directly connected to contractual requirements).
As the company makes active investments in new products and technologies, and it strives to provide appropriately wide range of competencies for all its employees, there are no resources that are unused.

2.5 Activity in the Special Economic Zone

On 22 March 1999, ComArch S.A. obtained a permit for conducting activity in the Special Economic Zone in Krakow. According to the regulation of the Council of Ministers of 14 October 1997 on establishment of a Special Economic Zone in Krakow (Journal of Laws No. 135, item 912 and changes to this act), the entities, which invested in the Krakow special economic zone at least 2 million Euro, were granted the following tax allowances:
a) During the first 6 years of commercial operations in the zone, the income from such activity is free from income tax
b) After this period of time, but not later than until the date specified in the permit, half of the income obtained is free from income tax.
The allowance was applicable for the income tax from legal entities from the income obtained from the activity specified in the permit.

In reference to Poland joining the European Union, an Act was passed of 2 October 2003 on changing the act on special economic zones and some other acts (Journal of Laws No. 188 Item 1840), which changed the conditions for tax allowance for entities acting in special economic zones. Pursuant to the provision of Article 6 section 1 of the Act, these entities may apply for changing the terms and conditions of the permit in order to adjust it to the principles for granting public aid in force in the European Union. Pursuant to the provision of Article 5 Section 2 Point 1 b), Point 2, Point 3 of the Act, the maximum amount of public aid for entities, which manage operations 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 to 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. It means a change in the current method of functioning of tax allowance (public aid), from unlimited by value into limited by value and dependent on the value of investments made. In case of ComArch SA, the maximum value of public aid shall not exceed 75 % of the value of investment expenditures, which the company has incurred / shall incur in the period since obtaining the permit, i.e. 22 March 1999, till 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. applied to the Minister of Economy for change in the conditions of the permit and on 1 July 2004 it obtained the decision of the Minister of Economy of 24 June 2004 on change in the conditions of the permit to those specified above and compliant with the Act. At the same time, the period of time for which the permit for ComArch S.A. was issued was extended to 31 December 2017 in the changed permit. This means extension of the period of time in which ComArch S.A. will be able to use the public aid limit, which it is entitled to use for the investments incurred in the special economic zone.

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

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

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

2. Within the first half of 2007, the Group settled in part a deferred tax asset related to temporary differences that was recognised on 31 December 2006 and worth 0.82 million PLN; and the Group dissolved a deferred tax provision that was recognised in 2006 and worth 0.03 million PLN. At the same time, an asset due to temporary differences was recognised in the amount of 1.56 million PLN as well as deferred tax provision in the amount of 0.22 million PLN. The total effect of the above-mentioned operations on the result of 2007 was 0.55 million PLN.

3. Within the first half of 2007, the Group reversed in part an asset due to tax loss in a subsidiary ComArch Software AG. The asset was recognised as at 31 December 2007 and worth 0.49 million PLN.
The total effect of the all above-mentioned operations on the result of the first half year of 2007 was -2.14 million PLN.

2.6 After the Balance Sheet Date

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

On 2 July 2007, ComArch S.A.'s Management Board received a contract between ComArch S.A. and Ministry of Interior and Administration on implementation of ePUAP (Electronic Platform of Public Administration Services) IT system. Gross value of the signed contract amounts to circa 13.77 million PLN. Completion date of this project was established on 31 May 2008.
ePUAP is the main project related to the Information Technology Plan for Poland in 2007-2010. ePUAP shall be a common infrastructure which allows any public administration unit to provide electronic access to public services for the citizens, entrepreneurs and other public administration units. In the future, the launched platform will enable defining of other processes that serve citizens and enterprises as well as create access to the particular public administration domain systems (both central and city-governmental). It will also enable development of public e-services. The designed system is one of the so-called e-Government projects that will enable realisation of central and regional public services which need the access to so-called base registers.

3. FINANCIAL SITUATION OF THE CAPITAL GROUP IN THE FIRST HALF OF 2007

3.1 Financial Analysis of the ComArch Group

Balance Sheet

ASSETS

	30 June 2007	%	31 December 2006	%	Change	%
Non-current assets						
Property, plant and equipment	168,742	32.4%	138,765	30.1%	29,977	21.6%
Goodwill	3,284	0.6%	3,284	0.7%	0	0.0%
Intangible assets	35,582	6.8%	36,035	7.8%	-453	-1.3%
Non-current prepayments	8,120	1.6%	8,118	1.7%	2	0.0%
Investment in associates	9,135	1.8%	7,289	1.6%	1,846	25.3%
Other investment	102	0.0%	102	0.0%	0	0.0%
Deferred income tax assets	9,046	1.7%	10,994	2.4%	-1,948	-17.7%
Other receivables	0	0.0%	3	0.0%	-3	-100.0%
	234,011	**44.9%**	**204,590**	**44.3%**	**29,421**	**14.4%**
Current assets						
Inventories	41,270	7.9%	20,136	4.4%	21,134	105.0%
Trade and other receivables	168,429	32.3%	149,950	32.5%	18,479	12.3%
Current income tax receivables	0	0.0%	0	0.0%	0	0.0%
Long-term contracts receivables	25,606	4.9%	23,926	5.2%	1,680	7.0%
Available-for-sale financial assets	0	0.0%	0	0.0%	0	0.0%
Other financial assets at fair value – derivative financial instruments	63	0.0%	167	0.0%	-104	-62.3%
Cash and cash equivalents	52,017	10.0%	62,790	13.6%	-10,773	-17.2%
	287,385	**55.1%**	**256,969**	**55.7%**	**30,416**	**11.8%**
Total assets	**521,396**	**100.0%**	**461,559**	**100.0%**	**59,837**	**13.0%**

The value of the ComArch Group's non-current assets rose compared to 2006 by 14.4 % to 234.01 million PLN. This is largely the result of investment in new office buildings in the Kraków Special Economic Zone as part of stages II and III of the planned investment strategy. These investments can be seen in the balance sheet as an increase in value of property, plant and equipment of 29.98 million PLN, i.e. 21.6 % compared to 2006. The building that was part of stage II was completed for use in February 2007 and completion of stage III is planned for 2008. The growth of 1.85 million PLN, i.e. 25.3 % in the level of investment in associates results from considering the financial result of INTERIA.PL S.A.

The level of current assets rose by 11.8 % that was in large measure the result of changes in the levels of trade receivables as well as inventories. The level of trade receivables rose by 18.48 million PLN, i.e. 12.3 % that was the result of high sales in the first half of 2007 resulting from the contract with Ministry of National Education on computers' deliveries to schools. An increase in inventories of 21.13 million PLN is also an effect of execution of this contract. Cash and cash equivalents remained at a high level, despite of a decrease of 17.2 % compared to the level as at 31 December 2006. As at 30 June 2007, cash and cash equivalents amounted to 52.02 million PLN, which confirms the Group's healthy liquidity.

	30 June 2007	%	31 December 2006	%	Change	%
EQUITY						
Capital and reserves attributable to the company's equity holders						
Share capital	7,960	1.5%	7,519	1.6%	441	5.9%
Other capitals	128,349	24.6%	127,795	27.7%	554	0.4%
Exchange differences	364	0.1%	463	0.1%	-99	-21.4%
Net profit for the current period	17,886	3.4%	52,760	11.4%	-34,874	-66.1%
Retained earnings	106,626	20.5%	53,866	11.7%	52,760	97.9%
	261,185	**50.1%**	**242,403**	**52.5%**	**18,782**	**7.7%**
Minority interest	14,623	2.8%	14,580	3.2%	43	0.3%
Total equity	**275,808**	**52.9%**	**256,983**	**55.7%**	**18,825**	**7.3%**
LIABILITIES						
Non-current liabilities	69,811	13.5%	51,471	11.1%	18,340	35.6%
Credit and loans	6,504	1.2%	6,309	1.4%	195	3.1%
Deferred income tax liabilities	228	0.0%	228	0.0%	0	0.0%
Provisions for other liabilities and charges	**76,543**	**14.7%**	**58,008**	**12.5%**	**18,535**	**32.0%**
Current liabilities	153,674	29.5%	127,714	27.7%	25,960	20.3%
Trade and other payables	796	0.1%	3,424	0.7%	-2,628	-76.8%
Current income tax liabilities	7,505	1.4%	9,744	2.1%	-2,239	-23.0%
Long-term contracts liabilities	4,175	0.8%	3,033	0.7%	1,142	37.7%
Credit and loans	0	0.0%	0	0.0%	0	0.0%
Financial liabilities	2,895	0.6%	2,653	0.6%	242	9.1%
Provisions for other liabilities and charges	**169,045**	**32.4%**	**146,568**	**31.8%**	**22,477**	**15.3%**
	245,588	**47.1%**	**204,576**	**44.3%**	**41,012**	**20.0%**
Total liabilities	**521,396**	**100.0%**	**461,559**	**100.0%**	**59,837**	**13.0%**

In the first half of 2007, the value of the ComArch Group's total liabilities rose by 13.0 % largely as a result of an increase of 20.0 % in liabilities compared to the previous year. Value of non-current liabilities due to credits and loans rose significantly (by 19.48 million PLN, i.e. 35.7 %) compared to the level as at 31 December 2006. The increased value of credits is largely a result of the investment in the Special Economic Zone, including purchase of new real estates. Current liabilities increased by 15.3 % mostly as a result of an increase in trade receivables of 25.96 million PLN related to the intensification of trade turnover in the first half of 2007.
The Group's equity grew by 7.3 %, mostly as a result of considering the net profit for the current period. Due to execution of managerial option programme and issue of series I2 shares, the dominant unit denoted an increase in share capital of 5.9 % in the first half of 2007.

Due to increase in value of credits and loans in the first half of 2007, the structure of capital changed slightly. Debt ratio and debt/equity ratio increased respectively from 11.8 % to 14.2 % and from 22.5 % to 26.8 %, however they maintain at the safe level.

Debt analysis	**30 June 2007**	**31 December 2006**
Debt ratio	14,2%	11,8%
Debt/equity ratio	26,8%	22,5%

	6 months ended 30 June 2007	%	6 months ended 30 June 2006	%	Change	%
Revenue	**270,409**	**100.0%**	**186,824**	**100.0%**	**83,585**	**44.7%**
Cost of sales	-214,404	-79.3%	-133,822	-71.6%	-80,582	60.2%
Gross profit	**56,005**	**20.7%**	**53,002**	**28.4%**	**3,003**	**5.7%**
Other operating income	750	0.3%	304	0.2%	446	146.7%
Sales and marketing costs	-18,902	-7.0%	-17,926	-9.6%	-976	5.4%
Administrative expenses	-14,916	-5.5%	-14,542	-7.8%	-374	2.6%
Other operating expenses	-3,904	-1.4%	-1,605	-0.9%	-2,299	143.2%
Operating profit	**19,033**	**7.0%**	**19,233**	**10.3%**	**-200**	**-1.0%**
Finance costs-net	-121	0.0%	6,414	3.4%	-6,535	-101.9%
Share of profit/(loss) of associates	1,846	0.7%	1,491	0.8%	355	23.8%
Profit before income tax	**20,758**	**7.7%**	**27,138**	**14.5%**	**-6,380**	**-23.5%**
Income tax expense	-2,829	-1.0%	-3,727	-2.0%	898	-24.1%
Net profit for the period	**17,929**	**6.6%**	**23,411**	**12.5%**	**-5,482**	**-23.4%**
Including:						
Net profit attributable to equity holders of the company	**17,886**	**6.6%**	**23,142**	**12.4%**	**-5,256**	**-22.7%**
Minority interest	43	0.0%	269	0.1%	-226	-84.0%

In the first half of 2007, the Group achieved an increase in revenues of 83.56 million PLN, i.e. of 44.7 % compared to the six months ended 30 June 2006. Operating profit for the first half of 2007 remained at the same level as the one achieved in 2006 (19.03 million PLN compared to 19.23 million PLN), and net profit attributable to company's shareholders decreased from 23.14 million PLN to 17.89 million PLN. However one ought to remember that in the first quarter of 2006, there was a sale of INTERIA.PL S.A. shares that increased net profit for 2006 by 7.21 million PLN.

A detailed analysis of the Group's results, i.e. after eliminating one-off events (the effects of the recognition and settlement of the deferred tax asset, the costs of the managerial option programme and the sale of Interia shares) presents an increase in the value of nominal net profit for 2007. The net profit attributable to the company's shareholders after eliminating the above-mentioned one-off events amounted to 20.49 million PLN compared to 19.81 million PLN in the first half of 2006. In the first half of 2007, the adjusted EBIT margin amounted to 7.2 % (compared to 11.2 % in the previous year), and the adjusted net margin was 7.6 % (compared to 10.6 % in the previous year).

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):

	6 months ended 30 June 2007	6 months ended 30 June 2006
Revenues from sales	**270,409**	**186,824**
Depreciation	8,101	6,174
Nominal operating profit (according to IFRS)	19,033	19,233
Earnings impact of the costs of the managerial option	-553	-1,639
Adjusted operating profit	**19,586**	**20,872**

Nominal net profit per company's shareholders (according to IFRS)	17,886	23,142
Earnings impact of the costs of the managerial option	-553	-1,639
Earnings impact of a deferred income tax asset	-2,039	-2,239
Earnings impact of the sale of Interia.Pl shares	0	7,210
Adjusted net profit per company's shareholders	**20,478**	**19,810**
Nominal EBITDA (operating profit + depreciation)	27,134	25,407
Adjusted EBITDA (operating profit + depreciation)	**27,687**	**27,046**
Nominal EBIT margin	7.0%	10.3%
Adjusted EBIT margin	**7.2%**	**11.2%**
Nominal net margin	6.6%	12.4%
Adjusted net margin	**7.6%**	**10.6%**
Nominal EBITDA margin	10.0%	13.6%
Adjusted EBITDA margin	**10.2%**	**14.5%**

Profitability analysis:	**6 months ended 30 June 2007**	**6 months ended 30 June 2006**
Margin on sales	20.71%	28.37%
EBIT margin	7.04%	10.29%
Gross margin	7.68%	14.53%
Net margin	6.61%	12.39%

The adjusted profitability analysis shows a fall in profitability on the first half of 2006. This is the result of a sharp increase in computer hardware sales in the first half of 2007, which are less profitable than other IT operations, and of the high costs incurred by the Group in recruiting and retaining human capital in the period in question.

Financial liquidity and turnover ratios

Liquidity analysis:	**30 June 2007**	**31 December 2006**
Current ratio	1.70	1.75
Quick ratio	1.30	1.45
Cash to current liabilities ratio	0.31	0.43

The liquidity analysis shows that financial liquidity remains at the same healthy level as in the first half of 2007. Current ratio decreased slightly from 1.75 to 1.70 and quick ratio decreased from 1.45 to 1.30. Similarly cash to current liabilities ratio decreased from 0.43 to 0.31 due to slight decrease in cash and cash equivalents.
In the opinion of the Management Board the company will not have a problem in meeting its financial obligations. For a temporary period the company will invest its free resources in secure instruments such as bank deposit, treasury securities and money investment funds.

Turnover analysis:	**6 months ended 30 June 2007**	**6 months ended 30 June 2006**
Current assets turnover ratio	0.94	0.73
Receivables turnover ratio (days)	112	144
Inventories turnover ratio (days)	73	73
Liabilities turnover ratio (days)	170	209
Liabilities turnover excluding liabilities due to investment credit ratio (days)	123	161

The turnover ratios show an increase in the level of effectiveness of using the Group's resources in the first half of 2007. The receivables turnover ratio improved as it shortened by 32 days compared to in the first half of 2007.

3.2 Explanation of Differences between Financial Results Given in the Annual Report and Forecasts of Results for the Given Year Published Earlier

The Group did not publish forecasts of results for the first half of 2007.

3.3 Changes in the Basic Rules of Management of the Issuer's Company and Its Capital Group

None present.

3.4 Transactions with Related Parties

Transactions with related parties, whose value exceeded 500,000 EURO in the first half of 2007, are transactions of purchase of goods and services from CA Services S.A. for the amount of 7.68 million PLN, from MKS Cracovia SSA for the amount of 3.92 million PLN and from ComArch Software AG for the amount of 2.17 million PLN, as well as transactions of sale of goods and services for ComArch, Inc. for the amount of 2.98 million PLN, for ComArch Software AG for the amount of 6.51 million PLN and for CA Services S.A. for the amount of 4.31 million PLN. In the case of MKS Cracovia SSA these are mainly transactions of purchasing advertising services and in other cases mainly transactions within subcontracting IT and tele-IT works under contracts executed by particular companies in the ComArch Group.

3.5 Financial Liabilities

3.5.1 Bank Guarantees

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

3.5.2 Suretyships

On 30 June 2007, the value of ComArch S.A. suretyships for the debts of Interia.pl S.A. from lease agreements amounted to 0.024 PLN.

3.5.3 Credits

ComArch S.A. credit lines:

a) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw in amount of 20 million PLN for the financing of the first construction stage of production and office buildings in the Special Economic Zone in Krakow. The crediting period may last a maximum of 10 years, i.e. until 2015. This credit has a variable interest rate. As at 30 June 2007, the value of the credit to be repaid amounted to 16 million PLN. A promissory note, the mortgage on land and the building insurance policy are security for this credit.

b) An investment credit from Kredyt Bank S.A. with its registered seat in Warsaw, for the financing of the second construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 80 % of the investment value up to a maximum of 26.82 million PLN. The crediting period may last a maximum of 16 years at a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2006, the value of the credit to be repaid amounted to 26.76 million PLN.

c) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of the investment value up to a maximum of 30,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 31 December 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2007, the value of the credit to be repaid amounted to 15.45 million PLN.

d) An investment credit from Bank BPH S.A. with its registered seat in Warsaw, for the financing of purchase of land in the Special Economic Zone in Krakow. The credit amounts to 15.1 million PLN. The crediting period may last a maximum of 5 years at a variable interest rate. The mortgage on the land is security for this credit. As at 30 June 2006, the value of the credit to be repaid amounted to 15.1 million PLN.

On 6 April 2007, the company signed with Bank BPH S.A. an Annex no. 2 to an Agreement on multipurpose and multicurrency credit line dated 3 June 2005. It increases credit limit by 14 million PLN up to 38 million PLN. It means that within credit limit the Company may use a maximum amount of 38 million PLN. Total value of all contracts signed with Bank BPH within the last 12 months amounts to 32.87 million PLN.

3.6 Loans Granted

3.6.1 Loans

As at 30 June 2007, the value of unpaid home loans granted to employees of ComArch S.A. was 0.064 million PLN. Maturity dates for them come in the years 2007 - 2008.

As at 30 June 2007, the following companies of the Capital Group were indebted towards ComArch S.A. for loans granted: ComArch Software AG (2.11 million PLN), ComArch, Inc. (2.44 million PLN), ComArch Sp. z o.o. (Ukraine) (0.112 million PLN), ComArch Panama, Inc. (0.98 million PLN), OOO ComArch (0.42 million PLN) and MKS Cracovia SSA (1.45 million PLN). Maturity dates for their payment come in the years 2007-2009.

3.6.2 Loans Granted to Managing and Supervising Persons

As at 30 June 2007 there are no unpaid loans as well as guarantees and suretyships granted by ComArch S.A. for the benefit of members of the Management Board, the Supervisory Board and their relatives.

3.7 Financial Risk

The company is exposed to the following main types of financial risk:

3.7.1 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.

3.7.2 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.

3.7.3 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.

3.7.4 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.

4. PERSPECTIVES FOR DEVELOPMENT

4.1 Factors Essential for Development of the Capital Group

4.1.1 Internal factors

a) Increase in export sales;
b) Position and reputation of the company affecting the nature of clients acquired;
c) Commercial operations of ComArch S.A. in the special economic zone in Krakow;
d) Significant share of standard (repetitive) products offered for sale, which means:
- lower costs, especially variable costs related to a single contract,
- the possibility of significant increase in profitability of a single contract with simultaneous reduction in charges for clients (licence fees),
- broader and more diversified circle of clients, which means a broader scale of activities;
e) attractive training policy and attractive work conditions offered for employees of the Group;
f) Increasing awareness of the ComArch brand among prospective clients by promotion managed through the MKS Cracovia SSA company

4.1.2 External factors

a) Enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as ComArch, which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
b) Development of Internet banking and more frequent usage of the Internet as a new distribution channel for financial products;
c) Change in business models in many branches as well as change in business strategies of many companies related to joining the European Union, which increases demand for new IT systems;
e) In relation to Poland membership in European Union, access of Polish companies to structural funds that will be allocated in part for development of IT systems or financing of R&D works;
f) Growing competition, causing decrease in achieved margins; competition between IT companies, expressed in fighting for new orders and best employees.

4.2 Perspectives for Growth and Development of the Group in 2007

The growth in the IT market in Poland, as well as the overall economic growth in the Polish and world markets, should have a positive effect on ComArch's growth and development, and on the financial results it achieves. The pursuit of a consistent and resolute strategy to position itself on the market as a technology and product-oriented company is bringing results in an annually expanding client base with a high proportion of international companies. As European Union integration proceeds, more and more foreign companies will begin to operate in Poland and the range of potential IT system clients will expand. In the same way, ComArch's activities on foreign markets should further increase sales and enhance its image among international corporations. This, in turn, will strengthen the company's competitive position on the Polish market.

Execution of ComArch S.A. strategy largely depends on macroeconomic conditions, beyond the company, especially on the level of IT investments in medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. The most important operational risks connected with the operations of the company are:
a) Risks related to R&D work (developing proprietary software products);
b) Risks related to assessment of time requirements for long-term contracts;
c) Risks related to failure to observe contract terms and conditions and contractors taking advantage of the provided performance guarantees;
d) Risk of foreign legal and political environment related to execution of export contracts;
e) Risk of decreased possibility (difficulty) of controlling and monitoring financial standing of foreign contractors.

4.3 Investment Plans

The globalization of the economy and the liberalization of trade mean that barriers for companies and their products are falling. The IT market is now an open, global forum where product price and quality are continuously compared. Along with the increased presence of foreign capital in Poland, even IT companies operating solely on the domestic market must offer products that are competitive in global terms. Right from the beginning, ComArch has enjoyed a reputation for generating innovative technical solutions and selling competitive products successfully on the international market.

This is why the company's aim remains to develop new and competitive products that will ensure its further growth and development and increase its value. Maintaining healthy sales dynamics requires expenditure on product development as well as on their effective promotion and marketing. This concerns both the modification of existing products and technologies as well as creating and designing new products.
ComArch's present policy entails research and development work directed to implementing and standardizing products from the first moment they are being prepared for clients. This means that even if a product has been designed for a specific customer, the whole or a part of this software or code may then be used to produce a standard product. The effect of this is that individual contracts are more profitable and the client base expands.

ComArch does not restrict its interest to the territory of Poland alone. With products featuring international competitive edge, ComArch will consistently aim at increase in international sales. The sales will be executed directly to the final client (through ComArch S.A. or another company from the ComArch Group) or through partner companies.

The most important investment plan for the next year will be continuation of stage III of the investment strategy, i.e. investment in new office buildings at 11,445 square meters of the total space, including technical infrastructure, in the Special Economic Zone in Krakow. The value of works planned for 2007 amounts to 42 million PLN and the planned completion date of this investment is the year of 2008.

In the opinion of the Management Board, there is no risk to the planned investment and funds for their financing are assured.

5. COMARCH IN THE STOCK EXCHANGE

5.1 The Annual General Meeting of the Dominant Unit

5.1.1 Announcement of AGM and Project of the Resolutions

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

5.1.2 Content of the Resolutions Passed at the AGM

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

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

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

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

- Mr. Marcin Warwas to the post of the Vice-President of the Management Board,
- Mr. Piotr Reichert to the post of the Vice-President of the Management Board.

Mr. Janusz Filipiak, Mr. Rafał Chwast, Mr. Paweł Prokop, Mr. Piotr Piątosa and Zbigniew Rymarczyk were appointed for the next three years, and Mr. Marcin Warwas and Mr. Piotr Reichert are new members of the Management Board. Information about appointed members of the Board of Supervisors was published in the current report no. 31/2007;
- changes in the Company's Statute
- passing a new managerial option programme for members of the board and key employees to be executed in 2008-2010.

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

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

According to the list of shareholders participating the Annual General Shareholders Meeting of ComArch S.A. on 28 June 2007, Elżbieta Filipiak and Janusz Filipiak as well as Arka BZ WBK Balanced Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund and Arka BZ WBK Shares Open Investment Fund held at least 5 % of the total number of votes represented at this Meeting:
1. Janusz Filipiak - 846,000 registered preference shares which gave 4,230,000 votes at the AGM, which constituted 37.87 % of the all votes at this AGM and which constituted 28.14 % of the total number of votes;
2. Elżbieta Filipiak - 799,000 registered preference shares which gave 3,995,000 votes at the AGM, which constituted 35.76 % of the all votes at this AGM and which constituted 26.58 % of the total number of votes;
3. Married couple of Elżbieta and Janusz Filipiak-94,000 registered preference shares which gave 470,000 votes at the AGM, which constituted 4.21 % of the all votes at this AGM and which constituted 3.13 % of the total number of votes; as well as 1,695,495 ordinary bearer shares which gave 1,695,495 votes at the AGM, which constituted 15.18 % of the all votes at this AGM and which constituted 11.28 % of the total number of votes.
4. Arka BZ WBK Balanced Open Investment Fund, Arka BZ WBK Balanced Open Investment Fund and Arka BZ WBK Open Investment Fund - 740,000 ordinary bearer shares which gave 740,000 votes at the AGM, which constituted 6.62 % of the all votes at this AGM and which constituted 4.92 % of the total number of votes.

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

5.2 Operations on Shares of the Capital Group

5.2.1 Subscription for Series I2 Shares

Subscription for series I2 shares began on 16 March 2007, and was completed on 23 March 2007. The shares were allocated on 26 March 2007. 441,826 shares were taken up by subscription. Subscriptions were made on 441,826 shares and 441,826 shares were allocated. An acquisition price of I2 shares was 1.00 PLN per every share. 13 persons subscribed for I2 shares and shares were allocated to 13 persons. The company did not enter into agreement on subissue. A value of subscription, i.e. number of offered shares multiplied by issue price was 441,826 PLN. Total issue costs amounted to 16,331.90 PLN, including:
- costs of an offering: 14,150.00 PLN,
- civil law activities tax: 2,181.90 PLN.

Issue costs will be settled into finance costs. An average cost of subscription for series I2 shares per one share amounted to 0.04 PLN.

5.2.2 Registration and Introduction to Trading of Series I2 Shares

On 28 May 2007, the Management Board of the Warsaw Stock Exchange decided to introduce to trading 441,826 series I2 ordinary bearer ComArch S.A. shares of nominal value of 1 PLN. Due to that fact the Management Board of the National Deposit for Securities registered the above-mentioned shares on 31 May 2007.

After this registration the total number of ComArch S.A.'s securities is 6,193,396. The company announced details in current reports no. 13/2007, 15/2007 and 16/2007.

5.2.3 Transactions of Disposal/Purchase of Issuer's Shares

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

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

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

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

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

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

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

As result of disposal of the shares, which was settled on 17 May 2007, clients of BZ WBK AIB Asset Management S.A. decreased by over 2 % their participation in total number of votes at ComArch S.A.'s annual general meeting. They held over 10 % of total number of votes at ComArch S.A.'s annual general meeting up to the present.
On 17 May 2007, there were 1,513,179 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 19.01 % of the Company's share capital. This gave 1,513,179 or 10.07 % of the total votes at ComArch S.A.'s annual general meeting.
At the same time, BZ WBK AIB Asset Management S.A. informed that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna authorised BZ WBK AIB Asset Management S.A. to manage investment portfolios of investment funds, whose body Towarzystwo is. With relation to authorisation mentioned above, this notice ought to take into account ComArch S.A. shares, which are held by funds.

As a result of disposal of the shares, which was settled on 30 May 2007, clients of BZ WBK AIB Asset Management S.A. hold less then 10 % in total number of votes at ComArch S.A.'s annual general meeting.
On 30 May 2007, there were 1,461,243 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 18.36 % of the Company's share capital. This gave 1,461,243 or 9.72 % of the total votes at ComArch S.A.'s annual general meeting.

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

a) Managerial Option Programme for 2005-2007

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

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

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b) and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 31 December 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in 2006 and 2007) the value of the Option amounted to 7.8 % of the increase in capitalisation.

Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. Beginning with the third quarter of 2005, the company classifies the value of particular Options in its income statement. The company notes that despite the fact that the value of the Option decreases the net profit of the company and of the Group, this operation does not affect the value of cash flows. Moreover, the economic cost of the Option shall be classified in the income statement through its inclusion in the "diluted net profit" of newly issued shares for the participants of the programme. Despite the fact that the IFRS2 standard was officially adopted by the European Union to companies listed on the stock exchange in the preparation of consolidated statements, many experts point out its controversial nature – in their opinion, placing the cost of the Option in the income statement results in the double inclusion of the effect of the Option programme (once by result and second by dilution).
Pursuant to requirements of IFRS2, the valuation of the Option was carried out as at the date of the resolution on the option programme, i.e. as at 30 June 2005. The Monte Carlo simulation technique was used to valuate the Option. It was combined with the process of discounting non-negative financial flows related to the options calculated on the basis of the MAX () function. Apart from the assumptions resulting from the nature of the Option program described above, the following additional assumptions were adopted for the needs of the valuation:

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

Initially, the determined total value of Options amounted to 6.20 million PLN including:
a) Option No. 1, i.e. the option due to increases in capitalisation in 2005: 0.044 million PLN;
b) Option No. 2, i.e. the option due to increases in capitalisation in 2006: 3.05 million PLN;
c) Option No. 3, i.e. the option due to increases in capitalisation in 2007: 3.1 million PLN.
After changes to the program were applied (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in 2006 and 2007) the value of the Option amounts to 5.79 million PLN.

As at 30 June 2007, the value of the Option for the Management of the Board and Key Employees amounts to:
a) The value of the option for the Management Board: 87.18 %, i.e. 5.04 million PLN
b) The value of the option for Key Employees: 12.82 %, i.e. 0.74 million PLN
The value of the Option recognised in the income statement for the first half of 2007 amounted to 0.55 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 0.52 million PLN in Q3-Q4 of 2007.

Pursuant to the conditions of the program, the company has determined that:
a) the average capitalisation of ComArch S.A. as of December 2004 was 476.5 million PLN,

b) the average capitalisation of ComArch S.A. as of December 2005 was 441.7 million PLN,
c) the average capitalisation of ComArch S.A. as of December 2006 was 1,539.7 million PLN.
The difference between the average capitalisation in December 2005 and the average capitalisation in December 2004 is negative, which means that the basic condition of the programme has not been met. As a result, shares for members of the Management Board and Key Employees weren't issued in 2006.

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

b) Managerial Option Programme for 2008-2010

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

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

In the fourth quarter of the year that precedes the year of the Programme execution, the Supervisory Board of the Company shall establish a list of Key Employees and single option factors. List of Key Employees and single option factors shall be established independently for each subsequent year. The total value of the all single option factors for each Key Employee in the given year shall amount to 3 % (in words: three percent) of increase in the Company's capitalisation. Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. The company will recognise the value of the particular options beginning from the options' acquiring, i.e. an establishment by the Supervisory Board a list of Key Employees and single option factors for each subsequent year.

AFTER THE BALANCE SHEET

5.2.6 Transactions of Disposal of ComArch S.A. Shares

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

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

Between 21 August 2007 and 23 August 2007 a member of ComArch S.A.'s Management Board sold 5,758 ordinary bearer shares of ComArch S.A. at average price of 180.24 PLN every share. Information was prepared on 28 August 2007 in Krakow.

On 22 August 2007 a member of ComArch S.A.'s Management Board sold 9,850 ordinary bearer shares of ComArch S.A. at average price of 180.00 PLN every share. Information was prepared on 24 August 2007 in Krakow.

On 29 August 2007 a member of ComArch S.A.'s Management Board sold 10,776 ordinary bearer shares of ComArch S.A. at average price of 190.50 PLN every share. Information was prepared on 31 August 2007 in Krakow.

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

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

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., on behalf of Arka BZ WBK Shares Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund, Arka BZ WBK Balanced Open Investment Fund as well as Lukas Open Investment Fund (hereinafter referred to as the "Funds"), informed that, as a result of disposal of the shares, which was settled on 16 July 2007, the above-mentioned Funds hold less then 5 % in total number of votes at ComArch S.A.'s annual general meeting.
Prior to the above-mentioned share decrease, Funds held 751,533 of the Company's shares, which constituted 9.44 % of the equity. This gave 751,533 or 5.00 % of the total votes at ComArch S.A.'s annual general meeting.
On 16 July 2007, there were 746,533 ComArch S.A. shares in the securities accounts of Funds, which consisted 9.38 % of the equity. This gave 746,533 or 4.97 % of the total votes at ComArch S.A.'s annual general meeting.

5.3 Registration of an Increase in Share Capital and Changes in the Company's Statute in the First Half of 2007

5.3.1 Registration by the District Court for Kraków-Śródmieście of an Increase in Share Capital

Due to the Board of Supervisors' decision concerning to the execution of managerial option programme for members of the Management Board and Key Employees in March 2007 (detailed information is presented in point 3.7.3), on 20 April 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered an increase in ComArch S.A.'s share capital to the amount of 7,960,596 PLN. After this increase company's share capital is divided into 7,960,596 shares. It corresponds to 15,029,396 votes at the company's AGM. The relevant change in statute was registered on 20 April 2007 by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register. The company announced details in current reports no. 9/2007 and 10/2007.

5.3.2 Registration of Changes in the Company's Statute

On 12 July 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered changes in the Company's Statute resolved by the General Meeting on 28 June 2007. The previous article 8, section 4 of the company's Statute is worded as follows:
"4. Disposal of registered preferential share results in expiration of specific rights for voting in the General Meeting related to it, whereat the following circumstances doesn't result in expiration of specific rights for voting in the General Meeting related to it:
a) disposal for the benefit of persons, who were shareholders of the Company on 18 March 1998,
b) disposal for the benefit of descendants of a disposer,
c) conveying property of a registered share as a result of succession."
The previous article 9, section 3 of the company's Statute is worded as follows:
"3. In the period by 27 June 2010, the Management Board is authorised to increase the share capital by the amount of 1,100,000.00 PLN (in words: one million one hundred thousand PLN) (the target capital)."

5.4 Data Referring to the Agreement Signed with the Entity Entitled to Auditing Financial Statements

5.4.1 Resolution of the Supervisory Board of ComArch S.A.

On 19 June 2006, the Supervisory Board of ComArch S.A selected Deloitte Audyt Sp. z o. o. to audit and to review the financial statements and the consolidated financial statements of ComArch S.A.
Deloitte Audyt Sp. z o. o. having its registered seat in Warsaw at ul. Piękna 18, is registered at number 73 in the list of entities entitled to audit financial statements. Deloitte Audyt Sp. z o. o. didn't offer its services to ComArch S.A. in the past. ComArch S.A.'s Board of Supervisors selected auditor pursuant to article 19, section 2, point e) of the company's Statute and pursuant to the operative regulations and professional standards. Agreement with Deloitte Audyt Sp. z o. o. was concluded on 17 July 2006 for two-year period and applies to:
a) Review of the consolidated financial statement of ComArch S.A. for first 6 months of 2006;
b) Review of the consolidated financial statement of ComArch S.A. for first 6 months of 2007;
c) Audit of the annual financial statement of ComArch S.A. and the annual consolidated financial statement of the company for 2006;
d) Audit of the annual financial statement of ComArch S.A. and the annual consolidated financial statement of the company for 2007.

5.5 Corporate Governance Principles

5.5.1 Opinion of the Board of Supervisors on Projects of the Resolutions to be Passed at AGM of ComArch S.A.

Pursuant to the rule number 2 of the Corporate Governance Principles, with the resolutions no. 9/6/2007 dated 15 June 2007 and 10/06/2007 dated 20 June 2007, ComArch S.A.'s Board of Supervisors gave a positive opinion on projects of the resolutions at the AGM, to be held on 28 June 2007.

5.5.2 Report of ComArch S.A.'s Board of Supervisors including Assessment of the Company's Situation in 2006

In current report no. 25/2007, the Management Board of ComArch S.A. announced 2006 activities' report of ComArch S.A.'s Board of Supervisors including assessment of the company's situation in 2006 according to the rule number 18 of the Corporate Governance Principles.

5.5.3 Declaration Regarding the Acceptance of the Corporate Governance Principles

According to the rule no. 48 of the „Best Practices in Public Companies 2005", the dominant unit published current declaration of the Management Board regarding the acceptance of the corporate governance principles in the company as the attachment to the annual report for the year 2006.

5.6 Other

5.6.1 Terms of the Periodical Reports

With the current report no. 3/2007, ComArch S.A. announced the terms of periodical reports in 2007.

5.6.2 List of Current and Periodical Reports

On 13 April 2007, the Management Bard of ComArch S.A. presented the list of current and periodical reports that were published in 2006. The originals of these documents are located at the company's headquarters - al. Jana Pawla II 39a, Krakow, Poland. They are also available at http://www.comarch.com/en/Invest+in+Comarch/Financial/

Krakow, 28 September 2007

Janusz Filipiak President of the Management Board	**Rafał Chwast** Vice-President of the Management Board	**Piotr Piątosa** Vice-President of the Management Board
Paweł Prokop Vice-President of the Management Board	**Piotr Reichert** Vice-President of the Management Board	**Zbigniew Rymarczyk** Vice-President of the Management Board
Marcin Warwas Vice-President of the Management Board		

6. AMENDMENT TO THE REPORT OF THE MANAGEMENT BOARD

6.1 Characteristics of Companies in the Group

Company:	**ComArch Spółka Akcyjna (JSC)**
Address:	Aleja Jana Pawła II 39 A, 31-864 Krakow, Poland
Telephone:	(12) 646 10 00
Fax:	(12) 646 11 00
Regon:	350527377
NIP:	677-00-65-406

The dominant unit - shares of the company are admitted to trading in the Warsaw Stock Exchange and are held, according to the knowledge of the company as at the date of preparation of this report, by Janusz and Elżbieta Filipiak (42.85 % of shares), members of the Management Board (0.91 %), BZ WBK AIB Asset Management S.A. (18.36 %) including shares of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (JSC) (9.38%).
The company has branches in Krakow, Warsaw, Poznań, Gdańsk, Wrocław, Katowice, Bielsko-Biała, Łódź, Szczecin and Lublin.

Company:	**ComArch, Inc.**
Address:	10 W. 35th St. Chicago, IL 60616, USA
Telephone:	+1 800 786 4408
Fax:	+1 800 684 5916
Document number:	P02000099861

As at 30 June 2007, ComArch S.A. held 100 % of shares in ComArch, Inc. In the first half of 2007, there were no changes in capital structure of ComArch, Inc. Pursuant to the Act on Accounting dated 29 September 1994, ComArch, Inc. is ComArch S.A.'s subsidiary.

Company:	**ComArch Software AG**
Address:	Chemnitzer Str. 50, 01187 Dresden, Germany
Telephone:	+49 351 438 97 00
Fax:	+49 351 438 97 10
HRB:	48858

As at 30 June 2007, the share capital of ComArch Software AG was 58,380.00 EURO. It consists of 11,676 registered shares of nominal value of 5 EURO each. The total number of votes resulting from all the issued shares is 11,676. ComArch S.A. holds 100 % shares in the share capital and votes at the AGM of the company. In the first half of 2007, there were no changes in capital structure of ComArch Software AG. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Software AG is ComArch S.A.'s subsidiary.

Company:	**ComArch Middle East FZ-LCC**
Address:	PO. Box 500398 Dubai, The United Arab Emirates
Telephone:	+971 4 3913262
Fax:	+971 4 3918668
Register number:	19879

As at 30 June 2007, the share capital of the company was 200,000 AED and was divided into 200 shares at 1,000 AED each (1 AED is about 0.7689 PLN). ComArch S.A. was the sole shareholder of the company. The total number of votes resulting from all the issued shares is 200. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Middle East FZ-LCC is ComArch S.A.'s subsidiary.
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Company:	**ComArch Sp. z o.o. (LLC)**
Address:	18/7 Kutuzova Str., 01133 Kiev, Ukraine
Telephone:	+(380) 44 492 28 42
Fax:	+(380) 44 492 28 43
Register number:	32918282

As at 30 June 2007, the limited liability company 'ComArch' with its registered seat in Kiev n Ukraine was 100 % subsidiary to ComArch S.A. The share capital of the company was 20,500 UAH. The registered company is a one-person limited liability company. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Sp. z o.o. is ComArch S.A.'s subsidiary.

Company:	**ComArch s.r.o. (LLC)**
Address:	Kladnianska 34, 821 05 Bratislava, Slovakia
Telephone:	+(421) 2 48210400
Fax:	+(421) 2 48210401
Regon:	36056715
NIP:	SK2020070558

As at 30 June 2007, ComArch S.A. was the sole shareholder of the company. The share capital of ComArch s.r.o. is 200,000 SKK. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, ComArch s.r.o. is ComArch S.A.'s subsidiary.

Company:	**ComArch Panama, Inc.**
Address:	Ave. Samuel Lewis, Calle 55 PH. Plaza Globus 5 piso, Oficina No. 2 Bella Vista, Panama
Telephone/Fax:	+507 263 2569
RUC (identification number):	698712 - 468218

As at 30 June 2007, ComArch S.A. was the sole shareholder of the company. The share capital of the company was 10,000 USD and was divided into 10,000 shares of nominal value of 1 USD each. The total number of votes resulting from all the issued shares is 10,000. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Panama, Inc. is ComArch S.A.'s subsidiary.

Company:	**UAB ComArch**
Address:	Naugarduko 57, LT-03202 Vilnius, Lithuania
Telephone:	+ 370 52 33 79 95
Register number:	300150316

As at 30 June 2007, ComArch S.A. was the sole shareholder of the company. The share capital was 70,000 LTL (1 LTL is about 1.1096 PLN) and is divided into 700 shares of 100 LTL each. The total number of votes resulting from all the issued shares is 700. The company deals with sale and support for IT systems supplied to clients. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, UAB ComArch is ComArch S.A.'s subsidiary.

Company:	**OOO ComArch (LLC)**
Address:	Prechistensky Pereulok 14 building 1, 119034 Moscow, Russia
Telephone:	+7495 783 36 71
	+7495 783 36 72
	+7495 783 36 73
Register number:	OKPO75603466

As at 30 June 2007, OOO ComArch was 100 % subsidiary to ComArch S.A. The share capital was 1.2 million RUB and is divided into 1,200,000 shares of nominal value of 1 RUB each (1 RUB is about 0.1105 PLN). The company deals with sale of ComArch products in Russia and partial support for IT systems supplied to clients. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, OOO ComArch is ComArch S.A.'s subsidiary.

Company:	**CA Services Spółka Akcyjna (JSC)**
Address:	Os. Teatralne 9a, 31-946 Krakow, Poland
Telephone:	(12) 646 18 00
Fax:	(12) 646 18 50
Regon:	356846563
NIP:	678-29-24-039

As at 30 June 2007, share capital of CA Services S.A. was 1,050,000 PLN and was divided into 5,250 shares of nominal value of 200 PLN each that correspond to 5,250 votes. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Act on Accounting dated 29 September 1994, CA Services S.A. is ComArch S.A.'s subsidiary.

Company:	**INTERIA.PL Spółka Akcyjna (JSC)**
Address:	Os. Teatralne 9a, 31-946 Krakow, Poland
Telephone:	(12) 646 27 00
Fax:	(12) 646 27 10
Regon:	357054315
NIP:	677-21-18-727

As at 30 June 2007, ComArch S.A. held 2,538,369 shares of INTERIA.PL S.A., which constitute 36.08 % of the share capital of the company. These shares give right to exercise 11,609,625 votes in the General Meeting, which constitute 48.48 % of the total number of votes.

On 17 April 2007, ComArch S.A. called for sale of 390,000 registered preference INTERIA.PL S.A. shares which give 1,950,000 votes at the annual general meeting of the company. They were offered for 64.15 PLN each. Subscriptions for the sale of shares were taken beginning from 26 April 2007 until 10 May 2007. There were no subscriptions for the sales of these shares so ComArch did not purchase any INTERIA.PL S.A. shares.

Company:	**Miejski Klub Sportowy Cracovia Sportowa Spółka Akcyjna**
Address:	30-111 Kraków, ul. Kałuży 1
Telephone:	(12) 292 91 00
Fax:	(12) 292 91 03
Regon:	351553230
NIP:	677-20-79-476

As at 30 June 2007, share capital of MKS Cracovia SSA was 14,557,000 PLN and was divided into 145,570 shares. The share capital consists of 70,570 shares in series A, 5,000 shares in series B, 30,000 shares in series C and 40,000 shares in series D. The total number of votes resulting from all the issued shares is 145,570. ComArch S.A. holds 71,550 shares and votes at the MKS Cracovia SSA AGM, which constitute 49.15 % of the share in the share capital of the company. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Article 3 point 37 sec. d) of the Accounting Act, due to the fact that majority of members of the Supervisory Board of MKS Cracovia SSA is appointed by ComArch S.A., MKS Cracovia SSA is a subsidiary of ComArch S.A.

Company:	**Fideltronik - ComArch** Limited Liability Company The company did not start its activities

The share capital of the company is PLN 4,000.00 and is divided into 40 equal and indivisible shares of 100 PLN each. ComArch S.A. holds 20 shares of the total value of 2,000.00 PLN, which constitutes 50 % of the share capital and the same number of votes in the Assembly of Partners. In the first half of 2007, there were no changes in capital structure of the company. Pursuant to the Accounting Act of 29 September 1994, Fideltronik-ComArch Sp. z o.o. is an associate of ComArch S.A. The company did not start its activities.

6.2 Changes in the Organisational Structure in the First Half of 2007

None present.

6.3 Changes in the Organisational Structure after the Balance Sheet Date

On 14 September 2007 limited liability company was registered under the company name of ComArch Software S.A.R.L. with its registered seat in Lille, in France. Issuer's subsidiary, ComArch Software AG holds 100 % of ComArch Software S.A.R.L. shares, that constitute 100 % of the share capital and 100 % of votes at the meeting of shareholders. The share capital of ComArch Software S.A.R.L. amounts to 150,000 Euro and consists of 1,500 shares of nominal value of 100 Euro each. ComArch Software AG purchased the above-mentioned shares with internal means for the total price of 150,000 Euro. The shares were considered as significant due to the fact that ComArch Software AG exceeded 20 % in the share capital of ComArch Software S.A.R.L. The subject matter of activities of ComArch Software S.A.R.L. will be creation and implementation of IT systems.

6.4 Methods of Calculation of Financial Ratios

Debt analysis

$$\text{Debt Ratio} = \frac{\text{Liabilities due to Convertible Bonds} + \text{Credit and Loans}}{\text{Total Assets}}$$

$$\text{Debt/Equity Ratio} = \frac{\text{Liabilities due to Convertible Bonds} + \text{Credit and Loans}}{\text{Net Profit attributable to Shareholders}}$$

Profitability analysis

$$\text{Return on Equity} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Equity attributable to Shareholders}}$$

$$\text{Return on Sales} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

$$\text{Gross Margin} = \frac{\text{Profit before Income Tax}}{\text{Revenue from Sales}}$$

$$\text{Net Margin} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Revenue from Sales}}$$

Liquidity analysis

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Trade and Other Receivables} + \text{Cash and Cash Equivalents} + \text{Available for Sale Financial Assets}}{\text{Current Liabilities}}$$

$$\text{Cash to Current Liabilities Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Turnover analysis

$$\text{Current Assets Turnover Ratio} = \frac{\text{Revenue from Sales}}{\text{Current Assets}}$$

$$\text{Receivable Turnover Ratio (Days)} = \frac{(\text{Trade and Other Receivable}) * 360}{\text{Revenue from Sales}}$$

$$\text{Inventories Turnover Ratio (Days)} = \frac{\text{Inventories} * 360}{\text{Costs of Sold Goods and Materials}}$$

$$\text{Liabilities Turnover Ratio (Days)} = \frac{(\text{Liabilities} + -\text{Long} - \text{term Contracts Liabilities}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Cost of Sales})}$$

$$\text{Liabilities Turnover excluding Liabilities due to Investment Credit Ratio (Days)} = \frac{(\text{Liabilities} - \text{Credit and Loans}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Cost of Sales})}$$

The Management Board's statement regarding the reliability of the financial statement

The Management Board of ComArch S.A. states that to the best of our knowledge, the consolidated financial statement for the six months ended 30 June 2007 and the financial statement for the six months ended 30 June 2007, as well as comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the issuer and its financial result. Furthermore, the half-year report of the Management Board regarding the issuer's activities truly describes the development image and achievements as well as the issuer's situation including basic threats and risk.

Krakow, 28 September 2007

Janusz Filipiak
President of the Management Board

Rafał Chwast
Vice-President of the Management Board

Piotr Piątosa
Vice-President of the Management Board

Paweł Prokop
Vice-President of the Management Board

Piotr Reichert
Vice-President of the Management Board

Zbigniew Rymarczyk
Vice-President of the Management Board

Marcin Warwas
Vice-President of the Management Board

The Management Board's statement regarding the independent auditor

The Management Board of ComArch S.A. states that the entity entitled to audit financial statements, that reviewed the half-year consolidated financial statement and condensed financial statement for the six months ended 30 June 2007 was selected compliant with the law and that the entity and expert auditors who reviewed these statements perform under conditions to provide an unbiased and independent opinion, compliant with the national law.

Krakow, 28 September 2007

Janusz Filipiak
President of the Management Board

Rafał Chwast
Vice-President of the Management Board

Piotr Piątosa
Vice-President of the Management Board

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