FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 1 / 2007

quarter / year

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

for 1 quarter of financial year 2007 from 2007-01-01 to 2007-03-31
including consolidated financial statement according to International Financial Reporting Standards (IFRS)
in currency PLN
and summary of financial statement according to Act on Accounting (Journal of Laws 02.76.694)
in currency PLN
date of publication 2007-05-15

COMARCH SA
(full name of an issuer)

COMARCH (abbreviated name of issuer) — **Information Technology (IT)** (sector according to WSE classification)

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SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
data related to the consolidated financial statement				
I. Net revenues from sales	98,376	96,454	25,184	25,082
II. Operating profit (loss)	8,855	9,526	2,267	2,477
III. Profit before income tax	10,191	16,962	2,609	4,411
IV. Net profit attributable to shareholders	9,998	15,395	2,559	4,003
V. Cash flows from operating activities	6,132	-17,742	1,570	-4,614
VI. Cash flows from investing activities	10,395	1,993	2,661	518
VII. Cash flows from financing activities	-1,354	-459	-347	-119
VIII. Total net cash flows	-5,617	-16,208	-1,438	-4,215
IX. Equity attributable to shareholders	253,131	201,383	65,417	51,168
X. Number of shares	7,518,770	7,518,770	7,518,770	7,518,770
XI. Earnings per single share (PLN/EURO)	1.33	2.05	0.34	0.53
data related to the financial statement				
XII. Net revenues from sales of products, goods and materials	85,955	88,928	22,004	23,125
XIII. Profit (loss) on operating activities	5,058	9,130	1,295	2,374
XIV. Gross profit (loss)	4,870	15,209	1,247	3,955
XV. Net profit (loss)	5,244	14,012	1,342	3,644
XVI. Cash flows from operating activities	11,110	-16,619	2,844	-4,322
XVII. Cash flows from investing activities	-10,921	3,005	-2,796	781
XVIII. Cash flows from financing activities	-1,344	-775	-344	-202
XIX. Total net cash flow	-1,155	-14,389	-296	-3,742
XX. Equity	243,935	210,256	63,040	53,423
XXI. Number of shares	7,518,770	7,518,770	7,518,770	7,518,770
XXII. Earnings (losses) per single share (PLN/EURO)	4.48	5.48	1.15	1.43

Euro exchange rates used for calculation of the selected financial data: - arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2007 to 31.03.2007 – 3.9063; - arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2006 to 31.03.2006 – 3.8456; The balance sheet items were presented based on NBP average exchange rates as of the end of the period: - 31.03.2007: 3.8695; - 31.03.2006: 3.9357.

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

REPORT INCLUDES:

File	Description
QSr_1_2007.pdf	Consolidated financial statement QSr_1_2007

SIGNATURES			
Date	Name and surname	Position	Signature
2007-05-15	Rafał Chwast	Vice-president of the Management Board	
2007-05-15	Paweł Prokop	Vice-president of the Management Board	

ComArch Capital Group
Consolidated Financial Statement

for the period from 1 January 2007 to 31 March 2007

Statement in accordance with the International Financial Reporting Standards

All amounts are expressed in thousands of PLN unless otherwise indicated

I. Consolidated Balance Sheet

	Note	At 31 March 2007	At 31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment		142,241	138,775
Goodwill		3,284	3,284
Intangible assets		35,881	36,020
Non-current prepayments		8,061	8,118
Investments in associates	3.2	8,213	7,359
Other investments		105	105
Deferred income tax assets	3.12	10,513	10,574
Other receivables		84	-
		208,382	**204,235**
Current assets			
Inventories	3.3	23,704	20,244
Trade and other receivables	3.6	118,887	149,864
Current income tax receivables		-	-
Long-term contracts receivables	3.9	22,537	22,582
Available-for-sale financial assets	3.4	2,020	-
Other financial assets at fair value – derivative financial instruments	3.5	151	167
Cash and cash equivalents		56,883	62,790
		224,182	**255,647**
TOTAL ASSETS		**432,564**	**459,882**
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.7	7,519	7,519
Other capitals		199,059	198,782
Exchange differences		473	457
Net profit for the current period		9,998	52,984
Retained earnings		36,082	(17,121)
		253,131	**242,621**
Minority interest		14,627	14,551
Total equity		**267,758**	**257,172**
LIABILITIES			
Non-current liabilities			
Credit and loans	3.10	50,723	51,471
Deferred income tax liabilities		6,199	6,233
Provisions for other liabilities and charges		229	282
		57,151	**57,986**
Current liabilities			
Trade and other payables	3.8	96,185	126,137
Current income tax liabilities		3,490	3,434
Long-term contracts liabilities		2,161	8,151
Credit and loans	3.10	3,210	3,033
Financial liabilities		-	-
Provisions for other liabilities and charges		2,609	3,969
		107,655	**144,724**
Total liabilities		**164,806**	**202,710**
TOTAL EQUITY AND LIABILITIES		**432,564**	**459,882**

All amounts are expressed in thousands of PLN unless otherwise indicated

II. Consolidated Income Statement

	Note	3 months ended 31 March 2007	3 months ended 31 March 2006
Revenue		**98,376**	**96,454**
Cost of sales		(71,543)	(66,918)
Gross profit		**26,833**	**29,536**
Other operating income		281	286
Sales and marketing costs		(9,892)	(9,640)
Administrative expenses		(7,273)	(7,186)
Other operating expenses		(1,094)	(3,470)
Operating profit		**8,855**	**9,526**
Finance costs-net		482	6,918
Share of profit/(loss) of associates		854	518
Profit before income tax		**10,191**	**16,962**
Income tax expense		(117)	(1,359)
Net profit for the period		**10,074**	**15,603**
Attributable to:			
Equity holders of the company		**9,998**	**15,395**
Minority interest		76	208
		10,074	15,603
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)			
– basic	3.13	1.33	2.05
– diluted	3.13	1.25	2.05

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	Retained earnings		
Balance at 1 January 2006	**6,955**	**128,731**	**(663)**	**11,996**	**14,353**	**161,372**
Increase in capital	564	-	-	-	-	564
2005 profit-sharing	-	29,117	-	(29,117)	-	-
Increase in capital due to the conversion of convertible bonds	-	37,895	-	-	-	37,895
Capital from valuation of the managerial option	-	3,027	-	-	-	3,027
Correction of capital from revaluation of shares	-	12	-	-	-	12
Currency translation Differences (1)	-	-	*1,120*	-	-	*1,120*
Profit for the period (2)	-	-	-	*52,984*	*198*	*53,182*
Total income recognised in equity (1-2)	-	-	1,120	52,984	198	54,302
Balance at 31 December 2005	**7,519**	**198,782**	**457**	**35,863**	**14,551**	**257,172**
Balance at 1 January 2006	**7,519**	**198,782**	**457**	**35,863**	**14,551**	**257,172**
Capital from valuation of the managerial option	-	277	-	-	-	277
Correction of the result for the previous years	-	-	-	219	-	219
Currency translation Differences (1)	-	-	*16*	-	-	*16*
Profit for the period (2)	-	-	-	*9,998*	*76*	*10,074*
Total income recognised in equity (1-2)	-	-	16	9,998	76	10,090
Balance at 31 March 2007	**7,519**	**199,059**	**473**	**46,080**	**14,627**	**267,758**

All amounts are expressed in thousands of PLN unless otherwise indicated

IV. Consolidated Cash Flow Statement

	3 months ended 31 March 2007	3 months ended 31 March 2006
Cash flows from operating activities		
Net profit	10,074	15,603
Total adjustments	(3,936)	(31,863)
Share in net (gains) losses of related parties valued using the equity method of accounting	(854)	(518)
Depreciation	3,939	3,103
Exchange gains (losses)	500	(56)
Interest and profit-sharing (dividends)	749	-
(Profit) loss on investing activities	(52)	(7,151)
Change in inventories	(3,567)	1,976
Change in receivables	31,359	(3,943)
Change in liabilities and provisions excluding credits and loans	(36,010)	(25,274)
Net profit less total adjustments	6,138	(16,260)
Income tax paid	(6)	(1,482)
Net cash used in operating activities	**6,132**	**(17,742)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,468)	(4,801)
Proceeds from sale of property, plant and equipment	142	86
Purchases of intangible assets	(2,066)	-
Purchases of available-for-sale financial assets	(2,003)	(3,092)
Proceeds from sales of available-for-sale financial assets	-	9,800
Net cash used in investing activities	**(10,395)**	**1,993**
Cash flows from financing activities		
Proceeds from credits and loans	-	327
Repayments of credits and loans	(509)	(786)
Bank interest	(754)	-
Other expenses	(91)	-
Net cash (used in)/generated from financing activities	**(1,354)**	**(459)**
Net change in cash, cash equivalents and bank overdrafts	**(5,617)**	**(16,208)**
Cash, cash equivalents and bank overdrafts at beginning of the period	62,790	48,968
Positive (negative) exchange differences in cash and bank overdrafts	(290)	159
Cash, cash equivalents and bank overdrafts at end of the period	**56,883**	**32,919**

V. Supplementary Information

1. Information about Group Structure and Activities

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

On 31 March 2007, the following entities formed the ComArch Group (in parentheses, the share of votes held by ComArch S.A.):

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

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

The dominant unit's associate is:

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

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

2. Description of the Applied Accounting Policies

This consolidated financial statement for the 3 months ended 31 March 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 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 3 months ended 31 March 2007 comprises the financial statements of the following companies:

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

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

2.1.1. Segment Reporting

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

2.1.2. Consolidation

a) Subsidiaries

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

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

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

b) Associates

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

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

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

2.1.3. Foreign Currency Translation

a) Functional and Presentation Currency

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

b) Transactions and Balances

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

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

c) Group Companies

The results and financial position of all group entities (none of which operates in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rate of the date of the balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of credits and loans and other currency instruments designated as hedges of such investments, are included in shareholder equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.1.4. Investments

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

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

b) Loans and Receivables

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

c) Held-to-Maturity Investments

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

d) Available-for-Sale Financial Assets

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

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are no longer recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets available-for-sale and financial assets carried at fair value, through profit or loss are initially recognised at fair value. Loans, receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Unrealised gains or losses arising from changes in the fair value of the non monetary securities classified as 'available-for-sale' are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

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

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

2.1.5. Non-Current Assets

a) Intangible Assets

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

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

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

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

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

b) Goodwill

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

c) Property, Plant and Equipment

Property, Plant and Equipment in Use
Property, plant and equipment in use 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 property, plant and equipment in use. The following detailed principles of depreciation of property, plant and equipment in use have been adopted by the company: assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5 % (for group number I), 30 % (for group number IV) and 20 % (for groups number VII and VIII). In case of property, plant and equipment in use acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Property, Plant and Equipment under Construction
Property, plant and equipment 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 property, plant and equipment 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 Property, Plant and Equipment Assets
Improvements in third party property, plant and equipment 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. 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 shareholders' equity.

2.2 Recognition of Revenues and Costs

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

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

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

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

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

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

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

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

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

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

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

a) Other Operational Revenues and Costs

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

b) Financial Revenues and Costs

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

2.3 Financial Risk Management

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

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

2. Interest rate risk. The company is exposed to the risk of changes in interest rates related to long-term investment credits to finance the construction of new production buildings in the Special Economic Zone in Krakow. These are

credits at variable interest rates based on the WIBOR index. The company has not been hedging this interest rate risk;

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

2.3.1. Accounting for Derivative Financial Instruments and Hedging Activities

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

Derivative financial instruments designated as 'hedging instruments' according to IAS 39, qualified as cash flow hedging are recognised at fair value and change to their valuation refers to:
a) capital from the revaluation of prices (in the part constituting effective hedging),
b) the results of financial operations (in the part not constituting effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to IAS 39 are 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.

All amounts are expressed in thousands of PLN unless otherwise indicated

2.5 New Standards and IFRIC Interpretations

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

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

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

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

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

3. Notes to the Consolidated Financial Statement

3.1 Segment Information for the 3 Months Ended 31 March 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

3 months ended 31 March 2006

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients	94,292	2,162	-	96,454
Including:				
revenues from sales	*94,292*	*2,162*	*-*	*96,454*
Other operational revenues	256	30	-	286
Revenues per segment - sales to other segments	-	1,568	(1,568)	-
Revenues per segment - total*	94,548	3,760	(1,568)	96,740
Costs per segment relating to sales to external clients	78,514	1,782	-	80,296
Costs per segment relating to sales to other segments	-	1,568	(1,568)	-
Costs per segment - total*	78,514	3,350	(1,568)	80,296
Current taxes	(61)	-	-	(61)
Assets for the tax due to investment allowances and other tax relief	(1,298)	-	-	(1,298)
Share of segment in the result of parties valuated using the equity method of accounting	518	-	-	518
Net result	15,193	410	-	15,603
including				
result attributable to shareholders of the dominant unit	*15,193*	*202*	*-*	*15,395*
result attributable to minority interest	*-*	*208*	*-*	*208*

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

All amounts are expressed in thousands of PLN unless otherwise indicated

3 months ended 31 March 2007

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients	96,438	1,938	-	98,376
Including:				
Revenues from sales	*96,438*	*1,938*	-	*98,376*
Other revenues /operational and financial/	219	62	-	281
Revenues per segment - sales to other segments	-	1,522	(1,522)	-
Revenues per segment - total*	96,657	3,522	(1,522)	98,657
Costs per segment relating to sales to external clients	87,469	1,851	-	89,320
Costs per segment relating to sales to other segments	-	1,522	(1,522)	-
Costs per segment - total*	87,469	3,373	(1,522)	89,320
Current taxes	94	-	-	94
Assets for the tax due to investment allowances and other tax relief	23	-	-	23
Share of segment in the result of parties valuated using the equity method of accounting	854	-	-	854
Net result	9,925	149	-	10,074
including:				
result attributable to shareholders of the dominant unit	*9,925*	*73*	-	*9,998*
result attributable to minority interest	-	*76*	-	*76*

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as well as investment expenditures and depreciation as at 31 March 2006 and as at 31 March 2007 are as follows:

3 months ended 31 March 2006

	IT Segment	Sport Segment	Total
Assets	285,686	38,010	323,696
Associates	7,388	-	7,388
Total assets	**293,074**	**38,010**	**331,084**

	IT Segment	Sport Segment	Total
Liabilities	113,149	1,880	115,029
Investment expenditures	7,774	119	7,893
Depreciation	2,839	264	3,103

3 months ended 31 March 2007

	IT Segment	Sport Segment	Total
Assets	392,290	39,420	431,710
Associates	854	-	854
Total assets	**393,144**	**39,420**	**432,564**

	IT Segment	Sport Segment	Total
Liabilities	155,069	9,737	164,806
Investment expenditures	10,469	(68)	(10,537)
Depreciation	3,787	152	3,939

All amounts are expressed in thousands of PLN unless otherwise indicated

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

	3 months ended 31 March 2007	**3 months ended 31 March 2006**
Poland	74,634	69,891
Europe	16,771	16,477
The Americas	5,163	9,678
Others	1,808	408
TOTAL	**98,376**	**96,454**

Assets – activities location

	31 March 2007	**31 December 2006**
Poland	403,627	429,957
Europe	15,257	14,652
The Americas	9,489	10,902
Others	4,191	4,371
TOTAL	**432,564**	**459,882**

Investments expenditures - activities location

	3 months ended 31 March 2007	**3 months ended 31 March 2006**	**2006**
Poland	(10,390)	7,005	59,511
Europe	(120)	603	918
The Americas	(27)	284	516
Others	-	1	67
TOTAL	**(10,537)**	**7,893**	**61,012**

3.2 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 of 40 % in NetBrokers Sp. z o.o.

At 1 January 2005	**9,444**
Share in profit for 2006	2,660
Other changes related to disposing of INTERIA.PL S.A. shares	-2,574
Other changes related to disposing of NetBrokers Sp. z o.o. shares	-2,171
At 31 December 2006	**7,359**
including:	
INTERIA.PL S.A.	7,359
At 1 January 2007	7,359
Share in profit for the first quarter of 2007	854
At 31 March 2007	**8,213**
including:	
INTERIA.PL S.A.	*8,213*

	Country of incorporation	**Assets**	**Liabilities**	**% shares held**
At 31 December 2006				
INTERIA.PL S.A.	Poland	27,382	8,118	36,08
				.
At 31 March 2007				
INTERIA.PL S.A.	Poland	31,666	10,278	36.08

All amounts are expressed in thousands of PLN unless otherwise indicated

	Country of incorporation	Revenues	Profit /(Loss)	% shares held
3 months ended 31 March 2006				
INTERIA.PL S.A.	Poland	11,048	1,161	36.08
3 months ended 31 March 2007				
INTERIA.PL S.A.	Poland	13,696	2,321	36.08

As at 31 March 2007 the fair value of INTERIA.PL shares held by ComArch S.A. based on average stock exchange prices from the three months preceding the date of the preparation of this statement was 161.85 million PLN. On 31 March 2007, the closing price of INTERIA.PL shares was 63 PLN. On this day, the value of INTERIA.PL S.A. shares held by ComArch S.A. was 159.92 million PLN.
As a result of disposal of 350,000 INTERIA.PL shares by ComArch S.A. on 19 January 2006, ComArch S.A. holds 2,538,369 shares of INTERIA.PL S.A., which constitute 36.08 % of company's share capital. These shares give ComArch S.A. 11,609,625 votes at the General Meeting, which constitutes 48.48 % of the total number of votes.

3.3 Inventories

	31 March 2007	31 December 2006
Raw materials	617	879
Work in progress	14,227	11,930
Finished goods	8,755	7,369
Advance due to finished goods	105	66
	23,704	**20,244**

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to 66.47 million PLN (3 months ended 31 March 2007) and 58.70 million PLN (3 months ended 31 March 2006) and 290.86 million PLN (12 months ended 31 December 2006).
The Group reversed a write-off worth 0.004 million PLN that revaluated inventories and was performed in 2006. The write-off was classified as an item in 'Other operating costs'. In the first quarter no write-off was performed that revaluated finished goods. No hedging was performed in inventories owned by the Group.
On the basis of the current trend in reference to the settlement of production in progress, the Group estimates that after 12 months from the balance sheet date approximately 4.7 million PLN shall remain unsettled. Other inventories will be settled in their entirety within 12 months.

3.4 Available-For-Sale Financial Assets

	31 March 2007	31 December 2006
At the beginning of the year	**-**	**-**
additions- first quarter	2,020	3,034
disposal- first quarter	-	-
At 31 March	**2,020**	**3,034**
additions-year	-	3,034
disposal-year	-	(3,034)
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.

Available-for-sale financial assets comprise:

	31 March 2007	31 December 2005
Shares in trust funds	2,020	-
	2,020	-

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

3.5 Derivative Financial Instruments

	31 March 2007		31 December 2006	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward foreign exchange contracts– held-for-trading	185	34	261	94
	185	**34**	**261**	**94**
Current portion	*185*	*34*	*261*	*94*

Derivative financial instruments are classified in the financial statement as an asset of 0.151 million PLN. Profits and losses due to the valuation of forward contracts as at 31 March 2007 are recognised in income statement. They will be exercised within the period of 12 months from the balance sheet date.
The Group has used forward contracts 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 31 March 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 31 March 2007, the total value of forward contracts was 0.920 million EURO.

3.6 Trade and Other Receivables

	31 March 2007	31 December 2006
Trade receivables	108,219	144,485
Less provision for impairment of receivables	(160)	(3,415)
Trade receivables - net	108,059	141,415
Other receivables	3,290	1,956
Short-term prepayments	3,940	2,755
Prepayments of revenues	3,485	3,854
Loans	53	206
Receivables from related parties	60	23
	118,887	**149,864**
Current portion	*118,887*	*149,864*

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 0.16 million PLN (3 months ended 31 March 2007) and 3.42 million PLN (12 months ended 31 December 2006) and 2.8 million PLN (12 months ended 31 December 2005). This write-off was presented in the other operating costs in the income statement.

3.7 Share Capital

	Number of shares	Ordinary shares	Own shares	TOTAL
At 1 January 2006	6,955,095	6,955,095	-	6,955,095
Conversion of bonds convertible into shares	563,675	563,675	-	563,675
A 31 March 2006	**7,518,770**	**7,518,770**	**-**	**7,518,770**
At 31 December 2007	7,518,770	7,518,770	-	7,518,770
At 31 March 2007*	**7,518,770**	**7,518,770**	**-**	**7,518,770**

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.

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 of for the benefit of persons who were not shareholders of the company on 18 March 1998, their specific voting rights at the General Meeting expire. 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.

*) On 14 March 2007, ComArch S.A.'s Board of Supervisors passed a resolution concerning execution of managerial option programme. In relation to that 441,826 series I2 ordinary bearer shares was issued, of nominal value of 1 PLN and issue price of 1 PLN. On 20 April 2007, 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.

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

Elżbieta and Janusz Filipiak held 3,498,803 shares (43.95 % of the company's share capital), which gave them 10,454,803 votes at the AGM and constituted 69.56 % 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 1,769,070 shares (22.22 % of company's share capital), which gave 1,769,070 votes at AGM and constituted 11.77 % of the total number of votes at the AGM.

3.7.2 Changes in Share Capital in Q1 2007

1) Transactions of Disposal of Issuer's Shares

On 11 January 2007 Vice-President of ComArch S.A.'s Management Board sold 150 ordinary bearer shares of ComArch S.A. for 201 PLN each.
On 17 January 2007 member of the Board of Supervisors sold 10 000 ordinary bearer shares of ComArch S.A. for 222 PLN each, i.e. 2.22 million PLN. The above-mentioned transaction was concluded on regulated market-Warsaw Stock Exchange.

2) 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.

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

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 the third quarter of 2006) the value of the Option amounted to 8.2 % 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

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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 the third quarter of 2006) the value of the Option amounts to 5.82 million PLN.
As at 31 March 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: 82.93 %, i.e. 4.82 million PLN
b) The value of the option for Key Employees: 17.07 %, i.e. 0.99 million PLN
The value of the Option recognised in the income statement for the first three quarters of 2007 amounted to 0.31 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 0.93 million PLN in Q2-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. Details are presented in point 3.7.2.

3.7.4 Changes in the Share Capital after the Balance Sheet Date

Due to 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.

3.8 Trade and Other Payables

	31 March 2007	**31 December 2006**
Trade payables	41,239	64,147
Financial liabilities	-	-
Advances received due to services	5,486	6,615
Liabilities to related parties	228	225
Liabilities due to social insurance and other tax charges	16,168	14,389
Investments liabilities	3,364	4,229
Subsidies received	2,206	2,379
Provision for leave	8,278	6,737
Reserve on costs relating to the current period, to be incurred in the future	14,275	24,849
Other payables	2,796	1,364
Special funds (Social Services Fund and Residential Fund)	2,145	1,203
Total liabilities	**96,185**	**126,137**

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

3.9 Long-term Contracts

	3 months ended 31 March 2007
Revenues due to long-term contracts recognised in the reporting period	**23,758**
a) revenues from completed contracts recognised in the reporting period	4,235
b) revenues from contracts not completed recognised in the reporting period	19,523

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 31 March 2007 amounted to 5.41 million PLN.

3.10 Credits and Loans

	31 March 2007	31 December 2006
Non-current		
Bank credits	50,723	51,471
Loans	-	-
	50,723	51,471
Current		
Bank overdraft		-
Loans	594	592
Bank credits	2,616	2,441
	3,210	3,033
Total credit and loans	**53,933**	**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 31 March 2007, the value of the credit to be repaid amounted to 16.5 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 85 % of the investment value up to a maximum of 26.82 million PLN. The crediting period may last a maximum of 16 years at a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 31 March 2006, this credit was drawn in total, repayments will begin in the second quarter of 2007.

c) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of the investment value up to a maximum of 30,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 28 September 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 31 March 2007, the value of drawn credit amounted to 10.07 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). Due to stable interest rates in Poland the Group has not hedged the risk of interest rate changes. 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 31 March 2007	6 months or less	6-12 months	1-5 years	Over 5 years	Total
Investments credits	1,170	1,495	19,998	30,735	53,398
Interest	-59	-	-	-	-
	1,111	1,495	19,998	30,735	53,339

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

	31 March 2007	**31 December 2006**
Between 1 and 2 years	4,526	4,142
Between 2 and 5 years	15,473	13,577
Over 5 years	30,725	33,752
	50,723	**51,471**

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

	31 March 2007	**31 December 2006**
In Polish currency	53,923	54,504
	53,923	**54,504**

The effective interest rates at the balance sheet date:

	31 March 2007 PLN	**31 December 2006 PLN**
Bank credits	5.25 %	5.34 %
Loans	2.95 %	2.95 %

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

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

3.11 Contingent Liabilities

On 31 March 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 33.81 million PLN, whereas it was 32.02 million on 31 December 2006.
On 31 March 2007, the value of ComArch S.A. suretyships for the debts of Interia.pl S.A. from lease agreements amounted to 0.064 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 0.747 million PLN. 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 31 March 2007, the Group had contractual liabilities for investment purchases due to contracts for the third construction stage of an investment in Special Economic Zone (the company announced details in current reports no. 42/2006). The Group has also concluded a contingent preliminary contract for purchase of 3.5 ha of lands which are located in Krakow Special Economic Zone. The net value of this contract is 18.79 million PLN. This contract is subject to the following conditions:
a) minister competent for Treasury issues will permit to the Tadeusz Kościuszko Politechnika Krakowska to dispose of these lands to the Group,
b) city of Krakow, that manages in Special Economic Zone „Krakowski Park Technologiczny", a company Centrum Zaawansowanych Technologii - Kraków Spółka z ograniczoną odpowiedzialnością with its registered seat in Krakow, will not pre-empt.
The Group has concluded this preliminary contract to purchase a land in the Special Economic Zone that will enable the Group to build other production and office buildings in the future after there are no available surfaces in the buildings that it owns and builds at the moment.

As at 31 March 2007, the Group did not have any contractual obligations due to operational leasing agreements.

3.12 Deferred Income Tax

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.

All amounts are expressed in thousands of PLN unless otherwise indicated

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

ComArch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On 1 July 2004, it received a decision from the Minister of the Economy dated 24 June 2004 on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). The updated permit extended the period in which ComArch S.A. is entitled to use public aid for investments incurred in the special economic zone until 31 December 2017.

Pursuant to IAS 12, unused tax relief as at 31 March 2007 constitutes a deferred income tax asset. The limit of the unused investment relief as at 31 March 2007, discounted as at the permit date, is 31.54 million PLN.

As at 31 March 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 6.81 million PLN as at the previous balance sheet date, i.e. 31 December 2006, as it was not realised in the first quarter of 2007. Based on forecasts related to the status of tax-exempt income until the end of 2007, it appears that it will be realised during the following reporting periods. 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. 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.

1) In the first quarter of 2007, the Group settled in part a deferred income tax asset worth 0.637 million PLN and was created on 31 December 2006. The Group dissolved a deferred income tax provision worth 0.034 million PLN and was created in 2006. In the first quarter, an asset due to temporary differences, worth 0.579 PLN, was created. The total effect of the above-mentioned operations on the result of the first quarter of 2007 was (0.024) PLN.

3.13 Earnings Per Share

	3 months ended 31 March 2007	**3 months ended 31 March 2006**
Net profit for the period attributable to equity holders of the company	9 998	15 395
Weighted average number of shares in issue (thousands)	7 519	7 501
Basic earnings per share (PLN)	**1,33**	2,05
Diluted number of shares (thousands)	8 005	7 501
Diluted earnings per share (PLN)	**1,25**	2,05

Basic earnings per share in the column '3 months ended 31 March 2007' is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2007 to 31 March 2007 by the weighted average number of shares in issue between 1 January 2007 and 31 March 2007, where the number of days is the weight. Basic earnings per share in the column '3 months ended 31 March 2006' is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 31 March 2006 by the weighted average number of shares in issue between 1 January 2006 and 31 March 2006, where the number of days is the weight.

Diluted earnings per share in the column '3 months ended 31 March 2007' is calculated by dividing the net consolidated profit attributable to equity holders of the company for the period from 1 January 2007 to 31 March 2007 by the sum of weighted average number of shares in issue between 1 January 2007 and 31 March 2007, where the number of days is the weight, and diluted number of shares resulting from the execution of the managerial option for 2006 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).

All amounts are expressed in thousands of PLN unless otherwise indicated

4. Additional Notes

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

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

- Elżbieta and Janusz Filipiak held 3,498,803 shares (43.95 % of the company's share capital), which gave them 10,185,393 votes at the AGM and constituted 69.56 % of all votes at the AGM;

- Customers of BZ WBK AIB Asset Management S.A. held 1,769,070 shares (22.22 % of company's share capital), which gave them 1,769,070 votes at the AGM and constituted 11.77 % of the total number of votes at the AGM.

b) Changes in holdings of ComArch S.A. shares by management and supervisors between 1 March 2007 and 15 May 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 fourth quarter of 2006 was published, i.e. 1 March 2007 and on 15 May 2007, pursuant to the information possessed by the company.

		As at 15 May 2007		As at 1 March 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	3,498,803	69.56 %	3,229,393	69.82 %
Piotr Piątosa	Vice-President of the Management Board	10,776	0.07 %	-	-
Paweł Prokop	Vice-President of the Management Board	45,992	0.56 %	24,440	0.43 %
Paweł Przewięźlikowski	Vice-President of the Management Board	45,992	0.56 %	24,440	0.43 %
Rafał Chwast	Vice-President of the Management Board	28,118	0.19 %	6,566	0.05 %
Zbigniew Rymarczyk	Vice-President of the Management Board	21,772	0.14 %	220	0 %
Number of shares issued		**7,960,596**	**100 %**	**7,518,770**	**100 %**

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

In the consolidated financial statement, prepared as at 31 March 2007, the company presented a deferred income tax asset due to investment benefit in the Special Economic Zone (hereinafter referred to as the "Asset"), that was worth 6.81 million PLN as at the previous balance sheet date, i.e. 31 December 2006, as it was not realised in the first quarter of 2007. Based on forecasts related to the status of tax-exempt income until the end of 2007, it appears that it will be realised during the following reporting periods. 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. At the same time, pursuant to IAS12, the company will regularly verify the valuation of the Asset considering the possibilities of its realisation and further recognition. Additionally, the company signifies that the recognition of this Asset does not have any influence on cash flow in the company and in the Group (both the recognition and realization of the Asset). This is an accrual based operation and is a result of the fact that the Group applies IFRS when preparing consolidated financial statements of the Group.

4.3 Events After the Balance Sheet Date

1) Annex to an agreement on multipurpose credit

On 6 April 2007, the company signed with Bank BPH S.A. an Annex no. 2 an Agreement on multipurpose and multicurrency credit line dated 3 June 2005. It increases credit limit by 14 million PLN up to 38 million PLN. That 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 during last 12 months amounts to 32.87 million PLN.

2) Increase in ComArch S.A.'s share capital

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. ComArch S.A.'s share capital 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, and
10) 563,675 series H ordinary bearer shares,
11) 441,826 series I2 ordinary bearer shares.

3) Change in ComArch S.A.'s Statute

On 20 April 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered changes in the company's Statute. Company announced details in current report no. 10/2007.

4) Agreement with the Ministry of National Education

On 30 April 2007, an agreement between ComArch and the Ministry of National Education (MNE) 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, guaranteeing service will be provided during a 36 month period beginning from the delivery date.

5) 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.

6) A call, through mediation of the brokerage house POLONIA NET S.A., for the subscription for the sale of registered preference shares issued by INTERIA.PL S.A.

On 17 April, 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.

4.4 Significant Legal, Arbitration or Administrative Proceedings

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

The ComArch Group is the defendant in legal proceedings, in which the total amount of third party claims is 0.747 PLN. In the opinion of the Management Board and based on the opinions of legal advisors, there are no circumstances suggesting the appearance of significant obligations on this account and, as a result, provisions for the amount of potential claims were not recognised in the financial statement.

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

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

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

None present.

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

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

All amounts are expressed in thousands of PLN unless otherwise indicated

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

None present.

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

Revenues and profit

In the first quarter of 2007, the ComArch Group achieved very favourable financial results. Revenues from sales amounted to 98.38 million PLN compared to 96.45 million PLN in the first quarter of 2006. Sales of services and proprietary software increased by 21 % (from 65.19 million PLN in the first quarter of 2006 to 79.27 million PLN in the first quarter of 2007), and sales of hardware decreased by 67 % (from 24.1 million PLN in the first quarter of 2006 to 7.87 million PLN in the first quarter of 2007). Total revenues from sales increased a percentage by 2 %. The increase in revenues from sales of services and proprietary software enabled the Group to maintain its very solid profitability at a level of 9 % while coinciding with a significant growth in employment and increased remuneration in the IT sector. As at the end of March 2007, the ComArch Group had 2,647 employees, representing an increase of 183 employees since the beginning of the year.

In the first quarter of 2007, net profit amounted to 9,998 thousand PLN and nominally decreased by 5.4 million PLN, i.e. by 35 % compared to the first quarter of 2006. This is the result of including a one-off event related to the sale of Interia.Pl in the first quarter of 2006. The effect of this transaction on result before taxation was 7.21 million PLN. A detailed analysis of the Group's results, i.e. after eliminating one-off events (the effects of recognition and settlement of the deferred tax asset, the costs of the managerial option programme and the sale of INTERIA.PL S.A.) presents a comparably healthy financial situation of the Group in both analysed periods. After elimination of one-off events, operating profit amounted to 9.13 million PLN in the first quarter of 2007 compared to 10.3 million PLN in the first quarter of 2006, and adjusted net profit was 10.31 million PLN compared to 10.2 million in the previous year. In the first quarter of 2007, adjusted EBIT margin amounted to 9.3 % (compared to 10.7 % in the previous year), and adjusted net margin was 10.5 % (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):

	Q1 2007	Q1 2006
Revenues from sales	**98,376**	**96,454**
Depreciation	3,939	3,103
Nominal EBIT (according to IFRS)	8,855	9,526
Earnings impact of the costs of the managerial option	-276	-819
Adjusted EBIT	**9,131**	**10,345**
Nominal net profit per company shareholders (according to IFRS)	9,998	15,395
Earnings impact of the costs of the managerial option	-276	-819
Earnings impact of an asset due to temporary differences	-24	-1,197
Earnings impact of the sale of Interia.Pl shares	-	7,210
Adjusted net profit per company shareholder	**10,298**	**10,201**
Nominal EBITDA (EBIT + depreciation)	12,794	12,629
Adjusted EBITDA (EBIT + depreciation)	**13,070**	**13,448**
Nominal EBIT margin	9.0 %	9.9 %
Adjusted EBIT margin	**9.3 %**	**10.7 %**
Nominal net margin	10.2 %	16.0 %
Adjusted net margin	**10.5 %**	**10.6 %**
Nominal EBITDA margin	13.0 %	13.1 %
Adjusted EBITDA margin	**13.3 %**	**13.9 %**

The achieved financial results confirm the effectiveness of the Group's strategy – a strategy that is based on:
a) the sale of IT solutions, most of which are developed in-house;
b) the sale of an increasing number of products on international markets;

All amounts are expressed in thousands of PLN unless otherwise indicated

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

Sales structure

In the first quarter of 2007, sales of ComArch proprietary software and licenses increased significantly (by 14.08 million PLN in total, i.e. an increase from 67.6 % to 80.6 % in the total sales structure). Also, more significantly, is the value of sales of the third-party software (an increase of 4.73 million PLN and the achievement of a level of 8.6 % in the share of total sales). At the same time, in the first quarter of 2007, there were no public tenders for the delivery of computers to schools resulting in a decrease in the sales of computer hardware and a decrease of its share in total sales. Within the framework of contracts signed during the last period, the Group will deliver computers to schools in the second quarter of 2007.

Products sales structure	Q1 2007	%	Q1 2006	%
Services	64,927	66.0 %	41,898	43.4 %
Proprietary software	14,345	14.6 %	23,291	24.1 %
Third-party software	8,487	8.6 %	3,758	3.9 %
Hardware	7,872	8.0 %	24,099	25.0 %
Others	2,745	2.8 %	3,408	3.6 %
	98,376	100.0 %	96,454	100.0 %

In the first quarter of 2007, there was a significant increase in sales to the finance and banking sector (an increase from 14.7 % to 22 %). The increase in sales to this sector is a result of the significant growth of demand for ComArch's innovative solutions for the finance and banking sector. In the first quarter of 2007, the shares of other sectors in the revenues from sales have remained at a similar level to those from the first quarter of 2006. There was only a slight increase in sales to customers of the industry and utilities sector as well as the SME sector at the expense of the public sector. For several years, the shares of particular sectors and types of sales have remained relatively at the same level. Possible fluctuations are related to periodical increases in hardware sales within the framework of the public sector.

Market sales structure	Q1 2007	%	Q1 2006	%
Telecommunications, Media, IT	27,614	28.1 %	29,146	30.2%
Finance and Banking	21,646	22.0 %	14,185	14.7%
Trade and services	16,457	16.7 %	19,490	20.2%
Industry & Utilities	10,113	10.3 %	9,650	10.0%
Public sector	7,841	8.0 %	11,859	12.3%
Small and Medium-Seized Enterprises	11,110	11.3 %	9,938	10.3%
Others	3,595	3.6 %	2,186	2.3%
	98,376	**100.0%**	**96,454**	**100.0%**

The consistent increase in the share of export sales in total sales is a positive trend. In the first quarter of 2007, export sales constituted 24.1 % of total sales in this period compared to 27.5 % in the previous year. Though it is important to note that this maintains a percentage above average as compared to the year of 2006 (i.e. 19.6 %). In nominal values there was a slight decrease in export sales in the first quarter of 2007 (an increase of 2.8 million PLN compared to the record level of export sales in the first quarter of 2006). Revenues from export sales achieved a value close to that presented in the fourth quarter of 2006. A constant increase in the share of export sales remains one the main strategic trends in the development of the Group.

Geographical sales structure	Q1 2007	%	Q1 2006	%
Domestic	74,634	75.9 %	69,891	72.5 %
Export	23,742	24.1 %	26,563	27.5 %
	98,376	**100 %**	**96,454**	**100 %**

The revenues structure shows that the sales of the ComArch Group's are well diversified and the Group is not dependant on only one sector, client or product sold. This structure of revenues significantly reduces the risk of operational activities related to possible heterogeneous growth rates of particular sectors in a given year, for example, in the first quarter of 2007, decrease in sales to the public sector as well as the trade and services sector was balanced by increase in sales to the finance sector.

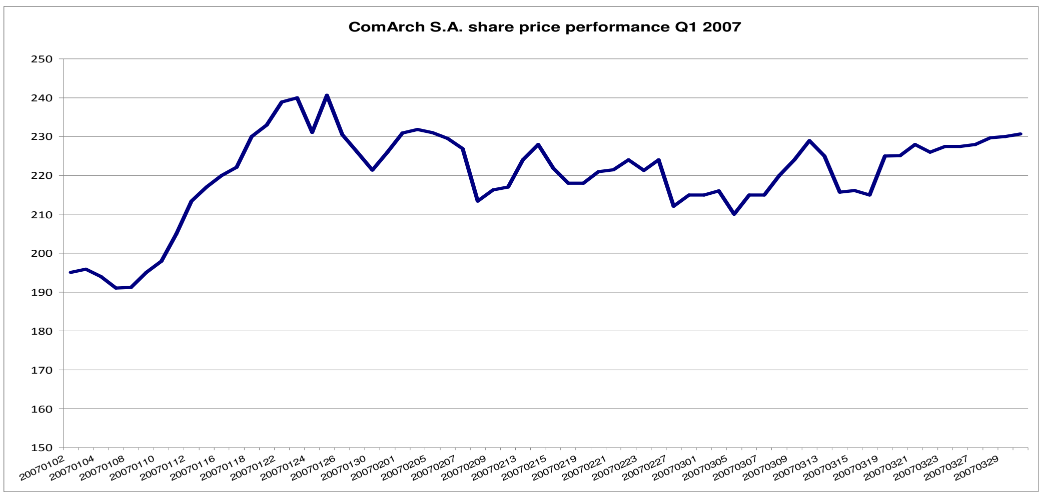
All amounts are expressed in thousands of PLN unless otherwise indicated

Backlog

At the end of April 2007, backlog for the current year was at a level of 408.5 million PLN and was up by almost 34 % 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 signed with the Ministry of National Education on 30 April 2007. The contract value is 41.5 million PLN and the increase in backlog after elimination of this contract would be 20.1 %; the share of export contracts would be 22.5 % and the share of services and proprietary software would amount to 77.1 % of the total backlog. The significant increase in backlog compared to the previous year confirms the capability of the ComArch Group's development in the period to come.

Backlog for the current year	As at 30 April 2007	As at 30 April 2006	Change
Revenues contracted for the current year	408,496	305,438	33.7 %
including export contracts	82,533	66,837	23.5 %
% of export contracts	*20.2 %*	*21.9 %*	
including services and proprietary software	282,769	231,282	22.3 %
% of services and proprietary software	*69.2 %*	*75.7 %*	

ComArch S.A. stock price performance



The above-average financial results achieved by the ComArch Group and very good perspectives for future years have led to the increase in the price of ComArch shares from 195.10 PLN on 2 January 2007 to 230.7 PLN on 30 March 2007 that is an increase of 18.2 %

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

In Q1 2007 the following events that greatly impacted the current activities of the ComArch Group took place:

1) Execution of managerial option programme

On 12 February 2007, the company's Board of Supervisors passed a resolution concerning execution of managerial option programme. This option is dedicated to members of the ComArch S.A.'s Management Board and Key Employees within the framework of a programme that was specified in Resolution No. 51 of the company's Ordinary Annual General Meeting. According to &1 pt 1) of this resolution, 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. 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. At the same time, the Board of Supervisors 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 company's Board of Supervisors passed a resolution concerning changes in the resolution dated 12 February 2007, concerning execution of managerial option programme. In relation to the decision of the Board of Supervisors that fractional parts of the shares' numbers are eliminated, 441,826 series I2 ordinary bearer shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN. These fractional parts of the shares' numbers result from applying the assumptions that are established in a resolution no. 51 of the Ordinary General Meeting dated 30 June 2005 concerning passing the managerial option programme for members of the Board and key employees. The company announced details in current reports no. 4/2007 and 5/2007.

2) 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 to 13 persons shares were allocated. 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 of series I2 shares per one share amounted to 0.04 PLN.

After the balance sheet date:

1) Agreement with the Ministry of National Education

On 30 April 2007, an agreement between ComArch and the Ministry of National Education (MNE) 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.

2) 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.

All amounts are expressed in thousands of PLN unless otherwise indicated

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

I. Balance Sheet

(PLN thousands)	31 March 2007	30 December 2006	31 March 2006
ASSETS			
I. Non-current assets	**181,204**	**184,564**	**137,446**
1. Intangible assets	3,432	3,521	2,475
2. Property, plant and equipment	145,711	142,195	99,948
3. Non-current investments	29,191	36,293	35,023
3.1. Non-current financial assets	29,148	36,250	34,980
a) in related parties	29,062	36,247	34,887
b) in other entities	86	3	93
3.2 Other non-current investment	43	43	43
4. Non-current prepayments	2,870	2,555	-
4.1 Deferred income tax assets	2,770	2,428	-
4.2 Other prepayments	100	127	-
II. Current assets	**217,025**	**242,672**	**172,213**
1. Inventories	22,951	19,498	23,883
2. Current receivables	108,162	145,104	86,465
2.1. from related parties	19,929	20,231	16,136
2.2 from other entities	88,233	124,873	70,329
3. Current investments	59,379	51,525	31,532
3.1. Current financial assets	59,379	51,525	31,532
a) in related parties	7,714	1,250	1,456
b) in other entities	2,192	346	3,228
c) Cash and cash equivalents	49,473	49,929	26,848
4. Short-term prepayments	26,533	26,545	30,333
Total assets	**398,229**	**427,236**	**309,659**
EQUITY AND LIABILITIES			
I. Equity	**243,935**	**238,691**	**210,256**
1. Share capital	7,519	7,519	7,519
2. Supplementary capital	172,097	172,097	143,008
3. Revaluation reserve	6	6	24
4. Other reserve capitals	21,948	21,948	21,948
5. Capital from merger settlement	-7,334	-7,334	-7,334
6. Previous years' profit (loss)	44,455	1,992	31,079
7. Net profit (loss)	5,244	42,463	14,012
II. Liabilities and provisions for liabilities	**154,294**	**188,545**	**99,403**
1. Provisions for liabilities	846	878	-
1.1. Provision for deferred income tax	846	878	-
2. Non-current liabilities	51,093	51,904	-
2.1. to related parties	370	433	16,500
2.2. to other entities	50,723	51,471	-
3. Current liabilities	77,016	95,151	48,795
3.1. to related parties	5,367	4,654	1,282
3.2. to other entities	69,561	89,302	46,545
3.3. Special funds	2,088	1,195	1,468
4. Accruals	25,339	40,612	34,108,
4.1 Other accruals	25,339	40,612	34,108
a) current	25,339	40,612	34,108
TOTAL EQUITY AND LIABILITIES	**398,229**	**427,236**	**309,659**

All amounts are expressed in thousands of PLN unless otherwise indicated

Book value	243,935	238,691	210,256
Number of shares	7,518,770	7,518,770	7,518,770
Book value per single share (PLN)	32.44	31.75	27.96
Diluted number of shares	8,005,486	7,957,360	7,518,770
Diluted book value per single share (PLN)	30.47	30.00	27.96

II. Income Statement

For the periods 01.01 – 31.03.2007 and 01.01-31.03.2006 (PLN thousands)	**3 months ended 31 March 2007**	**3 months ended 31 March 2006**
I. Net revenues from sales of products, goods and materials, including:	85,955	88,928
- revenues from related parties	7,854	5,283
1. Net revenues from sales of products	67,020	62,989
2. Net revenues from sales of goods and materials	18,935	25,939
II. Costs of products, goods and materials sold, including:	61,616	61,632
- to related parties	5,161	427
1. Manufacturing cost of products sold	44,976	36,755
2. Value of products, goods and materials sold	16,640	24,877
III. Gross profit (loss) on sales	24,340	27,296
IV. Costs of sales	9,119	9,656
V. Administrative expenses	6,419	6,264
VI. Profit/loss on sales	8,802	11,376
VII. Other operating revenues	159	256
1. Gain on disposal of non-financial non-current assets	59	37
2. Other operating revenues	100	219
VIII. Other operating costs	3,903	2,502
1. Loss on disposal of non-financial non-current assets	-	-
2. Revaluation of non-financial assets	-	-
3. Cost of works financed with subsidies	2,906	1,167
4. Other operating costs	997	1,335
IX. Profit (loss) on operating activities	5,058	9,130
X. Financial revenues	772	7,051
1. Interest, including:	655	345
- from related parties	123	68
2. Gain on disposal of investments	-	6,284
3. Revaluation of investments	-	34
4. Other	117	388
XI. Finance costs	960	972
1. Interest	238	888
2. Revaluation of investments	-	-
3. Other	722	84
XII. Profit (loss) on business activities	4,870	15,209
XV. Gross profit (loss)	4,870	15,209
XVI. Income tax	-374	1,197
XIX. Net profit (loss)	**5,244**	**14,012**

Net profit (loss) (annualised)	33,695	41,119
Weighted average number of shares 1.04.2006 - 31.03.2007	7,518,770	7,498,742
Earnings (losses) per single share (PLN)	4.48	5.48
Diluted weighted average number of shares 1.04.2006 - 31.03.2007	8,005,486	7,498,742
Diluted earnings (losses) per single share (PLN)	4.21	5.48

All amounts are expressed in thousands of PLN unless otherwise indicated

III. Changes in Equity

(PLN thousands)	**Q1 2007**	**12 months ended 31 December 2006**	**Q1 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	-	564	564
a) increases (due to)	-	564	564
- share issue	-	564	-
- the conversion of convertible bonds	-	-	564
1.2 Closing balance of share capital	**7,519**	**7,519**	**7,519**
2.2 Due payments for share capital at the end of the period	-	-	-
3. Opening balance of supplementary capital	172,097	105,113	105,113
a) increases (due to)	-	66,984	37,896
- profit-sharing for the year 2005	-	29,088	-
- surplus due to the conversion on convertible bonds	-	37,896	37,896
3.1 Closing balance of supplementary capital	**172,097**	**172,097**	**143,008**
4. Opening balance of revaluation reserve	6	12	12
4.1 Changes in revaluation reserve	-	-6	12
a) increases (due to)	-	12	12
- correction of valuation due to the conversion of bonds	-	12	12
b) decreases (due to)	-	18	-
- valuation of shares at the balance sheet date	-	18	-
4.2 Closing balance of revaluation reserve	**6**	**6**	**24**
5. Opening balance of capital from merger	-7,334	-7,334	-7,334
5.1 Closing balance of capital from merger	**-7,334**	**-7,334**	**-7,334**
6. Opening balance of other reserve capitals	21,948	21,948	21,948
6.1 Closing balance of other reserve capitals	**21,948**	**21,948**	**21,948**
7. Opening balance of previous years' profit	44,455	31,080	1,991
a) changes to adopted accounting principles (policies)	-	-	-
7.1 Opening balance of previous years' profit after adjustments	44,455	31,080	1,991
a) increases (due to)	-	-	29,088
- transferring the result from the previous year to supplementary capital	-	-	29,088
b) decreases (due to)	-	29,088	-
- transferring the result from 2005 to capital	-	29,088	-
7.2 Closing balance of previous years' profit	**44,455**	**1,992**	**31,079**
8. Net result	**5,244**	**42,463**	**14,012**
b) net result for the year 2005	5,244	42,463	14,012
II. Closing balance of equity	**243,935**	**238,691**	**210,256**
III. Equity including proposed profit-sharing (loss coverage)	243,935	238,691	210,256

All amounts are expressed in thousands of PLN unless otherwise indicated

IV. Cash Flow Statement

For the period 01.01– 31.03.2007 and 01.01-31.03.2006 (PLN thousands)	3 months ended 31 March 2007	3 months ended 31 March 2006
A. Cash flows from operating activities		
I. Net profit (loss)	5,244	14,012
II. Total adjustments	5,866	-30,632
1. Depreciation	3,516	2,715
2. Exchange gains (losses)	336	-56
3. Interest and profit sharing (dividends)	753	-
4. (Profit) loss on investing activities	-59	-6,331
5. Change in provisions	-374	1,197
6. Change in inventories	-3,453	2,010
7. Change in receivables	37,290	7,354
8. Change in current liabilities, excluding credits and loans	-17,490	-28,901
9. Change in prepayments and accruals	-15,238	-8,620
10. Other adjustments	585	-
III. Net cash used in operating activities (I+/-II) – indirect method	**11,110**	**-16,619**
B. Cash flows from investing activities		
I. Inflows	128	9,886
1. Disposal of property, plant and equipment and intangible assets	128	86
2. From financial assets, including:	-	9,800
a) in related parties	-	9,800
- repayment of granted non-current loans	-	9,800
- sale of Interia shares	-	-
b) in other entities	-	-
- sales of financial assets	-11,049	-6,881
II. Outflows	-8,264	-3,847
1. Purchase of property, plant and equipment and intangible assets	-2,785	-3,034
2. For financial assets, including:	-785	-
a) in related parties	-	-
- purchase of shares in subsidiaries	-200	-
- non-current loans granted	-585	
b) in other entities	-2,000	-3,034
- purchase of financial assets	-2,000	-3,034
III. Net cash used in investing activities (I-II)	**-10,921**	**3,005**
C. Cash flows from financing activities		
I. Inflows	1	-
1. Inflows from share issue	-	-
2. Loans and credits	1	-
3. Other inflows from financing activities	-	-
II. Outflows	-1,345	-775
1. Repayment of loans and credits	-500	-775
2. Redemption of bonds	-	-
3. Interest	-754	-
4. Other financial liabilities	-91	-
III. Net cash (used in)/generated from financing activities (I-II)	**-1,344**	**-775**
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	**-1,155**	**-14,389**
E. Balance sheet change in cash and cash equivalents, including:	-1,490	-14,333
- change in cash and cash equivalents due to exchange differences	-335	56
F. Cash and cash equivalents opening balance	49,905	41,140
H. Closing balance of cash and cash equivalents (F+/- E), including:	48,415	26,807
- limited disposal	-	-

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).
A complete description of the adopted accounting principles was presented in the last annual financial statement, i.e. for the period from 1 January 2006 until 31 December 2006. If this financial statement for the 3 months ended 31 March 2007 was prepared according to IFRS, the financial results would amount to 9.45 million PLN.

2. Selected Valuation Principles

Non-current financial assets
As at the balance sheet date, financial assets are classified as non-current in the financial statement if the period of their further owning exceeds 12 months from the balance sheet date.
Shares are recognised at the acquisition or originate date according to acquisition price, and at the balance sheet date according to acquisition price less write-offs due to permanent loss in value. When permanent loss in value appear, the revaluation of write-offs is carried out no later than at the balance sheet date.
Loans are 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 0.004 million PLN that revaluated inventories and was performed in 2006 as inventories. The reversed amount was classified in the other operating revenues item. In the first quarter of 2007, ComArch S.A. performed no write-offs that revaluated goods and materials. No hedges were made on inventories owned by the company.

Due to the fact that the company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In the first quarter of 2007, an asset due to temporary differences in income tax, worth 0.575 million PLN, was recognised. Provisions for deferred income tax in the amount of 0.033 million PLN was dissolved in part and a tax asset worth 0.228 million PLN recognised at 31 December 2006 was dissolved in part. The effect of reversing this asset on the result of 2007 was plus 0.31 million PLN.

4. Selected Notes to the Summary Financial Statement

4.1. NON-CURRENT FINANCIAL ASSETS	**31 March 2007**	**30 December 2006**	**31 March 2006**
a) in subsidiaries and correlated parties	17 803	24 987	23 130
- interest or shares	17 803	17 803	16 865
- loans granted	-	6 249	5 616
- other non-current financial assets	-	935	649
b) in associates	11 260	11 260	11 758
- interest or shares	11 260	11 260	11 758
c) in other entities	85	3	92
- loans granted	85	3	92
Non-current financial assets, TOTAL	**29 148**	**36 250**	**34 980**

All amounts are expressed in thousands of PLN unless otherwise indicated

4.2. CHANGES IN NON-CURRENT FINANCIAL ASSETS (TYPES)	3 months ended 31 March 2007	3 months ended 31 March 2006
a) Opening balance	36,250	38,428
- interests or shares	29,063	32,123
- loans	7,187	6,305
b) increases (due to)	-	52
- purchases of shares in subsidiaries	-	-
- purchases of shares in associates	-	-
- reclassification to non-current loans to subsidiaries	-	-
- loans granted to other entities	-	-
- loans granted to subsidiaries	-	-
- interest due to non-current loans	-	31
- balance sheet valuation of non-current loans	-	21
c) decreases (due to)	7,102	3,500
- decrease in shares due to merger	-	-
- disposing of shares of associates	-	3,500
- revaluation of shares in foreign currencies	-	-
- repayment of subsidiary loans	-	-
- repayment of other entities loans	(51)	-
- reclassification to current financial assets	(7,051)	-
d) Closing balance	**29,148**	**34,980**

4.3. CURRENT FINANCIAL ASSETS	31 March 2007	31 December 2006	31 March 2006
a) in subsidiaries and correlated parties	7,715	1,250	1,456
- loans granted	7,715	1,250	1,456
c) in other entities	2,191	346	3,228
- other securities (types)	2,020	-	3,034
- shares in funds	2,020	-	3,034
- treasury bills	-	-	-
- loans granted	20	179	194
- other current financial assets (types)	151	167	-
- assets due to the valuation of forward contracts	151	167	-
g) cash and cash equivalents	49,473	49,929	26,848
- cash in hand and at banks	48,415	49,905	26,808
- other cash	-	-	-
- other monetary assets	1,058	24	40
TOTAL current financial assets	**59,379**	**51,525**	**31,532**