POLISH SECURITIES AND EXCHANGE COMMISSION

Consolidated Quarterly Report QSr 2 / 2006

quarter / year

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

for 2 quarter of financial year 2006	from 2006-01-01 to 2006-06-30
including consolidated financial statement according to	International Financial Reporting Standards (IFRS)
in currency	PLN
and summary of financial statement according to	Act on Accounting (Journal of Laws 02.76.694)
in currency	PLN
date of publication	2006-08-14

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-Q2 2006	Q1-Q2 2005	Q1-Q2 2006	Q1-Q2 2005
data related to the consolidated financial statement				
I. Net revenues from sales	186,824	176,932	47,901	43,360
II. Operating profit (loss)	19,233	5,222	4,931	1,280
III. Profit before income tax	27,138	3,853	6,958	944
IV. Net profit attributable to shareholders	23,142	9,686	5,933	2,374
V. Cash flows from operating activities	-30,995	-8,812	-7,947	-2,160
VI. Cash flows from investing activities	-2,720	-22,925	-697	-5,618
VII. Cash flows from financing activities	-3,144	-11,076	-806	-2,714
VIII. Total net cash flows	-36,859	-20,661	-9,450	-5,063
IX. Equity attributable to shareholders	210,769	127,221	52,127	31,490
X. Number of shares	7,518,770	6,955,095	7,518,770	6,955,095
XI. Earnings per single share (PLN/EURO)	3.08	1.41	0.79	0.35
data related to the financial statement				
XII. Net revenues from sales of products, goods and materials	175,024	165,325	44,875	40,516
XIII. Profit (loss) on operating activities	20,349	7,482	5,217	1,834
XIV. Gross profit (loss)	26,022	6,286	6,672	1,540
XV. Net profit (loss)	24,825	6,286	6,365	1,540
XVI. Cash flows from operating activities	-28,470	-6,611	-7,300	-1,620
XVII. Cash flows from investing activities	-2,202	-22,012	-565	-5,394
XVIII. Cash flows from financing activities	-3,144	11,076	-806	2,714
XIX. Total net cash flow	-33,816	-17,547	-8,670	-4,300
XX. Equity	221,066	134,977	54,673	33,409
XXI. Number of shares	7,518,770	6,955,095	7,518,770	6955095
XXII. Earnings (losses) per single share (PLN/EURO)	6.35	1.66	1.63	0.41

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 01.01.2006 to 30.06.2006 – 3.9002; - arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2006 to 30.06.2006 – 4.0805; The balance sheet items were presented based on NBP average exchange rates as of the end of the period: - 30.06.2006: 4.0434; - 30.06.2005: 4.0401.

This report should be presented to the Polish Securities and Exchange Commission, the Warsaw Stock Exchange and press agency pursuant to the law.

REPORT INCLUDES:

File	Description
QSr_2_2006.pdf	Consolidated financial statement QSr_2/2006

SIGNATURES			
Date	Name and surname	Position	Signature
2006-08-14	Rafał Chwast	Vice-president of the Management Board	
2006-08-14	Paweł Prokop	Vice-president of the Management Board	

ComArch Capital Group
Consolidated Financial Statement

for the period from 1 January 2006 to 30 June 2006

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 30 June 2006	At 31 December 2005
ASSETS			
Non-current assets			
Property, plant and equipment		101,807	90,848
Goodwill		3,284	3,284
Intangible assets		35,054	35,024
Non-current repayments		8,083	6,885
Investments in associates	3.2	8,424	9,444
Other investments		43	121
Deferred income tax assets	3.13	3,835	7,272
Other receivables		57	138
		160,587	**153,016**
Current assets			
Inventories	3.3	21,690	26,115
Trade and other receivables	3.6	102,529	93,003
Current income tax receivables		-	-
Long-term contracts receivables	3.9	37,410	25,521
Available-for-sale financial assets	3.4	42	-
Other financial assets at fair value – derivative financial instruments	3.5	-	225
Cash and cash equivalents		12,574	48,967
		174,245	**193,831**
TOTAL ASSETS		**334,832**	**346,847**
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.7	7,519	6,955
Other capitals		197,394	128,731
Exchange differences		(165)	(663)
Net profit for the current period		23,142	28,052
Retained earnings		(17,121)	(16,056)
		210,769	**147,019**
Minority interest		14,622	14,353
Total equity		**225,391**	**161,372**
LIABILITIES			
Non-current liabilities			
Credit and loans	3.10	18,312	17,300
Deferred income tax liabilities		5,688	5,649
Convertible bonds liabilities	3.11	-	39,849
Provisions for other liabilities and charges		24	38
		24,024	**62,836**
Current liabilities			
Trade and other payables	3.8	69,218	99,991
Current income tax liabilities		106	1,488
Long-term contracts liabilities		10,768	14,335
Convertible bonds liabilities	3.11	-	1,097
Credit and loans	3.10	2,339	2,880
Financial liabilities		415	-
Provisions for other liabilities and charges		2,571	2,848
		85,417	**122,639**
Total liabilities		**109,441**	**185,475**
TOTAL EQUITY AND LIABILITIES		**334,832**	**346,847**

All amounts are expressed in thousands of PLN unless otherwise indicated

II. Consolidated Income Statement

	Note	Q 2 2006	6 months ended 30 June 2006	Q 2 2005	6 months ended 30 June 2005
Revenue		**90,370**	**186,824**	**102,911**	**176,932**
Cost of sales		(66,904)	(133,822)	(83,339)	(142,487)*
Gross profit		**23,466**	**53,002**	**19,572**	**34,445**
Other operating income		18	304	506	573
Sales and marketing costs		(8,286)	(17,926)	(8,232)	(15,524)*
Administrative expenses		(7,356)	(14,542)	(6,649)	(12,349)*
Other operating expenses		1,865	(1,605)	(1,506)	(1,923)
Operating profit		**9,707**	**19,233**	**3,691**	**5,222**
Finance costs-net		(504)	6,414	(1,422)	(1,998)
Share of profit/(loss) of associates		973	1,491	500	629
Profit before income tax		**10,176**	**27,138**	**2,769**	**3,853**
Income tax expense		(2,368)	(3,727)	5,601	5,571
Net profit for the period		7,808	23,411	8,370	9,424
Attributable to:					
Equity holders of the company		**7,747**	**23,142**	**8,427**	**9,686**
Minority interest		61	269	(57)	(262)
		7,808	23,411	8,370	9,424
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)					
– basic	3.14	1,03	3,08	1,23	1,41
– diluted	3.14	1,03	3,08	1,23	1,41

*) In relation to presentation's adjustments, cost of sales, sales and marketing costs and administrative expenses for the first half-year of 2005 presented in this statement differ from those presented in previous statements

Adjusted positions as at 30 June 2005	It was presented	It should be presented	Adjustments
1/ Cost of sales	14,637	13,744	-893
2/ Administrative expenses	10,633	10,799	+160
3/ Manufacturing cost of products sold	64,055	64,788	+733

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 2005	6,852	118,650	(52)	(7,028)	14,013	132,435
Increase in capital	103	-	-	-	-	103
Capital from valuation of the managerial option	-	-	-	-	-	(361)
Increase (up to 100 %) in ComArch's shares in ComArch, Inc.	-	-	-	(629)	629	-
2004 profit-sharing	-	8,399	-	(8,399)	-	-
Currency translation differences (1)	-	-	(361)	-	-	-
Profit for the period (2)	-	-	-	9,686	(262)	9,424
Total income recognised in equity (1-2)	-	-	(361)	9,686	(262)	9,064
Balance at 30 June 2005	**6,955**	**127,049**	**(413)**	**(6,370)**	**14,380**	**141,601**
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	-	1,639	-	-	-	1,639
Correction of capital from revaluation of shares	-	12	-	-	-	12
Currency translation differences (1)	-	-	498	-	-	498
Profit for the period (2)	-	-	-	23,142	269	23,411
Total income recognised in equity (1-2)	-	-	498	23,142	269	23,909
Balance at 30 June 2006	**7,519**	**197,394**	**(165)**	**6,021**	**14,622**	**225,391**

All amounts are expressed in thousands of PLN unless otherwise indicated

IV. Consolidated Cash Flow Statement

	6 months ended 30 June 2006	6 months ended 30 June 2005
Cash flows from operating activities		
Net profit	23,412	9,424
Total adjustments	(54,119)	(18,236)
Share in net (gains) losses of related parties valued using the equity method of accounting	(1,491)	(629)
Depreciation	6,175	5,243
Exchange gains (losses)	(203)	(211)
Interest and profit-sharing (dividends)	1,130	1,317
(Profit) loss on investing activities	(7,271)	(42)
Change in inventories	4,359	1,128
Change in receivables	(35,780)	(37,429)
Change in liabilities and provisions excluding credits and loans	(21,038)	12,387
Net profit less total adjustments	(30,707)	(8,812)
Income tax paid	(288)	-
Net cash used in operating activities	**(30,995)**	**(8,812)**
Cash flows from investing activities		
Acquisition of associates	-	(4,256)
Proceeds from sale of associates	9,800	-
Purchases of property, plant and equipment	(11,974)	(19,124)
Proceeds from sale of property, plant and equipment	104	227
Purchases of intangible assets	(691)	(1,797)
Purchases of available-for-sale financial assets	(2,959)	(505)
Proceeds from sales of available-for-sale financial assets	3,000	2,530
Net cash used in investing activities	**(2,720)**	**(22,925)**
Cash flows from financing activities		
Proceeds from credits and loans	2,070	12,852
Repayments of credits and loans	(1,286)	(459)
Bond interest	(454)	(1,317)
Bank interest	(544)	-
Redemption of bonds	(2,930)	-
Other expenses	-	-
Net cash (used in)/generated from financing activities	**(3,144)**	**(11,076)**
Net change in cash, cash equivalents and bank overdrafts	**(36,859)**	**(20,661)**
Cash, cash equivalents and bank overdrafts at beginning of the period	48,968	28,745
Positive (negative) exchange differences in cash and bank overdrafts	465	484
Cash, cash equivalents and bank overdrafts at end of the period	**12,574**	**8,568**

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 72.20. The registration court for ComArch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. ComArch S.A. holds the dominant share in the Group regarding realised revenues, value of assets and number and volume of executed contracts. ComArch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the dominant unit is not limited.
On 30 June 2006, 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 Global, 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 %),
- ComArch 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 associates are:
- INTERIA.PL S.A. with its registered seat in Krakow (36.08 %),
- NetBrokers Sp. z o.o. with its registered seat in Krakow (40.00 %).

The structure of activities of the ComArch Group is as follows: the dominant entity acquires the majority of contracts and in large part executes them. ComArch Inc., ComArch Software AG, ComArch Middle East FZ-LCC, ComArch Sp. z o.o. (Ukraine), ComArch Panama, Inc., OOO ComArch, UAB ComArch acquire contracts in foreign markets and execute them in their entirety or in part. ComArch s.r.o. produces software on order for the ComArch Group. ComArch 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 associates is as follows: Interia.pl is a web portal that provides information, communication and search services to web communities. NetBrokers Sp. z o.o. operates in the e-commerce sector, offering its customers a virtual commodities market and an information platform functioning on the internet.

2. Description of the Applied Accounting Policies

This consolidated financial statement for the 6 months ended 30 June 2006 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 6 months ended 30 June 2006 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 %
ComArch 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 Repayments

Non-current repayments 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 is 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.'

Subsidies
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 was established on the basis of a calculation of value in use. These calculations require the company to use estimations related to projections of cash flows in the IT segment in the next fiscal year and anticipated IT market developments in Poland in the next several years. Due to the large amount of business fluctuation in the IT industry (in which the company is active) it is possible that the actual results and tax-exempt income may differ from the company's anticipations.

2.4 Interim Measurement Note

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

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

2.5 New Standards and IFRIC Interpretations

In the opinion of Group Management certain new accounting standards that are mandatory for accounting periods beginning on or after 1 January 2006, will not have any significant impact on the financial statement and financial situation of the Group.

The interpretation of IFRIC 4 (eng. – „Determining whether an Arrangement Contains a Lease") is applied to annual periods beginning from 2006. It is not expected to have any impact on the Group's financial statement nor its financial situation.

The interpretation of IFRIC 5 „Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds" will not have any impact on the Group's financial statement.

The interpretation of IFRIC 6 „Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment" will not have any impact on the Group's financial statement.

The interpretation of IFRIC 7 „Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies" will not have any impact on the Group's financial statement.

The interpretations of IFRIC 8, Scope of IFRS 2, "Share-based Payment" will not have any impact on the financial statement and financial situation of the Group.

The Group will proceed according the interpretation of IFRIC 9 „Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006).

IFRS 6 „Exploration for and Evaluation of Mineral Resources"- the Group doesn't have any assets related to exploration for and evaluation of mineral resources. Other rules of this standard will not have any impact on the Group's financial statement.

IFRS 7 "Financial instruments: Disclosure" and changes to IAS 1 "Presentation of financial statements" (capital disclosure) are obligatory in annual periods beginning on 1 January 2007 or after this date. The Group shall proceed according to the new requirements relating to disclosure of this information.

Changes to IAS 1 „Presentation of financial statements" (capital disclosure) refer to annual periods beginning on January 2007. The Group shall proceed according to the new requirements relating to disclosure of this information.

The changes to IAS 19 "Employee benefits" will not have any impact on the Group's financial statement.

The Group has decided not to valuate its assets and financial liabilities in the fair value according to changes to IAS 39 "Financial instruments, recognition and measurement" (the fair value option).

Changes to IAS 39 "Financial instruments, recognition and measurement" (hedging accountancy-hedging of the forecasted cash flows from intragroup transactions) will be applied to the periods beginning on 1 January 2007. There is no expected effect of this interpretation on presently applied accounting rules in relation to any of the Group's previously concluded contracts.

Changes to IAS 39 "Financial instruments, disclosure and valuation" and IFRS 4 „Insurance contracts" (financial guarantee contracts) relate to agreements on financial guarantees and require that parties providing financial guarantees disclose the relevant liabilities resulting from such contracts at balance sheet date. The rules of this standard will not have any impact on the Group's financial statement.

All amounts are expressed in thousands of PLN unless otherwise indicated

3. Notes to the Consolidated Financial Statement

3.1 Segment Information for the 6 Months Ended 30 June 2006

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.

6 months ended 30 June 2005

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients	173,950	4,019	-	177,969
Including:				
Revenues from sales	*172,913*	*4,019*		*176,932*
Other revenues /operational and financial/	1,037	-	-	1,037
Revenues per segment - sales to other segments	-	2,763	(2,763)	-
Revenues per segment - total*	173,950	6,782	(2,763)	177,969
Costs per segment relating to sales to external clients	170,379	4,364	-	174,743
Costs per segment relating to sales to other segments	-	2,763	(2,763)	-
Costs per segment - total*	170,379	7,127	(2,763)	174,743
Assets for the tax due to investment allowances and other tax relief	5,569	-	-	5,569
Share of segment in the result of parties valuated using the equity method of accounting	629	-	-	629
Net result	9,769	(345)	-	9,424
including:				
result attributable to shareholders of the dominant unit	*9,854*	*(168)*	-	*9,686*
result attributable to minority interest	*(85)*	*(177)*	-	*(262)*

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

6 months ended 30 June 2006

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

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

Sales between specific segments are calculated based on market conditions.

All amounts are expressed in thousands of PLN unless otherwise indicated

Share of business segments in assets and liabilities and investment expenditures

The following table presents the assets and liabilities of particular segments as well as investment expenditures and depreciation as at 30 June 2005 and as at 30 June 2006:

6 months ended 30 June 2005

	IT Segment	Sport Segment	Total
Assets	266,387	37,144	303,531
Associates	8,954	-	8,954
Total assets	**275,341**	**37,144**	**312,485**

	IT Segment	Sport Segment	Total
Liabilities	162,091	8,793	170,884
Investment expenditures	31,011	828	31,839
Depreciation	4,996	247	5,243

6 months ended 30 June 2006

	IT Segment	Sport Segment	Total
Assets	292,025	34,383	326,408
Associates	8,361	63	8,424
Total assets	**300,386**	**34,446**	**334,832**

	IT Segment	Sport Segment	Total
Liabilities	100,473	8,968	109,441
Investment expenditures	15,279	346	15,625
Depreciation	5,770	405	6,175

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

Revenues from basic sales by market location

	6 months ended 30 June 2006	6 months ended 30 June 2005
Poland	144,514	147,078
Europe	28,396	18,603
The Americas	12,735	7,114
Others	1,179	4,137
TOTAL	**186,824**	**176,932**

Assets – activities location

	30 June 2006	30 June 2005
Poland	303,369	291,359
Europe	7,475	7,634
The Americas	11,070	2,832
Others	4,494	1,706
Associates	8,424	8,954
TOTAL	**334,832**	**312,485**

Investments expenditures - activities location

	6 months ended 30 June 2006	6 months ended 30 June 2005	2005
Poland	13,828	31,505	40,786
Europe	1,420	107	310
The Americas	301	156	375
Others	76	71	7
TOTAL	**15,625**	**31,839**	**41,478**

All amounts are expressed in thousands of PLN unless otherwise indicated

3.2 Investment in Associates

Investment in associates refers to share in Interia.pl S.A and NetBrokers Sp. z o.o. valuated using the equity method of accounting.

At 1 January 2005	**4,075**
Increase in net assets due to the acquisition of INTERIA.PL S.A. shares	1,928
Share in profit for the first half-year of 2005	629
Other equity changes – determination of goodwill due to coming into the possession new INTERIA.PL S.A. shares	2,322
At 30 June 2005	8,954
Share in profit for the second half year of 2005	490
At 31 December 2005	9,444
At 1 January 2006	**9,444**
Share in profit for the first half-year of 2006	1,491
Other changes related to disposing of INTERIA.PL S.A. shares	(2,574)
At 30 June 2006	**8,361**
including:	
INTERIA.PL S.A.	6,510
NetBrokers Sp. z o.o.	1,851

	Country of incorporation	**Assets**	**Liabilities**	**% shares held**
At 31 December 2005				
INTERIA.PL S.A.	Poland	19,095	5,754	41.05
NetBrokers Sp. z o.o.	Poland	4,851	1,371	40.00
		23,946	**7,125**	
At 30 June 2006				
INTERIA.PL S.A.	Poland	23,443	6,536	36.08
NetBrokers Sp. Z o.o.	Poland	5,861	1,870	40.00
		29,304	8,406	

	Country of incorporation	**Revenues**	**Profit /(Loss)**	**% shares held**
6 months 2005				
INTERIA.PL S.A.	Poland	17,910	1,193	41.05
NetBrokers Sp. z o.o.	Poland	17,790	348	40.00
		35,700	1,541	
6 months 2006				
INTERIA.PL S.A.	Poland	25,676	3,566	36.08
NetBrokers Sp. z o.o.	Poland	18,189	510	40.00
		43,865	4,076	

As at 30 June 2006 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 is 89.9 million PLN. On 30 June 2006, the closing price of INTERIA.PL shares was 38.8 PLN. On this day, the value of INTERIA.PL S.A. shares held by ComArch S.A. was 98.49 million PLN.
On 19 January 2006, as a result of disposal of 350,000 INTERIA.PL shares by ComArch S.A., 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

	30 June 2006	**31 December 2005**
Raw materials	1,411	777
Work in progress	13,087	13,121
Finished goods	7,139	11,787
Advance due to finished goods	53	430
	21,690	**26,115**

All amounts are expressed in thousands of PLN unless otherwise indicated

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to 105.51 million PLN (6 months ended 30 June 2006) and 116.75 million PLN (6 months ended 30 June 2005) and 311.59 million PLN (2005).
The Group reversed a write-off worth 0.046 million PLN that revaluated inventories and was performed in 2005. The write-off was classified as an item in 'Other operating costs'. In the second quarter there were no reasons to perform write-offs revaluating the value of finished goods. No hedging was performed in inventories owned by the company.
On the basis of the current trend in reference to the settlement of production in progress, the Group estimates that after 12 months from the balance sheet date approximately 4.5 million PLN shall remain unsettled. Other inventories will be settled in their entirety within 12 months.

3.4 Available-For-Sale Financial Assets

	30 June 2006	31 December 2005
At the beginning of the year	**-**	**2,000**
additions- first half	3,000	500
disposal- first half	(2,958)	(2,489)
At 30 June	**42**	**11**
additions-second half	-	1,007
disposal-second half	-	(1,018)
At 31 December 2005	**-**	**-**
Current portion	-	-

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:

	30 June 2006	31 December 2005
Shares in trust funds	42	-
	42	-

3.5 Derivative Financial Instruments

	30 June 2006		31 December 2005	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts– held-for-trading	-	437	227	2
Currency options – held-for-trading	22		-	-
TOTAL	22	437	227	2
Current portion	22	437	227	2

Derivative financial instruments are classified in the financial statement as a liability of 415,000 PLN. Profits and losses due to the valuation of forward contracts and currency options as at 30 June 2006 are recognised in income statements. They will be exercised within the period of 8 months from balance sheet date.
The Group uses forward contracts and currency options to reduce the effect of changes in cash flows on financial result, where cash flows are related to planned transactions and changes are the result of foreign exchange risk. As at 30 June 2006, the above-mentioned instruments were valuated at fair value according to the estimations method of valuation of financial instruments, that are generally recognised as correct methods and changes in valuation were referred into the results of financial operations. As at 30 June 2006, the total value of forward contracts was 2,890,000 EURO and the total value of current options was US 570,000.

3.6 Trade and Other Receivables

	30 June 2006	31 December 2005
Trade receivables	94,792	88,906
Less provision for impairment of receivables	(3,567)	(2,795)
Trade receivables - net	91,225	86,111
Other receivables	2,997	3,080
Short-term repayments	4,623	2,704
Repayments of revenues	3,406	759
Loans	252	322
Receivables from related parties	26	27
	102,529	**93,003**
Current portion	*102,529*	*93,003*

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 loss of 3.57 million PLN for the impairment of its trade receivables during the nine months ended 30 June 2006 (2.8 million PLN during 12 months 2005).

All amounts are expressed in thousands of PLN unless otherwise indicated

This write-off was recognised in the other operating costs in the income statement.

3.7 Share Capital

	Number of shares	Ordinary shares	Own shares	TOTAL
At 1 January 2005	6,852,387	6,852,387	-	6,852,387
Series G3 share issue	102,708	102,708	-	102,708
At 30 June 2005	6,955,095	6,955,095	-	6,955,095
A 31 December 2005	6,955,095	6,955,095	-	6,955,095
Registration of series H shares in the National Depository for Securities	563,675	563,675	-	563,675
At 30 June 2006	**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.

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 3,239,393 shares (43.08 % of the company's share capital), which gave them 10,195,393 votes at the AGM and constituted 69.89 % 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 (23.53 % of company's share capital), which gave 1,769,070 votes at AGM and constituted 12.13 % of the total number of votes at the AGM.

3.7.2 Changes in Share Capital in Q2 2006

A) Conversion of Convertible Bonds into Series H Ordinary Bearer Shares and Anticipated Redemption of Bonds

Beginning from 4 April 2006, The Management Board of the Warsaw Stock Exchange suspended trade of ComArch S.A. series A bonds and beginning from 6 April 2006, excluded them from trading. The company announced details in current report no. 20/2006.
On 6 April 2006, company made redemption of 293 series A bonds convertible to ComArch S.A. shares. This anticipated redemption was made according to pt. 8.3 of the Conditions of Bond Issue. The company announced details in current report no. 22/2006.

The Management Board of the National Depository for Securities decided to assimilate 20,650 series H company's shares (marked with the code PLCOMAR00095) with 5,730,920 company's shares (marked with the code PLCOMAR00012) on 26 April 2006. In consequence, the Management Board of Warsaw Stock Exchange introduced to trading the above mentioned company's shares beginning from 26 April 2006. The company announced details in current reports no. 25/2006 and 26/2006.

B) Introduction of Series G3 Ordinary Bearer Shares to Trading

The Management Board of the National Depository for Securities decided to assimilate 102,708 series G3 shares of ComArch S.A. (marked with the code PLCOMAR00103) with 5,628,212 company's shares (marked with the code PLCOMAR00012) on 12 April 2006. In consequence, the Management Board of Warsaw Stock Exchange introduced to trading the above mentioned company's shares beginning from 12 April 2006. The company announced details in current reports no. 21/2006 and 24/2006.

C) Transformation of ComArch S.A.'s ComArch Services Sp. z o. o. (Ltd) into ComArch Services S.A. (Plc)

ComArch S.A. received notice by Court for Kraków-Śródmieście, XI Economic Division of the National Court Register dated 28 April 2006 concerning transformation of ComArch Services Sp. z o. o. into ComArch Services S.A. ComArch Services S.A.'s share capital amounts to 1,050,000 PLN and is divided into 5,250 shares of the nominal value of 200 PLN each, giving 5,250 votes in total.

D) Registration of Increase in ComArch S.A.'s Share Capital

On 16 May Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered increase in ComArch S.A.'s share capital to the amount of 7,518,770 PLN. After this increase the company's share capital is divided into 7,518,770 shares, that constitutes 14,587,570 votes at the company's Annual General Meeting. The company announced details in current report no. 31/2006.

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 will be 9.2 % 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)

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

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

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

Initially, the determined total value of Options amounted to 6.20 million PLN including:
a) Option No. 1, i.e. the option due to increases in capitalisation in 2005: 0.04 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.
Total value of Option is 6.2 million PLN.

As at the date of the resolution on the option programme, 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: 78.26 %, i.e. 4.85 million PLN
b) The value of the option for Key Employees: 21.74 %, i.e. 1.35 million PLN

All amounts are expressed in thousands of PLN unless otherwise indicated

The value of the Option recognised in the income statement for the first two quarters of 2006 amounted to 1.64 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 1.64 million PLN in Q3-Q4 of 2006 and 1.24 million PLN in 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
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 will not be issued in 2006.

3.7.4 Changes in Shareholders' Structure after Previous Quarterly Financial Report Was Published, i.e. 15 May 2006

BZ WBK AIB Asset Management S.A., with its registered seat in Poznań, announced that as result of a share purchase completed on 2 August 2006, customers of BZ WBK AIB Asset Management S.A. have increased their participation in total number of votes at the ComArch S.A. AGM by over 2 %. BZ WBK holds over 10 % of the total number of votes at the ComArch S.A. AGM.
Prior this share increase, customers of BZ WBK AIB Asset Management S.A. held 1,762,231 of the company's shares, which amounted to 23.44 % of the company's share capital. This gave them 1,762,231 or 12.08 % of the total number of votes at the ComArch S.A. annual general meeting.
On 2 August 2006, there were 1,769,070 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. customers, which amounted to 23.53 % of the company's share capital. This gave them 1,769,070 or 12.13% of the total votes at the ComArch S.A. annual general meeting.
At the same time, BZ WBK AIB Asset Management S.A. announced that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna authorised BZ WBK AIB Asset Management S.A. to manage its investment portfolios of investment funds. This notice also takes into account ComArch S.A. shares that are held by its funds. The company gave details of these changes in current report no. 46/2006.

3.8 Trade and Other Payables

	30 June 2006	**31 December 2005**
Trade payables	26,011	64,909
Financial liabilities	415	-
Advances received due to services	4,342	1,839
Liabilities to related parties	129	42
Liabilities due to social insurance and other tax charges	8,991	2,138
Investments liabilities	5,402	736
Subsidies received	-	2,206
Provision for leave	6,751	5,406
Reserve on costs relating to the current period, to be incurred in the future	10,910	19,163
Other payables	4,843	2,472
Special funds (Social Services Fund and Residential Fund)	1,424	1,080
Total liabilities	**69,218**	**99,991**

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

3.9 Long-term Contracts

	6 months ended 30 June 2006	**6 months ended 30 June 2005**
Revenues due to long-term contracts recognised in the reporting period	59,205	45,070
a) revenues from completed contracts recognised in the reporting period	13,895	325
b) revenues from contracts not completed recognised in the reporting period	45,310	44,745

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 2005 and 30 June 2006 amounted to 15.46 million PLN.

All amounts are expressed in thousands of PLN unless otherwise indicated

3.10 Credits and loans

	30 June 2006	31 December 2005
Non-current		
Bank credits	17,924	17,000
Loans	388	300
	18,312	17,300
Current		
Bank overdraft	-	275
Loans	478	581
Bank credits	1,861	2,024
	2,339	2,880
Total credit and loans	**20,651**	**20,180**

Investments credits

ComArch S.A. credit lines:

a) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw in amount of 20 million PLN for the financing of the first construction stage of production and office buildings in the Special Economic Zone in Krakow. The crediting period may last a maximum of 10 years, i.e. until 2015. This credit has a variable interest rate. As at 30 June 2006 the value of the credit to be repaid amounted to 18 million PLN (as at 30 June 2005 it amounted to 20 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 26,823,970 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 31 March 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June of 2006, the value of drawn credit amounted to 1.9 million PLN.

c) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of the investment value up to a maximum of 30,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 28 September 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2006 there were no drawn credit.

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 decreasing 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.

The exposure of the Group bank credits to interest rate changes:

	Amount of bank credits at 30 June 2006	Capital to be repaid in the period				
		6 months or less	6-12 months	1-5 years	Over 5 years	TOTAL
At 30 June 2006						
Investments credits	19,931	1,000	1,007	8,463	9,461	19,931
Interest	-146	-146	-	-	-	-146
	19,785	854	1,007	8,463	9,461	19,785

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

	30 June 2006	31 December 2005
Between 1 and 2 years	2,442	2,300
Between 2 and 5 years	6,409	6,000
Over 5 years	9,461	9,000
	18,312	**17,300**

All amounts are expressed in thousands of PLN unless otherwise indicated

The effective interest rates at the balance sheet date:

	30 June 2006				31 December 2005			
	PLN	US$	€	Others	PLN	US$	€	Others
Bank credits	5,66 %	-	-	-	6,61 %	-	-	-
Loans	2,95 %	-	-	-	2,95 %	-	-	-

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

	30 June 2006	31 December 2005
In Polish currency	20,651	20,180
TOTAL	20,651	**20,180**

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

At variable interest:	30 June 2006	31 December 2005
– expiring within one year	10,000	10,000
TOTAL	**10,000**	**10,000**

3.11 Convertible Bonds

On 12 April 2002 ComArch S.A. issued 4,000 five-year convertible bonds. The conversion price was 57.10 PLN, and every bond could have been converted into 175 shares. The issue price was set at 100.3 % and the interest on the bonds amounted to 7.5 % annually.
In the first quarter of 2006 3,221 bonds were converted into shares. The total nominal value of bonds to be converted into shares amounted to 32,210 PLN. For series A convertible bonds, covered by submitted conversion statements, 563,675 series H ordinary bearer shares were issued. 293 series A convertible bonds were not converted into series H shares. Bonds, which were not submitted by conversion statements, were extinguished on 6 April 2006 by the company before their expiry date at a price calculated according to pt. 8.3.4 of the Terms and Conditions for Bond Issue and were then redeemed by the company.

	30 June 2006	31 December 2005
Non-current		
Convertible bonds	-	39,849
	-	39,849
Current		
Convertible bonds	-	1,097
Total convertible bonds	**-**	**40,946**

3.12 Contingent Liabilities

On 30 June 2006, 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 28.23 million PLN, whereas it was 35.72 million on 31 December 2005.
On 30 June2006 the value of ComArch S.A. suretyships for the debts of Interia.pl S.A. from lease agreements amounted to 0.16 million PLN (compared to 0.56 PLN on 31 December 2005).
The ComArch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is 0.46 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.
On 30 June 2006 the Group did not have any contractual liabilities for investment purchases or fees due to operational leasing agreements.

3.13 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 art. 6, sec. 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 art. 5 sec. 2 pt. 1 lit. b), pt. 2, pt. 3 of the act, the maximum amount of public aid for entities, which operate in a special economic zone on the basis of a permit issued before 1 January 2000, cannot exceed 75 % of the value of investments incurred in the period from the date of obtaining the permit until 31 December 2006, provided that in determining the maximum amount of public aid, the total amount of public aid obtained since 1 January 2001 is taken into consideration. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of ComArch S.A., the maximum value of public aid will not exceed 75 % of the value of investment expenditures, which the company has incurred/shall incur since obtaining the permit, i.e. 22 March 1999, until 31 December 2006.

The costs of investments and the amount of aid are subject to discounting pursuant to Par. 9 of the Regulation of the

All amounts are expressed in thousands of PLN unless otherwise indicated

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

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

Pursuant to IAS 12, unused tax relief as at 30 June 2006 constitutes a deferred income tax asset. The limit of the unused investment relief as at 30 June 2006, discounted as at the permit date, is 23.92 million PLN.

As at the end of 2005 the dominant unit recognised a deferred income tax asset due to activities in the SSE in the amount of 4.75 million PLN. The value of this asset was established according to estimates of the possible determination of income due to income tax on account tax-exempt activity. The dominant unit is not able to credibly prepare a budget plan for more than one year hence the recognition of the asset is based on the estimated tax result in 2006. In the first half-year of 2006, an asset was dissolved in part in relation to the tax yield from tax-exempt activity achieved during the first-half of 2006. The dissolution of the partial asset diminished the net result of the Group by 2.24 million PLN for Q2 2006.

Pursuant to the precautionary principle in 2006 the Group did not create an asset resulting from the tax loss of its subsidiaries, which amounted to 1.27 million PLN during the 6 months ended 30 June 2006.

3.14 Earnings Per Share

	6 months ended 30 June 2006	**6 months ended 30 June 2005**
Net profit for the period attributable to equity holders of the company	23,142	9,686
Weighted average number of shares in issue (thousands)	7,510	6,865
Basic earnings per share (PLN)	3.08	1.41

Basic earnings per share in the column ‘6 months ended 30 June 2006’ is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 30 June 2006 by the weighted average number of shares in issue between 1 January 2006 and 30 June 2006, where the number of days is the weight. Basic earnings per share in the column ‘6 months ended 30 June 2005’ is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2005 to 30 June 2005 by the weighted average number of shares in issue between 1 January 2005 and 30 June 2005, where the number of days is the weight.

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 data of preparation of this quarterly report

- Elżbieta and Janusz Filipiak held 3,239,393 shares (43.08 % of the company’s share capital), which gave them 10,195,393 votes at the AGM and constituted 69.89% of all votes at the AGM;
- Customers of BZ WBK AIB Asset Management S.A. held 1,769,070 shares (23.53 % of the company’s share capital), which gave them 1,769,070 votes at the AGM and constituted 12.13% of the total number of votes at the AGM.

All amounts are expressed in thousands of PLN unless otherwise indicated

b) Changes in holdings of ComArch S.A. shares by management and supervisors between 15 May 2006 and 14 August 2006

The following table presents the ownership of ComArch SA shares by management and supervisors as at the date on which the consolidated quarterly report for the first quarter of 2006 was published, i.e. 15 May 2006 and on 14 August 2006, pursuant to the information possessed by the company.

		As at 14 August 2006		**As at 15 May 2006**	
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	3,239,393	69.89 %	3,239,393	72.70 %
Tomasz Maciantowicz	Vice-President of the Management Board	92,131	0.63 %	92,131	0.66 %
Paweł Prokop	Vice-President of the Management Board	24,440	0.43 %	24,440	0.44 %
Paweł Przewięźlikowski	Vice-President of the Management Board	24,440	0.43 %	24,440	0.44 %
Rafał Chwast	Vice-President of the Management Board	6,566	0.05 %	6,566	0.05 %
Zbigniew Rymarczyk	Vice-President of the Management Board	370	0.00 %	370	0.00 %
Number of shares issued		**7,518,770**	**7,518,770**	**100 %**	**6,955,095**

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

None present.

4.3 Events After the Balance Sheet Date

BZ WBK AIB Asset Management S.A., with its registered seat in Poznań, announced that as result of a share purchase completed on 2 August 2006, customers of BZ WBK AIB Asset Management S.A. have increased their participation in total number of votes at the ComArch S.A. AGM by over 2 %. BZ WBK holds over 10 % of the total number of votes at the ComArch S.A. AGM.
Prior this share increase, customers of BZ WBK AIB Asset Management S.A. held 1,762,231 of the company's shares, which amounted to 23.44 % of the company's share capital. This gave them 1,762,231 or 12.08 % of the total number of votes at the ComArch S.A. annual general meeting.
On 2 August 2006, there were 1,769,070 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. customers, which amounted to 23.53 % of the company's share capital. This gave them 1,769,070 or 12.13% of the total votes at the ComArch S.A. annual general meeting.
At the same time, BZ WBK AIB Asset Management S.A. announced that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna authorised BZ WBK AIB Asset Management S.A. to manage its investment portfolios of investment funds. This notice also takes into account ComArch S.A. shares that are held by its funds. The company gave details of these changes in current report no. 46/2006.

4.4 Significant Legal, Arbitration or Administrative Proceedings

In the second quarter of 2006 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 457,000 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 second quarter of 2006.

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 second quarter of 2006, ComArch S.A. and its subsidiaries did not provide any suretyships nor bank guarantees referred to in § 91 sec. 6. pt. 9) of the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies listed on the stock exchange.

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

None present.

All amounts are expressed in thousands of PLN unless otherwise indicated

5. Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the ComArch Group in the Second Quarter of 2006 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter.

ComArch achieved very good financial results in the second quarter of 2006. Revenues from sales were 90.37 million PLN, operating profit was 9.71 million PLN and net profit was 7.75 million PLN. Both the EBIT margin and the net profit margin reached exceptional level of 10.7 % and 8.6 % respectively. Revenues from sales in the second quarter of 2006 were nominally lower than those in the same period of the previous year but it results from higher amount of hardware sale in the second quarter of the previous year (30.22 million PLN in the second quarter 2005 compared to 13.22 million in the second quarter 2006).

A detailed analysis of the Group's results, i.e. after eliminating one-off events (the effects of the recognition and settlement of the deferred tax asset arising from an investment tax benefit, the costs of the managerial option programme), presents a very significant improvement of the Group's financial results. After the elimination of one-off events, operating profit amounted to 10.53 million PLN in the second quarter of 2006 compared to 3.69 million PLN in the second quarter of 2005; at the same time net profit amounted to 10.81 million PLN in the second quarter of 2006 compared to 2.69 million PLN in the second quarter of 2005. The adjusted EBIT margin was 12 % in the second quarter of 2006 compared to 4 % last year. The adjusted net margin increased from 3 % in the second quarter of 2005 to 12 % in presented period.

The table below presents selected financial data for the second quarter of 2006 and the second quarter of 2005 in nominal value (calculated according to IFRS) and in adjusted value (after the elimination of one-off events):

Grupa Comarch	Q2 2006	Q2 2005
Revenues from sales	90,370	102,911
Depreciation	3,103	2,576
Earnings impact of the costs of the managerial option	-820	0
Earnings impact of the deferred income tax asset	-2,239	5,740
Nominal EBIT (according to IFRS)	9,707	3,691
Adjusted EBIT	10,527	3,691
Nominal net profit per company shareholders (according to IFRS)	7,747	8,427
Adjusted net profit per company shareholders	10,806	2,687
Nominal EBIT margin	10.7%	3.6%
Adjusted EBIT margin	11.6%	3.6%
Nominal net margin	8.6%	8.2%
Adjusted net margin	12.0%	2.6%
Nominal EBITDA (EBIT + depreciation)	12,810	6,267
Adjusted EBITDA (EBIT + depreciation)	13,630	6,267
Nominal EBITDA margin	14.2%	6.1%
Adjusted EBITDA margin	15.1%	6.1%

These financial results confirm the effectiveness of the Group's strategy – a strategy that is based on:
a) the sale of IT solutions, most of which are developed in-house;
b) the sale of an increasing number of products on international markets;
c) the stable improvement of operational performance through the ongoing improvement of procedures and cost 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.

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 64.60 PLN on 1 January 2006 to 130 PLN on 30 June

All amounts are expressed in thousands of PLN unless otherwise indicated

2006. In view of such a significant increase in the share price, most of holders of convertible bonds issued in 2002 decided to convert them into shares in the first quarter of 2006. In the second quarter of 2006, before the expiry date the company redeemed those bonds that had not been converted into shares. As a consequence ComArch's long-term debt decreased significantly: from 62.84 million PLN as at 31 December 2005 to 24.02 million PLN as at 30 June 2006. The debt/equity ratio decreased from 38.9 % to 10.6 %. In the first half-year of 2006, earnings per share amounted to 3.08 PLN compared to 1.41 PLN the previous year.

At the end of July, the backlog for the current year was at a level of 386 million PLN and was up by over 30 % from the same period the previous year. This data confirms the capability of the ComArch Group for dynamic growth in the periods to come and also confirms the effectiveness of the Group's strategy and its focus on foreign markets

ComArch Group			
	As at 31 July 2006	**As at 31 July 2005**	**change**
Revenues contracted on the current year	386,072	294,524	31.1 %
including export contracts	*78,880*	*61,555*	*28.1 %*
% of export contracts	*20.4 %*	*20.9 %*	

The revenues structure shows that the sales of the ComArch Group's are 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 several years, the shares of particular sectors and types of sales has remained at relatively the same level. Possible fluctuations are related to periodical increases in hardware sales within the framework of the public sector.

ComArch Group				
	Q1-Q2 2006	%	Q1-Q2 2005	%
Services	88,317	47.3 %	73,164	41.4 %
Software	58,200	31.1 %	48,046	27.2 %
Hardware	37,317	20.0 %	50,709	28.7 %
Others	2,990	1.6 %	5,013	2.7 %
TOTAL	**186,824**	**100 %**	**176,932**	**100 %**
	Q1-Q2 2006	%	Q1-Q2 2005	%
Telecommunications	36,760	19.7 %	38,671	21.9 %
Finance and Banking	40,622	21.7 %	34,545	19.5 %
Trade and services	59,969	32.1 %	59,243	33.5 %
Industry & Utilities	19,582	10.5 %	10,167	5.7 %
Public sector	25,295	13.5 %	29,435	16.6 %
Others	4,596	2.5 %	4,871	2.8 %
TOTAL	**186,824**	**100 %**	**176,932**	**100 %**
	Q1-Q2 2006	%	Q1-Q2 2005	%
Domestic	144,515	77.4 %	147,078	83.1 %
Export	42,309	22.6 %	29,854	16.9 %
TOTAL	**186,824**	**100 %**	**176,932**	**100 %**

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

In Q2 2006 the following events that greatly impacted the current activities of the ComArch Group took place:

1) Conversion of Convertible Bonds into Series H Ordinary Bearer Shares

Beginning from 4 April 2006, The Management Board of the Warsaw Stock Exchange suspended trade of ComArch S.A. series A bonds and beginning from 6 April 2006, excluded them from trading. The company announced details in current report no. 20/2006.
On 6 April 2006, company made redemption of 293 series A bonds convertible to ComArch S.A. shares. This anticipated redemption was made according to pt. 8.3 of the Conditions of Bond Issue. The company announced details in current report no. 22/2006.

The Management Board of the National Depository for Securities decided to assimilate 20,650 series H company's shares (marked with the code PLCOMAR00095) with 5,730,920 company's shares (marked with the code PLCOMAR00012) on 26 April 2006. In consequence, the Management Board of Warsaw Stock Exchange introduced to trading the above mentioned company's shares beginning from 26 April 2006. The company announced details in current reports no. 25/2006 and 26/2006.

2) Agreement with Polkomtel S.A. for Implementation of ComArch S.A.'s Billing System

On 27 April 2006, an agreement was signed, between ComArch S.A. and Polkomtel S.A. for implementation of the ComArch InterPartner Billing system. The system will enable and support the provision of billing services between Polkomtel S.A. and its business partners, namely: MVNOs and Service Providers. The agreement is valued at 12.4m PLN, with a completion date of May 2007.

3) Introduction of Series G3 Ordinary Bearer Shares to Trading

The Management Board of the National Depository for Securities decided to assimilate 102,708 series G3 shares of ComArch S.A. (marked with the code PLCOMAR00103) with 5,628,212 company's shares (marked with the code PLCOMAR00012) on 12 April 2006. In consequence, the Management Board of Warsaw Stock Exchange introduced to trading the above mentioned company's shares beginning from 12 April 2006. The company announced details in current reports no. 21/2006 and 24/2006.

4) Transformation of ComArch S.A.'s ComArch Services Sp. z o. o. (Ltd) into ComArch Services S.A. (Plc)

ComArch S.A. received notice by Court for Kraków-Śródmieście, XI Economic Division of the National Court Register dated 28 April 2006 concerning transformation of ComArch Services Sp. z o. o. into ComArch Services S.A. ComArch Services S.A.'s share capital amounts to 1,050,000 PLN and is divided into 5,250 shares of the nominal value of 200 PLN each, giving 5,250 votes in total.

5) Current Reports and Financial Statements Made Public in 2005

On 26 April 2006 ComArch S.A.'s Management Board announced current reports and financial statements made public in 2005. The originals of these documents are located at the company's headquarters - al. Jana Pawla II 39a, Krakow, Poland. They are also available at http://www.comarch.pl/pl/Invest+in+Comarch/Financial/

6) ComArch S.A.'s Annual General Shareholders Meeting on 22 June 2006

On 31 May 2006, pursuant to art. 395 § 1 and art. 399 § 1 of the Commercial Companies Code and pursuant to § 14 of the company's Statute, the Management Board of ComArch S.A. convened Annual General Shareholders Meeting of ComArch S.A., to be held at 09:00 o'clock on June 22nd 2006, at Aleja Jana Pawła II 39A in Krakow. The agenda of the Meeting was included in current report no. 32/2006.

Resolutions passed at the AGM on 22 June 2006:
-election of Mr. Paweł Prokop a Chairman of the General Meeting;
-removing from the agenda of the meeting the point regarding the election of the Returns Committee;
-voting on the agenda of the meeting;
-approving ComArch S.A.'s financial statement for fiscal year 1.01.2005 - 31.12.2005;
-approving report of the Management Board regarding ComArch S.A.'s activities for the fiscal year 1.01.2005 - 31.12.2005;
-approving the report of the Board of Supervisors regarding the activities of the Board of Supervisors for the fiscal year 1.01.2005 - 31.12.2005, and the audit of the company's financial statement and of the report of the Management Board regarding ComArch S.A.'s activities for the fiscal year 1.01.2005 - 31.12.2005;
-approving the consolidated ComArch S.A.'s financial statement for the fiscal year 1.01.2005 - 31.12.2005;
-approving the report of the Management Board regarding ComArch Capital Group's activities for the fiscal year 1.01.2005 - 31.12.2005;
-approving the report of the Board of Supervisors regarding the audit of the company's consolidated financial statement and of the report of the Management Board regarding ComArch S.A. Capital Group's activities for the fiscal year 1.01.2005 - 31.12.2005;
-the distribution of net profit for the fiscal year 1.01.2005 - 31.12.2005;
-acknowledging the fulfilment of duties in the fiscal year 1.01.2005 - 31.12.2005 by members of the Management Board and members of the Board of Supervisors;
-appointment of Mr. Piotr Piatosa to the post of Vice-President of ComArch S.A.'s Management Board;
-changes in the company's Statute;
-changes in the Resolution Number 51 of the Ordinary General ComArch S.A. Shareholders' Meeting dated 30 June 2005 regarding the programme of managerial option for members of the Management Board and key employees of the company.

On 22 June 2006, full content of these resolutions was announced in current report no. 38/2006.

Accordingly to the list of shareholders participating the Annual General Shareholders Meeting of ComArch S.A. on 22 June 2006, two persons held at least 5 % of the total number of votes represented at this Meeting:
1. Janusz Filipiak-846,000 registered preference shares which give 4,230,000 votes at the AGM, which constituted 46.44 % of the all votes at this AGM and which constitute 29.00 % of the total number of votes;

2. Elżbieta Filipiak-799,000 registered preference shares which give 3,995,000 votes at the AGM, which constituted 43.86 % of the all votes at this AGM and which constitute 27.39 % of the total number of votes;
3. Married couple of Elżbieta and Janusz Filipiak-94,000 registered preference shares which give 470,000 votes at the AGM, which constituted 5.16 % of the all votes at this AGM and which constitute 3.22 % of the total number of votes;
The total number of votes from all emitted ComArch S.A. shares is 14,587,570. Shareholders participating the Annual General Shareholders Meeting of ComArch S.A. on 22 June 2006 held shares giving 9,108,144 votes.

7) Credit Agreement with Fortis Bank Polska S.A

On 9 June 2006 the company obtained signed investment credit agreement with Fortis Bank Polska S.A. having its registered seat in Warsaw on financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of investment value, 30,000,000 PLN at maximum. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 28 September 2007. This credit is secured on the company's mortgage on land, the building insurance policy and a promissory note.

8) Corporate Governance Principles

Board of Supervisors' opinion about the projects of resolutions at ComArch S.A.'s Annual General Meeting.

Pursuant to the rule number 2 of the Corporate Governance Principles, ComArch S.A.'s Board of Supervisors passed the resolution on 19 June 2006, in which projects of the resolutions at the AGM, to be held on 22 June 2006, are given positive opinion. Projects of resolutions were made public on 14 June 2006 in current report number 34/2006.

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

On 19 June 2006, according to the rule number 18 of the Corporate Governance Principles, ComArch S.A.'s Board of Supervisors activities' report that includes assessment of the company's situation in 2005 was made public.

Content:

„The Board of Supervisors held 4 meetings in 2005 (on 23 March, 22 June, 26 September, 15 December). Furthermore the Board of Supervisors passed the resolutions in correspondence mode on 6 June and 12 July. Four persons of the five members of the Board of Supervisors were present at the Board of Supervisors' Meetings averagely. Main subjects of the Board of Supervisors' meetings were:
a) monitoring and analysis of financial situation of the company and the Capital Group
b) assessment of the strategy realization by the company's Management Board
c) analysis and rating of risk related to the company's activity
d) official and legal matters

According to the Board of Supervisors ComArch Capital Group gained financial results the best in its history. Proceeds from sales increased of 35 % in comparison to the last year and at the same time, significant increase in the net profit was recorded up to the amount of 28.1 million PLN and it was higher by 146.7 % than in 2004. The operational profit increased of 69.5 % to the amount of 27.4 million PLN. It is noteworthy that the whole improvement was reached as a result of an organic development of ComArch Group. Significant increase in proceeds from sales and profits came about with the improvement in operational profitability (from the level of 4.92 % to the level of 6.16 %) and net profitability (from the level of 3.46 % to the level of 6.32 %). Improvement in profitability came about with the simultaneous increase in employment in the Group to the level of 1,836 persons (excluding those employed in MKS Cracovia SSA). It is also noteworthy the return on equity for the amount of more than 17 % being twice as high as in 2004. Profit per share reached the value of 4.06 PLN, which means increase by 143 % from the level of 1.67 PLN in 2004.

The Board of Supervisors assessed positive the strategy which is realized by the company on both domestic and foreign markets. ComArch S.A. - as the product firm- improves financial results along with the increase of the scale of the activity, hence in the Board of Supervisors' opinion the sale of products on many geographical markets profitably bears on realized financial results. At the same time, the maintaining of sectored diversification of proceeds protects ComArch Group before business fluctuation in particular sections of the economics.

The Board of Supervisors was making also constant analysis of risk areas related to the activity of the company and analysis of the manner of the risk management by the Management Board. As the most important risks, similarly how in previous periods, one acknowledged:
a) the risk related to the necessity of the constant creation of new software products and updating present software products;
b) the risk relating to the fulfilling terms of the contracts, particularly comply with a term and quality of works (the risk of the proper valuation of the time consuming of long-term) contracts);
c) the risk of the foreign legal and political environment related to the realization of export-contracts;
d) the risk of the financial standing of foreign contractors (minor possibilities - difficulties - checking and monitoring);
e) the tax risk related to the activity in the Special Economic Zone and unsteadiness of the tax legal environment in Poland;
f) the risk of the proper kilter of the internal audit in the company.

In the Board of Supervisors' opinion, the Management Board properly identifies risks with the activity of the company and efficiently manages them."

Declaration of the Management Board regarding the acceptance of the Corporate Governance Principles

Pursuant to the § 29 of the Regulations of the Warsaw Stock Exchange S.A. ComArch S.A.'s Management Board hereby submits the following declaration of ComArch S.A. regarding the acceptance of the corporate governance principles in the company. The scope of the implementation of the "Best Practices in Public Companies" in ComArch S.A., which was made public on 30 June 2005, in current report no. 28/2005, doesn't change and it was included in current report no. 41/2006.

9) Selection of an Auditor Entitled to Audit and Review Financial Statements of ComArch S.A.

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

10) Changes in the Membership of ComArch S.A.'s Management Board

On 22 June 2006 Mr. Piotr Piątosa was appointed Vice President of the Management Board of ComArch S.A. at the Ordinary General Meeting.
Mr. Piotr Piątosa is 33 years old, he is the master of engineering in technical Physics, he graduated from Akademia Górniczo-Hutnicza in Krakow. Within the scope of Physics he studied also in Johannes Gutenberg-Universität in Mainz in Germany. He received the Master of Business Administration. He also graduated Oxford Brookes University and Polish Open University.
Mr. Piotr Piątosa has been working in ComArch S.A. since 1998. He worked as a programmer, an analyst and as a project manager in the Systems of Data Exchange Department. He was a Director of the responsibility centre in the Services, Industry and Commerce Sector between 2000 and 2003 and he worked as a Director of consulting centre in the Services, Industry and Commerce Sector between 2003-2005, and then in Finance and Services Sector. The company announced details in current report no. 39/2006.

11) The Agreement with Budostal-2 S.A. on Realization of the third Construction Stage of Investment in the Special Economic Zone in Krakow

On 28 June 2006 ComArch S.A. signed an agreement with Budostal-2 S.A. seated in Krakow, on realization of the third construction stage of investment in the Special Economic Zone in Krakow. The subject of the contract is construction of the production and office building, at eleven square meters of the total space, including technical infrastructure. The scope of the agreement shall include construction of the building without completion and equipment. The value of this agreement amounts to 16.47 million PLN and the planned completion date of this investment is 30 December 2006.

12) The Agreement with Ministry of National Education on Support, Installation and Integration of Internet Centres of Multimedia Information in the School Libraries

On 30 June 2006 consortium of ComArch S.A. and Ogólnopolska Fundacja Edukacji Komputerowej (hereinafter referred to as the "Consortium") signed an agreement with Ministry of National Education. The object of the agreement is support, installation and integration of Internet Centres of Multimedia Information in the school libraries located in the area of the III rd Region. Accordingly the agreement, Consortium shall supply and install computer equipment with software in 1,334 school libraries located in 5 provinces: lubelskie, podlaskie, pomorskie, świętokrzyskie and warmińsko-mazurskie. The net value of this agreement amounts to 19,062,856 PLN. The company announced the in current report no. 43/2006.

13) Notices by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register Concerning Registration of Increase in ComArch S.A.'s Share Capital and Changes in the Company's Statute

Registration of increase in ComArch S.A.'s share capital
On 16 May Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered increase in ComArch S.A.'s share capital to the amount of 7,518,770 PLN. After this increase the company's share capital is divided into 7,518,770 shares, that constitutes 14,587,570 votes at the company's Annual General Meeting. ComArch S.A.'s share capital consists of:
1) 883,600 series A registered preference shares,
2) 86,400 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.

Changes in company's Statute
On 30 June 2006 the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered changes in the company's Statute resolved by the General Meeting on 22 June 2006.
Pursuant to above-said notice article 7 section 1 of the company's Statute: "The company's share capital comes to not more than 7,655,095.00 PLN (in words: seven million six hundred fifty five thousand ninety five PLN) and is divided into not more than 7,655,095 (in words: seven million six hundred fifty five thousand ninety five) shares, including: 1,767,200 (one million seven hundred sixty seven thousand two hundred) registered preference shares of the nominal value of 1.00 PLN every share and not more than 5,887,895 (five million eight hundred eighty seven thousand eight hundred ninety five) ordinary bearer shares of the nominal value of 1.00 PLN every share, including:
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) not more than 700,000 series H ordinary bearer shares."

is worded as follows:
"The company's share capital comes to 7,518,770.00 PLN (in words: seven million five hundred eighteen thousand seven hundred seventy PLN) and is divided into 7,518,770.00 (in words: seven million five hundred eighteen thousand seven hundred seventy) shares, including: 1,767,200 (one million seven hundred sixty seven thousand two hundred) registered preference shares of nominal value 1.00 PLN each and 5,751,570 (five million seven hundred fifty one thousand five hundred seventy) ordinary bearer shares of nominal value of 1.00 PLN each, including:
1) 883,600 series A registered preference shares,
2) 86,400 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"

After the balance sheet date:

1) Purchase of ComArch S.A. Shares by BZ WBK AIB Asset Management S.A.

BZ WBK AIB Asset Management S.A. with its registered seat in Poznań announced that as result of a share purchase completed on 2 August 2006, customers of BZ WBK AIB Asset Management S.A. have increased their participation in the total number of votes at the ComArch S.A. AGM by over 2 %. Before this transaction BZ WBK held over 10 % of the total number of votes at the ComArch S.A.'s AGM.
Prior to this share increase, customers of BZ WBK AIB Asset Management S.A. held 1,762,231 of the company's shares, which amounted to 23.44 % of the company's share capital. This gave them 1,762,231 or 12.08 % of the total votes at the ComArch S.A. annual general meeting.
On 2 August 2006, there were 1,769,070 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. customers, which amounted to 23.53 % of the company's share capital. This gave them 1,769,070 or 12.13 % of the total votes at ComArch S.A.'s annual general meetings.
At the same time, BZ WBK AIB Asset Management S.A. announced that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna authorised BZ WBK AIB Asset Management S.A. to manage its investment portfolios of investment funds. This notice takes also into account ComArch S.A. shares that are held by these funds. The company gave details of these changes in current report number no. 46/2006.

All amounts are expressed in thousands of PLN unless otherwise indicated

VI. Quarterly Summary of the ComArch S.A. Financial Statement for the Second Quarter of 2006

I. Balance Sheet

(PLN thousands)	30 June 2006	31 March 2006	31 December 2005	30 June 2005
ASSETS				
I. Non-current assets	**147,102**	**137,446**	**139,450**	**135,016**
1. Intangible assets	2,322	2,475	2,484	2,909
2. Property, plant and equipment	106,784	99,948	97,049	93,119
3. Non-current investments	37,996	35,023	38,471	38,988
3.1. Non-current financial assets	37,953	34,980	38,428	38,945
a) in related parties	37,896	34,887	38,290	38,691
b) in other entities	57	93	138	254
3.2 Other non-current investment	43	43	43	43
4. Non-current repayments	-	-	1,446	-
4.1 Deferred income tax assets	-	-	1,197	-
4.2 Other repayments	-	-	249	-
II. Current assets	**171,765**	**172,213**	**188,738**	**153,793**
1. Inventories	21,392	23,883	25,893	13,597
2. Current receivables	97,294	86,465	94,152	101,669
2.1. from related parties	17,798	16,136	12,858	5,519
2.2 from other entities	79,496	70,329	81,294	96,150
3. Current investments	8,034	31,532	42,764	5,152
3.1. Current financial assets	8,034	31,532	42,764	5,152
a) in related parties	250	1,456	1,133	445
b) in other entities	225	3,228	476	498
c) Cash and cash equivalents	7,559	26,848	41,155	4,209
4. Short-term repayments	45,045	30,333	25,929	33,375
Total assets	**318,867**	**309,659**	**328,188**	**288,809**
EQUITY AND LIABILITIES				
I. Equity	**221,066**	**210,256**	**157,774**	**134,977**
1. Share capital	7,519	7,519	6,955	6,955
2. Supplementary capital	172,097	143,008	105,113	105,113
3. Revaluation reserve	19	24	12	17
4. Other reserve capitals	21,948	21,948	21,948	21,948
5. Capital from merger settlement	-7,334	-7,334	-7,334	-7,334
6. Previous years' profit (loss)	1,992	31,079	1,992	1,992
7. Net profit (loss)	24,825	14,012	29,088	6,286
II. Liabilities and provisions for liabilities	**97,801**	**99,403**	**170,414**	**153,832**
1. Provisions for liabilities	-	-	-	-
1.1. Provision for deferred income tax	-	-	-	-
1.2. Other provisions	-	-	-	-
2. Non-current liabilities	17,924	16,500	56,849	57,152
2.1. to related parties	17,924	-	56,849	57,152
2.2. to other entities	50,181	48,795	74,900	76,820
3. Current liabilities	3,220	1,282	1,460	1,176
3.1. to related parties	45,567	46,545	72,388	74,308
3.2. to other entities	1,394	1,468	1,052	1,336
3.3. Special funds	29,696	34,108	38,655	19,860
4. Accruals	29,696	34,108	38,665	19,860
4.1 Other accruals	29,696	34,108	38,665	19,860
a) current	**318,867**	**309,659**	**328,188**	**288,809**
TOTAL EQUITY AND LIABILITIES	**221,066**	**210,256**	**157,774**	**134,977**

All amounts are expressed in thousands of PLN unless otherwise indicated

Book value	221,066	210,256	157,774	134,977
Number of shares	7,518,770	7,518,770	6,955,095	6,955,095
Book value per single share (PLN)	29.40	27.96	22.68	19.41
Diluted number of shares	7,518,770	7,518,770	6,955,095	6,955,095
Diluted book value per single share (PLN)	29.40	27.96	22.68	19.41

II. Income Statement

For the periods 01.01 – 30.06.2006 and 01.01-30.06.2005 (PLN thousands)	Q2 2006	6 months ended 30 June 2006	Q2 2005	6 months ended 30 June 2005
I. Net revenues from sales of products, goods and materials, including:	**86,096**	**175,024**	**96,128**	**165,325**
- revenues from related parties	4,584	9,867	1,109	3,809
1. Net revenues from sales of products	64,797	127,786	49,473	93,239
2. Net revenues from sales of goods and materials	21,299	47,238	46,655	72,086
II. Costs of products, goods and materials sold, including:	**58,634**	**120,266**	**76,294**	**131,262***
- to related parties	6,708	7,135	3,399	5,627
1. Manufacturing cost of products sold	39,784	76,539	34,047	64,788*
2. Value of products, goods and materials sold	18,850	43,727	42,247	66,474
III. Gross profit (loss) on sales	**27,462**	**54,758**	**19,384**	**34,796**
IV. Costs of sales	8,340	17,996	7,159	13,744*
V. Administrative expenses	6,661	12,925	5,911	10,793*
VI. Profit/loss on sales	**12,461**	**23,837**	**6,764**	**9,526**
VII. Other operating revenues	10	266	278	343
1. Gain on disposal of non-financial non-current assets	-23	13	-	-
2. Other operating revenues	33	253	278,	343
VIII. Other operating costs	1,252	3,754	1,941	2,387
1. Loss on disposal of non-financial non-current assets	-	-	14	14
2. Revaluation of non-financial assets	-	-	211	211
4. Cost of works financed with subsidies	1,711	2,878	-	-
5. Other operating costs	-459	876	1,716	2,162
IX. Profit (loss) on operating activities	**11,219**	**20,349**	**5,101**	**7,482**
X. Financial revenues	398	7,449	557	1,373
1. Interest, including:	188	534	60	279
- from related parties	70	138	53	104
2. Gain on disposal of investments	-	6,284	1	31
3. Revaluation of investments	402	435	-42	9
4. Other	-192	196	538	1,054
XI. Finance costs	804	1,776	1,353	2,569
1. Interest	596	1,484	1,099	2,164
2. Revaluation of investments	-	-	-49	-
3. Other	208	292	303	405
XII. Profit (loss) on business activities	**10,813**	**26,022**	**4,305**	**6,286**
XV. Gross profit (loss)	**10,813**	**26,022**	**4305**	**6,286**
XVI. Income tax	-	1,197	-	-
XIX. Net profit (loss)	**10,813**	**24,825**	**4,305**	**6,286**

Net profit (loss) (annualised)	47,627	11,382
Weighted average number of shares 1.07.2005 - 30.06.2006	7,503,891	6,858,578
Earnings (losses) per single share (PLN)	6.35	1.66
Diluted weighted average number of shares 1.07.2005 - 30.06.2006	7,503,891	6,858,578
Diluted earnings (losses) per single share (PLN)	6.35	1.66

*) In relation to presentation's adjustments, cost of sales, sales and marketing costs and administrative expenses for the first half-year of 2005 presented in this statement differ from those presented in previous statements

Adjusted positions as at 30 June 2005	It was presented	It should be presented	Adjustments
1/ Cost of sales	14,637	13,744	-893
2/ Administrative expenses	10,633	10,799	+160
3/ Manufacturing cost of products sold	64,055	64,788	+733

All amounts are expressed in thousands of PLN unless otherwise indicated

III. Changes in Equity

(PLN thousands)	Q2 2006	6 months ended 30 June 2006	2005	6 months ended 30 June 2005
I. Opening balance of equity	210,256	157,774	128,642	128,642
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	210,256	157,774	128,642	128,642
1. Opening balance of share capital	7,519	6,955	6,852	6,852
1.1. Changes in share capital	-	564	103	103
a) increases (due to)	-	564	103	103
- share issue	-	-	103	103
- the conversion of convertible bonds	564	564	-	-
1.2. Closing balance of share capital	**7,519**	**7,519**	**6,955**	**6,955**
2. Opening balance of due payments for share capital	-	-	-	-
2.1. Changes of due payments for share capital	-	-	-	-
a) increases (due to)	-	-	-	-
- not paid share issue	-	-	-	-
b) decreases (due to)	-	-	-	-
- payment of capital increase	-	-	-	-
2.2. Closing balance of due payments for share capital	**-**	**-**	**-**	**-**
3. Opening balance of supplementary capital	143,008	105,113	96,714	96,714
a) increases (due to)	29,088	66,983	8,399	8,399
- profit-sharing for the year 2005	29,088	29,088	8,399	8,399
- surplus due to the conversion on convertible bonds	-	37,896	-	-
3.1. Closing balance of supplementary capital	**172,096**	**172,096**	**105,113**	**105,113**
4. Opening balance of revaluation reserve	24	12	71	71
4.1. Changes in revaluation reserve	-	12	-	-54
a) increases (due to)	-	12	-	-
- valuation of shares at the balance sheet date	-	12	-	-
- correction of valuation due to the conversion of bonds	-	-	-	-
b) decreases (due to)	3	3	59	54
- valuation of shares at the balance sheet date	3	3	59	54
- negative capital from redemption of bonds	-	-	-	-
4.2. Closing balance of revaluation reserve	**21**	**21**	**12**	**17**
5. Opening balance of capital from merger	-7,334	-7,334	-7,334	-7,334
a) increases (due to)	-	-	-	-
- settlement of companies' merger	-	-	-	-
b) decreases (due to)	-	-	-	-
- capital from merger of ComArch S.A., ComArch Kraków and CDN-ComArch S.A.	-	-	-	-
5.1. Closing balance of capital from merger	**-7,334**	**-7,334**	**-7,334**	**-7,334**
6. Opening balance of other reserve capitals	21,948	21,948	21,948	21,948
6.1. Changes of other reserve capital	-	-	-	-
a) increases (due to)	-	-	-	-
6.2. Closing balance of other reserve capitals	**21,948**	**21,948**	**21,948**	**21,948**
7.1. Opening balance of previous years' profit	31,079	31,080	10,391	10,391
a) changes to adopted accounting principles (policies)	-	-	-	-
7.2. Opening balance of previous years' profit after adjustments	31,079	31080	10,391	10,391
a) increases (due to)	-	-	-	-
- retained profit from the previous year	-	-	-	-
- companies' merger	-	-	-	-
b) decreases (due to)	29,088	29,088	8,399	8,399
- transferring the result from the previous year to supplementary capital	29,088	29,088	8,399	8,399
7.3. Closing balance of previous years' profit	**1,991**	**1,991**	**1,992**	**1,992**
8.1 Net result	**24,825**	**24,825**	**29,088**	**6,286**
a) net result for the first quarter of 2006	14,012	14,012	-	-
b) net result for the second quarter of 2006	10,813	10,813	29,088	6,286

II. Closing balance of equity	**221,066**	**221,066**	**157,774**	**134,977**
III. Equity including proposed profit-sharing (loss coverage)	221,066	221,066	157,774	134,977

All amounts are expressed in thousands of PLN unless otherwise indicated

IV. Cash Flow Statement

For the period 01.01– 30.06.2006 and 01.01-30.06.2005 (PLN thousands)	Q2 2006	6 months ended 30 June 2006	Q2 2005	6 months ended 30 June 2005
A. Cash flows from operating activities				
I. Net profit (loss)	10,813	24,825	4,305	6,286
II. Total adjustments	-22,663	-53,295	2,060	-12,897
1. Depreciation	2,811	5,526	2,520	4,955
2. Exchange gains (losses)	-168	-224	-365	-410
3. Interest and profit sharing (dividends)	997	997	1,314	1,313
4. (Profit) loss on investing activities	-453	-6,784	-145	-35
5. Change in provisions	-	1,197	-	-100
6. Change in inventories	2,449	4,459	1,700	588
7. Change in receivables	-10,516	-3,162	-28,540	-27,482
8. Change in current liabilities, excluding credits and loans	1,209	-27,692	27,589	21,843
9. Change in prepayments and accruals	-18,996	-27,616	-2,013	-13,569
10. Other adjustments	4	4	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	**-11,850**	**-28,470**	**6,365**	**-6,611**
B. Cash flows from investing activities				
I. Inflows	3,019	12,905	285	2,849
1. Disposal of property, plant and equipment and intangible assets	19	105	156	228
2. From financial assets, including:	3,000	12,800	129	2,621
a) in related parties	-	9,800	-1	91
- repayment of granted non-current loans	-	-	-1	91
- sale of Interia shares	-	9,800	-	-
- from merger	-	-	-	-
b) in other entities	3,000	3,000	130	2,530
- sales of financial assets	3,000	3,000	130	2,530
II. Outflows	-8,226	-15,107	-9,953	-24,861
1. Purchase of property, plant and equipment and intangible assets	-6,670	-10,517	-9,947	-19,986
2. For financial assets, including:	-1,556	-4,590	-6	-4,875
a) in related parties	-1,631	-1,631	-6	-4,375
- purchase of shares in subsidiaries	-1,000	-1,000	-6	-4,256
- non-current loans granted	-631	-631	-	-119
b) in other entities	75	-2,959	-	-500
- purchase of financial assets	75	-2,959	-	-500
III. Net cash used in investing activities (I-II)	**-5,207**	**-2,202**	**-9,668**	**-22,012**
C. Cash flows from financing activities				
I. Inflows	2,059	2,059	5,188	12,849
1. Inflows from share issue	-	-	-	-
2. Loans and credits	2,059	2,059	5,188	12,849
3. Other inflows from financing activities	-	-	-	-
II. Outflows	-4,428	-5,202	-1,439	-1,773
1. Repayment of loans and credits	-501	-1,276	-125	-459
2. Redemption of bonds	-2,930	-2,930	-	-
3. Bond interest	-453	-453	-1,314	-1,314
4. Interest on credit	-544	-544	-	-
III. Net cash (used in)/generated from financing activities (I-II)	**-2,369**	**-3,144**	**3,749**	**11,076**
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	**-19,427**	**-33,816**	**446**	**-17,547**
E. Balance sheet change in cash and cash equivalents, including:	-19,259	-33,592	645	-17,302
- change in cash and cash equivalents due to exchange differences	-168	-224	199	245
F. Cash and cash equivalents opening balance	26,807	41,140	3,555	21,502
H. Closing balance of cash and cash equivalents (F+/- E), including:	7,548	7,548	4,200	4,200
- 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 2005 until 31 December 2005. If this financial statement for the 6 months ended 30 June 2006 was prepared according to IFRS, the financial results would amount to 20.9 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 0.046 million PLN that revaluated inventories and was performed in 2005, because finished goods, which were included in a previous revaluation at an initial cost of 0.021 million PLN, were sold and inventories worth 0.023 PLN were used in activities. The reversed amount was classified in the other operating revenues item.

In the second quarter of 2006, ComArch S.A. did not carry out any write-offs revaluating goods and materials.

No hedges were made on inventories owned by the company. In the second quarter of 2006, provisions for liabilities were not established.
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 on the basis of the annual settlement of income tax, after the end of the fiscal year. As at 30 June 2006, the company used value of deferred income tax asset in the amount of 1.2 million PLN that was recognised at 31 December 2005. The effect of reversing this asset on the first-half year's result was negative 1.2 million PLN.

4. Selected Notes to the Summary Financial Statement

4.1. NON-CURRENT FINANCIAL ASSETS	30 June 2006	31 March 2006	31 December 2005	30 June 2005
a) in subsidiaries and correlated parties	26,138	23,130	23,031	23,432
- interest or shares	18,296	16,865	16,864	17,217
- loans granted	7,842	5,616	5,586	5,545
- other non-current financial assets	-	649	581	670
b) in associates	11,758	11,758	15,259	15,259
- interest or shares	11,758	11,758	15,259	15,259
c) in other entities	57	92	138	254
- loans granted	57	92	138	254
Non-current financial assets, TOTAL	**37,953**	**34,980**	**38,428**	**38,945**

All amounts are expressed in thousands of PLN unless otherwise indicated

4.2. CHANGES IN NON-CURRENT FINANCIAL ASSETS (TYPES)	**Q2 2006**	**6 months ended 30 June 2006**	**Q2 2005**	**6 months ended 30 June 2005**
a) Opening balance	34,980	38,428	38,760	34,350
- interests or shares	28,623	32,123	32,396	28,117
- loans	6,357	6,305	6,364	6,233
b) increases (due to)	3,037	3,105	317	4,812
- purchases of shares in subsidiaries	1,000	1,000	146	146
- purchases of shares in associates	-	-	-	4,250
- reclassification to non-current loans to subsidiaries	1,208	888	-	-
- loans granted to other entities	-	-	-	54
- reclassification to non-current interest on loans	38	-	-	-
- loans granted to subsidiaries	312	632	-	-
- interest due to non-current loans	75	153	48	104
- balance sheet valuation of non-current loans	-27	-6	123	258
- revaluation of shares in foreign currencies	431	431	-	-
c) decreases (due to)	64	3,580	132	217
- decrease in shares due to merger	-	-	-	-
- disposing of shares of associates	-	3,500	-	-
- revaluation of shares in foreign currencies	-	-	66	37
- repayment of subsidiary loans	-	-	-	-
- repayment of other entities loans	-	-	-	180
- reclassification to current loans	64	64	66	-
d) Closing balance	**37,953**	**37,953**	**38,945**	**38,945**

4.3. CURRENT FINANCIAL ASSETS	**30 June 2006**	**30 March 2006**	**31 December 2005**	**30 June 2005**
a) in subsidiaries and correlated parties	250	1,456	1,133	445
- loans granted	250	1,456	1,133	445
c) in other entities	225	3,228	476	498
- other securities (types)	41	3,034	-	11
- shares in funds	41	3,034	-	11
- treasury bills	-	-	-	-
- loans granted	184	194	252	323
- other current financial assets (types)		-	224	164
- assets due to the valuation of forward contracts	-	-	224	164
g) cash and cash equivalents	7,559	26,848	41,155	4,209
- cash in hand and at banks	7,548	26,808	41,140	4,200
- other cash	-	-	-	-
- other monetary assets	11	40	15	9
TOTAL current financial assets	**8,034**	**31,532**	**42,764**	**5,152**