

OPINION OF AN INDEPENDENT AUDITOR

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

We carried out the audit of the attached financial statement of ComArch S.A. with its registered seat in Krakow, at al. Jana Pawła II 39A, including:

- introduction to the financial statement,
- balance sheet as at 31 December 2006, with total assets and total equity and liabilities amounting to 427,236 thousand PLN,
- income statement for the period from 1 January 2006 to 31 December 2006, with the net profit for the year amounting to 42,463 thousand PLN,
- changes in equity for the period from 1 January 2006 to 31 December 2006, presenting the increase in equity in the amount of 80,917 thousand PLN,
- cash flow statement for the period from 1 January 2006 to 31 December 2006, presenting the increase in cash in the amount of 8,765 thousand PLN,
- additional information and commentary.

The Management Board of the company is responsible for the preparation of the financial statements. Our task was auditing this financial statement and presenting our opinion whether this financial statement presents a true and fair view of financial situation and whether accounting books that are the basis of preparation of the financial statement are carried on correctly.

The company's financial statement for the previous financial year ended 31 December 2005 was audited by another auditor, who on 4 April 2006 presented opinion without reservations. Our opinion refers only to the financial statement for the financial year ended 31 December 2006.

The auditing was planned and conducted according to the following regulations:

- chapter 7 of the Act on Accounting dated 29 September 1994 (Journal of Laws 2002, No. 76, pos. 694 as amended),
- standards for performance of the expert auditor profession, issued by the National Board of Expert Auditors in Poland

so as to have sufficient certainty that the financial statement does not include significant errors. That audit included, in particular, verification, largely on the basis of the sample, proofs and accounting records confirming amounts and information presented in the financial statement.

The audit included also assessment of the accounting principles applied by the company's management board and significant assessments as well as the general assessment of the financial statement's presentation. We believe our audit constituted sufficient basis for expressing our opinion.

In our opinion, the audited financial statement for the financial year 2006 was prepared in all significant aspects:

- compliant in form and content with the regulations of the Act on Accounting and the company's statute,
- compliant with the accounting principles specified in this act and accounting policy applied by the company,
- on the basis of accounting books carried on correctly,
- compliant with the requirements specified in the Regulation issued by the Minister of Finance on 18 October 2005 concerning Regulation issued by the Minister of Finance on 18 October 2005 concerning information presented in financial statements and consolidated financial statements, required in a prospectus for issuers with its registered seat in Poland, to whom Polish accounting principles are proper ones (Journal of Laws No. 209 pos. 1743) and the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange (Journal of Laws No. 209 pos. 1744).

and presents a true and fair view on the equity and financial situation of the company as at 31 December 2006 and on the financial result for financial year from 1 January to 31 December 2006.

The report regarding the activities of the company in 2006 is complete in the sense of art. 49 sec. 2 of the Act on Accounting and the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange and included information come directly from the audited financial statement and are compliant with it.

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

.....
persons representing the company

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

Warsaw, 4 April 2007

**THE REPORT SUPPLEMENTING THE OPINION FROM THE AUDIT OF THE
FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2006**

I. GENERAL INFORMATION

1. General Characteristics of the Company

The company operates under the company name of ComArch Spółka Akcyjna. The city of Krakow, Al. Jana Pawła II 39 A is the seat of the company.

The company operates in the form of a joint stock company, formed with a notarial deed on 30 November 1994 by notary, Maria Kwiecinska-Stybel in Krakow (Repertory No. A 5209/94).

Pursuant to the notice dated 20 December 1994, the company was registered in division B, at number RHB 3218 of a commercial register of the District Court for Kraków-Śródmieście, Economic Division of the National Court Register in Krakow. Currently, the company is registered at no. KRS 0000057567 in the register of business entities of the District Court for Kraków-Śródmieście, Economic Division of the National Court Register in Krakow.

The company's Tax Identification Number is 677-00-65-406 and was given by the Tax Office, Kraków-Śródmieście in Krakow on 1 August 2000.

On 14 July 2000, the Statistical Office registered the company at REGON no. 350527377.

The company operates compliant with the provisions of the Commercial Companies Code.

It also operates compliant with the permit on business activities in the Special Economic Zone in Krakow.

According to the company's statute, the subject matter of the company's activities is:

- advisement within the scope of computer hardware,
- software editing activities,
- other activities within the scope of software,
- data processing,
- database activities,
- maintenance and service of office and accounting devices, and of computer hardware,
- other activities related to informatics,
- wholesale of computers, peripheral devices and software,
- wholesale of electronic elements,
- retail of computers and telecommunication hardware,
- retail undertaken through mail-order houses ,
- production of computers and other data processing hardware,
- production of radio, tele-IT and telecommunication hardware and devices,
- production of systems to run industrial processes,
- reproduction of computer data carriers,
- stationery telephony and telegraphy,
- mobile telephony,
- data transmission,
- radio communication,
- other telecommunication activities,
- research and development work within the scope of technical sciences,
- research and development work within the scope of mathematics and physical sciences as well as astronomy,
- financial leasing services,
- rental of machines, office devices and computer hardware,
- rental of real estate properties on its own account,

- the purchase and sales of real estate properties on its own account,
- intermediation within the scope of real estate properties' dealing,
- continual education of adults and other forms of education,
- road transport of items by motor vehicle,
- warehousing and storage of items in other storage facilities.

During the audited period, the company operates within IT business.

As at 31 December, the company's share capital accounted for 7,518,770.00 PLN and was divided into 5,751,570 ordinary shares of nominal value of 1 PLN each and 1,767,200 registered shares of nominal value of 1.00 PLN each. Registered shares are preferential for voting so that 5 votes in the General Meeting correspond with each share. As at 31 December 2006, shareholders holding, directly or indirectly by subsidiary entities, at least 5 % of the total number of votes in the general meeting of ComArch S.A. are:

- E. and J. Filipiak – 43.08% in the company's share capital (69.89 of votes at the AGM),
- customers of BZ WBK AIB Asset Management S.A. – 23.53 % in the company's share capital (12.13% of the votes at the AGM).

Within the financial year there were the following changes in the company's share capital:

- conversion of the bonds convertible into series H shares in the amount of 563,675.00 PLN.

After the balance sheet date, there were the following changes in the company's share capital:

- on 17 January 2007, a member of the Board of Supervisors of ComArch S.A. sold 10,000 ordinary bearer ComArch S.A. shares,
- on 12 February 2007, the Board of Supervisors passed a resolution concerning an execution of the managerial option programme for members of the Management Board of ComArch S.A. and the company's key employees within the programme defined in resolution no. 51 of the Annual General Meeting dated 30 June 2005. In 2007, within the framework of the programme, 441,826 ordinary bearer series I2 shares of nominal value of 1 PLN and issue price of 1 PLN each will be issued.

As at 31 December 2006, the company's equity was 238,691 thousand PLN.

The financial year of the company is the calendar year.

The company holds a share in the following related parties:

- ComArch, Inc. – a subsidiary in 100 %,
- ComArch Software AG – a subsidiary in 100 %,
- ComArch Middle East FZ-LCC – a subsidiary in 100 %,
- ComArch s.r.o – a subsidiary in 100 %,
- ComArch Sp. z o.o. – a subsidiary in 100 %,
- ComArch Panama, Inc. – a subsidiary of the second degree in 100%,
- UAB ComArch – a subsidiary in 100 %,
- OOO ComArch – a subsidiary in 100 %,
- CA Services S.A. – a subsidiary in 99.90 %,
- Interia.pl S.A. – a subsidiary in 41.05 %,
- MKS Cracovia SSA – a subsidiary in 49.15 %,
- Fidletronik-ComArch Sp. z o.o. – an associate in 50 %.

At the date of this report, the members of the Management Board are:

- Janusz Filipiak – President of the Management Board,
- Rafał Chwast – Vice-President of the Management Board,
- Paweł Prokop – Vice-President of the Management Board,

- Paweł Przewiezlikowski – Vice-President of the Management Board,
- Zbigniew Rymarczyk – Vice-President of the Management Board,
- Piotr Piatosa – Vice-President of the Management Board.

During the audited period, the following changes in the membership of the company's Management Board occurred:

- on 23 January 2006, Mr. Christophe Debou submitted his resignation from the position of ComArch S.A. Management Board Member,
- on 11 May 2006, Mr. Tomasz Maciantowicz, Vice-President of ComArch S.A.'s Management Board submitted his resignation without stating reasons.

2. Information regarding the Financial Statement from the Previous Financial Year

For the year 2005, the closing balance of the company's net activities was 29,088 thousand PLN. The company's financial statement for the financial year of 2005 was audited by an expert auditor. An audit was carried out by PricewaterhouseCoopers Sp. z o.o., the entitled auditor. There were no reservations in the opinion of an expert auditor dated 4 April 2006.

The Annual General Meeting that approved the financial statement for the financial year of 2005 was held on 22 June 2006. The AGM decided to allocate net profit for 2005 in its entirety for the supplementary capital.

On 28 June 2006, in compliance with the law, the financial statement for the financial year of 2005 was delivered to the National Court Register and on 3 January 2007, it was delivered for publishing in Monitor Polski B. The financial statement hasn't been published in Monitor Polski B as of the date of this opinion.

3. Data that Identifies an Entitled Entity and an Expert Auditor Carrying Out an Audit on behalf of the Entity

The audit of the financial statement was carried out according to a contract dated 17 July 2006, concluded between ComArch S.A. and Deloitte Audyt Sp. z o.o. with its registered seat in Warsaw at ul. Piękna 18. Deloitte Audyt Sp. z o.o. is registered under item no. 73 in the list of entities entitled to audit financial statements (the list of National Council of Auditors). On behalf of the entity entitled to audit financial statements, the audit was carried out under the supervision of the auditor Radosław Kuboszek (register no. 90029/6847) at the company's seat from 12 December 2006 to 15 December 2006 and from 5 March 2007 to 23 March 2007 and off-the-seat until 4 April 2007.

On 19 June 2006, according to the authorisation that is included in art. 19 sec. 2 of the company's statute, the Board of Supervisors selected the entitled auditor.

Deloitte Audyt Sp. z o.o. and auditor Radosław Kuboszek confirm that they are entitled to audit financial statements and perform the conditions specified in art. 66 sec. 2 and 3 of the Act on Accounting, to provide a fair and independent opinion regarding the financial statement of ComArch S.A.

4. Data Availability and Statements of the Entity's Management

There were no limitations within the audit.

During the audit, all demanded documents and data were made available to the entitled entity and expert auditor, as well, comprehensive information and explanations were also granted. That was, among other things, confirmed by a written statement from the company's Management Board dated 4 April 2007.

5. Equity and Financial Situation of the Company

Below is the basic data from the income statement and financial ratios describing the company's financial result, its equity and financial situation compared to parallel data for the previous years.

<u>Basic data from income statement</u> (in thousands of PLN)	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues from sales	461,808	425,223	249,831
Costs from operating activities	410,233	387,695	233,712
Other operating revenues	418	1,330	933
Other operating costs	10,340	4,293	2,131
Financial revenues	9,512	1,807	1,474
Finance costs	4,949	6,287	7,806
Extraordinary profit (loss)	-	-	-
Income tax	3,753	997	190
Net profit (loss)	42,463	29,088	8,399
<u>Profitability ratios</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
- gross margin	10%	7%	3%
- net margin	9%	7%	3%
- return on equity	22%	23%	7%
<u>Efficiency ratios:</u>			
- assets turnover ratio	1.08	1.30	0.99
- receivables turnover ratio (days)	93	70	100
- liabilities turnover ratio (days)	56	44	52
- inventories turnover ratio (days)	20	19	18
<u>Liquidity/net working capital</u>			
- debt rate	44%	52%	49%
- degree of covering assets with equity	56%	48%	51%
- net working capital (in thousands of PLN)	153,902	88,033	64,547
- liquidity ratio	2.73	1.87	1.90
- cash to current liabilities ratio	2.51	1.62	1.70

An analysis of the above amounts and ratios indicates the following tendencies in 2006:

- increase in sales profitability,
- increase in turnover time of receivables, liabilities and inventories,
- increase in covering assets with equity,
- decrease in debt rate,
- significant increase in working capital in the company and increase in liquidity ratios.

II. DETAILED INFORMATION

1. Accounting System Appraisal

Accounting system

The company has current financial records that describe the accounting principles applied by the company, in particular concerning: determination of the financial year, and reporting periods that are included in it, methods of valuation of assets, equity and liabilities, establishing the financial result, methods of preparation of accounting books, data protection systems and data files. The documentation of accounting policy was prepared compliant with the Act on Accounting and basic principles of valuation of assets, equity and liabilities and of establishing the financial result were presented in the introduction to the financial statement.

The company uses a computer system of accounting records, named Egeria. All economical events are entered in this system. The Egeria system is secured with a password against unauthorized persons and allows for functional limitation of access. Description of this system is compliant with the requirements of art. 10 sec. 1 pt. 3 lit. c) of the act.

The opening balance results from the approved financial statement for the previous financial year and was input correctly into the accounting books for the audited period.

Within the opening balance, we've made indispensable procedures to confirm that these accounts don't include significant errors.

In the part we audited, documentary economical operations, the accounting books and the affiliation of accounting writing with the documents and financial statements are compliant with chapter 2 of the Accounting Act.

Accounting books, accounting evidence, documentation of the methods applied to conducting accounting and the approved financial statement of the company are stored in compliance with chapter 8 of the Accounting Act

The company carried out a control of assets, liabilities and equity within the terms and frequency compliant with the Act on Accounting. Control differences were presented and settled in the books of the audited period.

2. Information on Audited Financial Statement

The audited financial statement was prepared as at 31 December and includes:

- introduction to the financial statement,
- balance sheet as at 31 December 2006, with total assets and total equity and liabilities amounting to 427,236 thousand PLN,
- income statement for the period from 1 January 2006 to 31 December 2006, with net profit for the year amounting to 42,463 thousand PLN,
- changes in equity for the period from 1 January 2006 to 31 December 2006, presenting an increase in equity in the amount of 80,917 thousand PLN,
- cash flow statement for the period from 1 January 2006 to 31 December 2006, presenting an increase in cash in the amount of 8,765 thousand PLN,
- additional information and commentary.

The structure of assets, equity and liabilities, and items that create the financial result is presented in the financial statement.

3. Information on Selected and Significant Items in the Financial Statement

Property, plant and equipment

Property, plant and equipment of the company include:

- property, plant and equipment in use in the amount of 99,560 thousand PLN,
- property, plant and equipment under construction in the amount of 42,416 thousand PLN,
- advances for property, plant and equipment in the amount of 219 thousand PLN.

Commentary notes and information to the financial statement correctly describe changes in property, plant and equipment in use and property, plant and equipment under construction, including the recognition of possible write-offs that reevaluate the above property items.

Non-current investment

Non-current investment of the company includes:

- interest and shares in subsidiaries in the amount of 17,803 thousand PLN,
- interest and shares in associates in the amount of 11,260 thousand PLN,
- loans granted to subsidiaries in the amount of 7,184 thousand PLN,
- others in the amount of 3 thousand PLN.

Commentary notes and information to the financial statement correctly describe changes in investment during the financial year.

Inventories structure

The inventories structure was correctly prepared in note that describes these balance sheet items.

Receivables structure

The trade receivables age structure was correctly prepared in note that describes these balance sheet items. There were no outdated or extinguished receivables in the audited part of the financial statement.

Liabilities

The liabilities structure (by time and type) depending on payment period was correctly prepared in the note that describes these balance sheet items.

Liabilities with the highest values are:

- non-current credits and loans in the amount of: 51,471 thousand PLN,
- current credits and loans in the amount of: 2,441 thousand PLN,
- liabilities due to deliveries and services in the amount 63,331 thousand PLN.

Details about credits and the description of their hedging were presented in additional notes and information to the financial statement. The some of non-current credits, which should be repaid in 2006 and charged but have unpaid interest were presented in the financial statement as non-current liabilities. There were no outdated or extinguished liabilities in the audited part of the financial statement.

Prepayment, accruals and provisions for liabilities

Commentary notes that describe prepayments, accruals and provisions for liabilities, correctly describe their structure.

Cost and revenues settled in time are correctly classified within the audited accounting period.

Provisions for liabilities are established in reliably estimated amounts.

These items are presented completely and correctly in essential facets in relation to the total financial statement.

4. Completeness and Correctness in the Preparation of the Introduction to the Financial Statement, Additional Information and Commentary and the Report regarding the Entity's Activities

The introduction to the financial statement includes all required information of appendix no. 1 of the Act on Accounting. The company confirmed that it had been appropriate to use a principle of business continuation when preparing the financial statement. Methods of assets, liabilities and equity valuation, the establishment of financial result and the method of financial statement preparation were completely and correctly described in this introduction.

The company prepared additional information and commentary in tabular notes related to the particular items of the balance sheet, income statement and descriptions. Commentary notes to the items: property, plant and equipment, intangible assets, investment, liabilities and provisions for liabilities correctly present increases and decreases as well as the reasons for these changes during the financial year. The possibility of administration of the particular assets that are presented in the balance sheet was presented due to hedges made in the interest of creditors.

Additional information and commentary to the financial statement describe the reported items correctly and completely. They clearly present all additional information that is compliant with requirements specified in the regulation issued by the Minister of Finance on 18 October 2005 concerning information presented in financial statements and consolidated financial statements that is required in a prospectus for issuers with its registered seat in Poland, to whom Polish accounting principles are proper ones (Journal of Laws No. 209 pos. 1743) and the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange (Journal of Laws No. 209 pos. 1744).

The Management Board prepared and attached the report regarding the activities of the company in 2006 to the financial statement. This report contains information that is required by art. 49 sec. 2 of the Accounting Act and the regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange. We've audited this report concerning the presented information that has a direct source in the audited financial statement.

5. Final Information and Arrangements

The Management Board declarations

Deloitte Audyt Sp. z o.o. and an expert auditor received a written statement from the company's Management Board, which states that the company complies with the law.

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Radosław Kuboszek
Expert auditor
Registration no. 90029/6847

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persons representing the company

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

Warsaw, 4 April 2007

Krakow, 4th of April, 2007

Dear Shareholders,

The year of 2006 was yet another successful year for the ComArch Group. The Group achieved the highest revenues from sales in its history and a record net profit. Revenues from sales increased by 11 % and accounted for 492 million PLN while net profit increased by over 80 % to 53 million PLN. At the same time, the ComArch Group significantly improved EBIT margin from the level of 6.2 % to 9.4% with return on equity increasing from 17.2 % to 20.6%.

A growth strategy based on proprietary products, which has been realised for several years, is the key factor contributing to the Group's market position and achieved results. The ComArch brand, after several years of international expansion, is steadily gaining worldwide recognition and is associated with technologically advanced IT systems and a modern customer focused approach. ComArch systems serve customers in various branches in over 20 countries, not only in Central Europe but also in Western Europe, both Americas and the Near East. The prognosis for the future is good with contracts signed in 2006 with such companies as Auchan and T-Mobile. It proves the growing interest of global customers in ComArch solutions.

To ensure long-term development, the ComArch Group continually invests in human resources and high-tech and innovative products. In 2006, the Group increased employment by over six hundred employees, comprised mainly of the best graduates of Polish academic centres across Poland. R&D work remains a continual process, financed from both our own funds as well as acquired European funds. In our opinion, in the scope of several years, these expenses will result in a stronger market position for ComArch among international companies in the IT field.

Bearing in mind the dynamic development of its activities, ComArch constantly develops production resources. In 2006, a third production and office building in the Special Economic Zone in Krakow was completed. At the beginning of 2007, several hundred ComArch employees reported there to new work spaces. Operations related to the completion of the next building continue. Completion of this investment is planned for the end of 2007. The company's new domestic branches in Warsaw, Poznań, Wrocław, Katowice, Gdańsk, Łódź and Szczecin as well as foreign centres in Dresden, Chicago and Panama are also developing dynamically.

The Management Board of ComArch S.A. exert themselves to ensure that the dynamic growth of the company goes together with an increase in activity effectiveness and the achieved results create a stable increase in the company's goodwill.

Professor Janusz Filipiak
President of the Management Board
ComArch SA

INTRODUCTION TO THE COMARCH S.A.'S FINANCIAL STATEMENT SA-R 2006

I General Information about the Company

The basic activities of ComArch S.A. with its registered seat in Krakow at Al. Jana Pawła II 39 A include production, trade and services in the fields of IT and telecommunications, PKD 72.22.Z The registration court for ComArch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. The duration of the dominant unit is not limited.

In the tables of this statement:

- the previous period means period 01 January 2005 -31 December 2005 and refers to 12 months,
- the current period means period 01 January 2006 – 31 December 2006 and refers to 12 months.

As at 31 December 2006, members of ComArch S.A.'s Board of Supervisors were:

- Elżbieta Filipiak - Chairman of the Board of Supervisors,
- Krzysztof Zieliński – Vice-Chairman of the Board of Supervisors,
- Maciej Brzeziński – Member of the Board of Supervisors,
- Anna Ławrynowicz- Member of the Board of Supervisors,
- Wojciech Kucharzyk - Member of the Board of Supervisors.

As at 31 December 2006, members of ComArch S.A.'s Management Board were:

- Janusz Filipiak - President of the Management Board,
- Rafał Chwast - Vice-President of the Management Board,
- Piotr Piątosza - Vice-President of the Management Board,
- Paweł Prokop - Vice-President of the Management Board,
- Paweł Przewięźlikowski - Vice-President of the Management Board,
- Zbigniew Rymarczyk - Vice-President of the Management Board.

On 23 January 2006, Mr. Christophe Debou submitted his resignation from the position of ComArch S.A. Management Board Member. Mr. Debou declared personal reasons as the reasons of his resignation.

On 11 May 2006, Mr. Tomasz Maciantowicz, Vice-President of ComArch S.A.'s Management Board submitted his resignation without stating reasons.

On 22 June 2006, Mr. Piotr Piątosza was appointed Vice President of the Management Board of ComArch S.A. at the Ordinary General Meeting.

Mr. Piotr Piątosza is 33 years old, he is the master of engineering in technical Physics, and 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 Piątosza has been working in ComArch S.A. since 1998. He worked as a programmer, an analyst and 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.

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

ComArch S.A. is dominant unit in the Capital Group. In addition to financial statement that is prepared pursuant to Act on Accounting, the company prepares also consolidated financial statement according to International Financial Reports Standards that are approved by the European Union.

II There Were no Reservations in the Opinion of an Auditor Entitled to Audit Financial Statements of ComArch S.A. for 2005

III Principles of Valuation of Assets and Equity and Liabilities and Measure of Financial Result

This financial statement was prepared according to the Act passed on 29 September 1994 on Accounting and the Regulation issued by the Minister of Finance on 18 October 2005 concerning information presented in financial statements and consolidated financial statements, required in a prospectus for issuers with its registered seat in Poland, to whom Polish accounting principles are proper ones, and according to the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange.

1. Non-Current Assets

1.1 Intangible Assets

Intangible assets are recorded at their acquisition prices with reference to the current redemption. The company 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.

1.2 Property, Plant and Equipment

A) Proprietary property, plant and equipment in use

Proprietary property, plant and equipment in use were valued according to acquisition prices or production costs less depreciation write-offs in proportion to their useful life and write-offs due to permanent losses in value.

The following detailed principles of depreciation of proprietary 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 proprietary property, plant and equipment in use that were acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Lands and the right of perpetual usufruct of land are not depreciated.

B) Proprietary property, plant and equipment under construction are valued according to acquisition prices less write-offs due to permanent losses in value.

C) Improvements in third party's proprietary property, plant and equipment are valued according to the acquisition price less depreciation. They are related to buildings and structures and depreciated with the straight-line method corresponding with periods of their economic utility.

D) Proprietary property, plant and equipment, which are used according to the lease agreements concluded after 1 January 2002, are classified as company's non-current assets if conditions resulting from article 3, section 4 of the Act on Accountancy are met and they are valued at fair value established as at the date of the beginning of the agreement or as at reception of the lease object into use, or at the current value of minimum lease fees, if it is lower than the fair value.

1.3 Non-Current Investments

A) Non-current financial assets

As at the balance sheet date, financial assets are classified as non-current in the financial statement if the estimated period of their further owning exceeds 12 months from the balance sheet date. Shares are recognised at the acquisition or originate date according to acquisition price, and at the balance sheet date according to acquisition price less write-offs due to permanent loss in value. When permanent loss in value appears, the revaluation of write-offs is carried out no later than at the balance sheet date.

Loans are valued according to value of depreciated cost using effective interest rate. In case of lack of differences that are significant for valuation, loans are classified at nominal value plus accrued interest based on interest rate resulting from contracts.

2. Current Assets

2.1 Inventories, Products in Progress and Finished Goods

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

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

operational costs.

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

Finished goods are appraised according to actual purchase prices, no higher than net selling prices.

2.2 Receivables

Receivables are recognised initially at nominal value and as at the balance sheet date in the amount of required payment. Receivables due to deliveries and services are classified as current receivables. Other 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. Receivables in foreign currencies were valued as at the balance sheet date at NBP average exchange rates. The realised and resulting from balance valuation exchange differences are classified as revenues and financial costs respectively, after they were compensated.

2.3 Current Financial Assets

Assets recognised in the financial statement consist mostly of monetary assets and loans to other entities.

Monetary assets consist of cash in hand, cash at banks and accrued interest on financial assets.

Cash in domestic currency was valued at nominal value, while cash in foreign currencies was valued at NBP average exchange rates.

2.4 Current and Non-current Prepayments of Costs

Expenses incurred in advance, but related to future reporting periods are settled by prepayments of costs. Prepayments of costs that last longer than 12 months starting with the balance sheet date are regarded as a non-current item.

Prepayments include also surplus of sales in long-term contracts made according to article 34a, section 1 and section 2, point 2 of the Act on Accounting over value of sales invoiced to contractors. Prepayments include also due subsidies from union and budget funds.

3. Equity

Equity includes:

- share capital of the company presented at nominal value,
- supplementary capital from profit-sharing in compliance with principles and limitations specified in the Commercial Companies Code and from surpluses of shares sold above their nominal value,
- revaluation reserve from valuation of capital part of non-current liability due to bond issue and redemption of some convertible bonds, and also effects of valuation of shares in foreign currencies held by ComArch S.A,
- other reserve capitals from profit-sharing intended for investment targets and other specified in statute – valued at nominal value,
- retained profit from adjustments due to changes in accounting principles in 2002 resulting from amendments to the Act on Accounting and adjustments due to changes to the rules of recognising of built-in derivatives. Retained profit comprise also results for the periods I-VIII 2004 of companies which consolidated with ComArch S.A. in 2004,
- capital from merger

4. Liabilities and Provisions for Liabilities

4.1 Provisions for Liabilities

They are created for reliable and possible losses due to business activities. They include also provisions due to deferred income tax.

4.2 Liabilities

At the time of initial recognition, financial liabilities are valued at nominal value and as at the balance sheet date, in the amount of required payment. Liabilities due to deliveries and services are classified as current liabilities. Other liabilities 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). Liabilities in foreign currencies were valued as at the balance sheet date at NBP average exchange rates. Liability due to issuance of bonds convertible to shares is valued as at the balance sheet date at depreciated cost.

4.3 Special Funds consist of Social Services Fund and Residential Fund that was created from profit-sharing for 1998 and 1999

4.4 Accruals

Accruals of costs include possible future liabilities, but related to the current reporting period. In particular, they are related to:

- expected expenses that will incur during the next reporting period due to costs that are related to the current period,
- provisions for additional costs of contracts completion that are expected to incur and that exceed the amount of possible to achieve revenues; and provisions for guarantees,
- provisions for unused leaves,

- provisions due to remuneration expected to be paid in the next reporting period, but related to the previous period,

Accruals of revenues include subsidies for financing of research and development works that are received from union funds and domestic funds for science.

Accruals of revenues include also surplus of sales invoiced to contractors over the value of proceeds from sales in long-term contracts determined according to article 34a, section 1 and section 2, point 2 of the Act on Accounting.

5. Valuation of Assets and Equity and Liabilities Presented in Foreign Currencies and Principles of Determining Exchange Differences

5.1 Within Reporting Year

- A) Operations related to sales and purchase of currencies and payment of receivables and liabilities at purchase exchange rate or sales of currencies used by banks, whose services ComArch S.A. uses,
- B) Other operations at the average NBP exchange rate, provided that import purchases requiring customs clearance and export sales of finished goods are appraised according to exchange rates set forth in proofs of customs clearance.

5.2 As at Balance Sheet Date

- A) Items of assets and equity and liabilities are valued at binding NBP average exchange rates.
- B) Exchange differences related to non-current investment are accounted for adequately with revaluation reserve or revenues and financial costs (according to article 35, section 2 and 4 of the Act).
- C) Exchange differences related to the other assets and equity and liabilities and those arising on payment of receivables and liabilities are classified to revenues and financial costs, respectively.
Realised exchange differences, related to receivables and liabilities, are determined up to date, while unrealised exchange differences, related to receivables and liabilities and cash at banks are valued at the end of the quarter.

6. Financial Instruments

Derivative financial instruments designated as 'hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12 December 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, qualified as fair value hedging, are valued at fair value and change in their valuation refers to the result from financial operations.

Derivative financial instruments designated as 'hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12 December 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, qualified as cash flow hedging, are valued at fair value change in their valuation refers to:

- a) the revaluation reserve (in the part that constitutes the effective hedging),
- b) the result from financial operations (in part that doesn't constitute the effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12 December 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, are valued at fair value and change in their valuation refers to the result from financial operations.

7. Financial Result

ComArch S.A. prepares its income statement in calculation version in compliance with matching principle revenues and costs. ComArch S.A.'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.

Integration contracts realised by ComArch S.A. are classified according to article 34 a-d of the Act, whereas degree of progress for contract is determined by share of incurred costs compared to total costs of service execution.

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:

- a) 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
- b) 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.

7.1 Revenues are Classified according to Accrual Basis

Revenues from uncompleted non-current services (contracts) are classified in proportion to the level of service according to article 34 a, section 2, point 1.

Revenues from sales of other services, products, finished goods and other item of assets are recognised at the moment of delivery of products, finished goods and other items of assets, if the entity transferred significant risk and benefits resulting from their ownership or at the moment of executing the service. Sales are presented in net value, i.e. without commodity and services taxes and taking into account all discounts.

7.2 Costs Consist of:

- A) Relating to long-term contracts, total expenditures incurred in the period, on execution of contracts that were valued at production costs.
- B) Relating to other services, finished goods and other assets – value of sold (invoiced) products, finished goods and other items valued at production cost or acquisition price.
- C) Total administrative costs and cost of sales incurred in the period.

In the item “Costs of sold products, finished goods and materials from related parties” in the income statement the company presents the value of products, finished goods and materials purchased from related parties excluding these included in administrative costs, cost of sales and other operating costs.

Costs of sales consist of marketing costs and the costs of order acquisition by sales centres (departments) in the ComArch S.A.

General costs consist of the costs of the ComArch S.A. functioning as a whole and include administrative expenses and the costs of departments that operate for the general needs of the company.

7.3 Other Revenues and Operating Costs

These consist of revenues and costs not related directly to the ordinary activities of entities and comprise mostly: result from sale of property, plant and equipment and intangible assets, subsidies, provisions created, effects of revaluation of assets and result from research and development financed by union.

According to the materiality principle, content-related items are compensated and they are presented resultantly, respectively in operating revenues or costs. In particular, it refers to:

- result on sales and decommissioning of property, plant and equipment; recovered communication damages and costs of repairs after damage,
- received and paid penalties,
- recognised and dissolved write-offs that revalue receivables,
- subsidies, costs of realisation of research and development works financed by them.

7.4 Revenues and Financial Costs

Revenues and financial costs consist of revenues and costs due to interest, result from exchange differences, from disposal of financial assets and effects of investment revaluation.

7.5 Deferred Income Tax

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 provisions 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.

Provisions and assets due to deferred income tax are established fiscal rates which are legally binding in the tax point year.

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

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. Therefore as at the balance sheet date, the company determines only an asset and provision for deferred income tax only in relation to the types of activities, which are always taxable according to principles that are applied by the company, i.e. financial activities and other operating activities.

On 1 July 2004, ComArch S.A. received a decision from the Minister of the Economy dated 24 June 2004 that changed the conditions for tax exemptions for entities operating in special economic zones to conditions included in the act that was passed on 2 October 2003 on changing the act on special economic zones and certain other acts (Journal of Laws No. 188 Item 1840). Pursuant

to article 5, section 2, point 1, lit. b), point 2, point 3 of the act, the maximum amount of public aid for entities, which operate in a special economic zone on the basis of a permit issued before 1 January 2000, cannot exceed 75 % of the value of investments incurred in the period from the date of obtaining the permit until 31 December 2006, provided that in determining the maximum amount of public aid, the total amount of public aid obtained since 1 January 2001 is taken into consideration. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of ComArch S.A., the maximum value of public aid will not exceed 75 % of the value of investment expenditures, which the company has incurred/shall incur since obtaining the permit, i.e. 22 March 1999, until 31 December 2006. Tax exempt due to income tax is included in this limit. Additional information on methods of recognition of a deferred income asset and tax exempt due to operations in Special Economic Zone are included in Note 4a of additional information and commentary to this financial statement.

Financial result is determined according to article 42 of the Act on Accounting dated 29 September 1994 r. Cash flow statement is prepared using the indirect method.

IV Principles of Conversion PLN to EURO

EURO rates used to financial data:

NBP average exchange rates as at 31.12.2006 -	3.8312
NBP average exchange rates as at 31.12.2005 -	3.8598
NBP arithmetic average exchange rates as at the end of every month for the period 1.01-31.12.2006 -	3.8991
NBP arithmetic average exchange rates as at the end of every month for the period 1.01-31.12.2005 -	4.0233
NBP minimum rate in the period 1.01-31.12.2006 -	3.7565
NBP minimum rate in the period 1.01-31.12.2005-	3.8223
NBP maximum rate in the period 1.01-31.12.2006-	4.1065
NBP maximum rate in the period 1.01-31.12.2005-	4.2756

In the table "Selected financial data" points I-VIII and XVI-XVII are valued at NBP arithmetic average exchange rates as at the end of every months in the period, while points IX-XIV and XVIII-XX at NBP rate binding at the end of the period.

V Differences between Polish Accounting Principles and International Financial Reporting Standards

Differences:

1. The Right of Perpetual Usufruct of Land

In IFRS, the method of presentation of the right of perpetual usufruct of land is not defined explicitly. There are different opinions in that case. ComArch S.A. as the dominant unit prepares consolidated financial statement according to IFRS and presents the right of perpetual usufruct of land as non-current prepayments settled in time. According to Act on Accounting the law of perpetual usufruct of land is presented as "lands" in property, plant and equipment and is not depreciated.

2. Operating in Special Economic Zone (SEZ).

As a result of Poland joining the European Union, there was a change within terms of income tax from legal persons from unlimited relief to relief that is limited in value and depends on the value of investments made. Pursuant to IAS 12, unused tax relief as at 31 December 2006 constitutes a deferred income tax asset. As at 31 December 2006, the company recognised the asset that is worth 4.75 million PLN in consolidated financial statement according to IFRS. Within 2006 the asset was dissolved, however as at 31 December 2006 an asset worth 6.81 million PLN was created. Total effect on result would amount to +2.06 million PLN.

3. Managerial Option Programme

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

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

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b)

and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 31 December 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in the third quarter of 2006) the value of the Option amounted to 8.2 % of the increase in capitalisation.

As at 31 December 2006 the value of the Option for the Management of the Board and Key Employees amounts to:

a) The value of the option for the Management Board: 82.93 %, i.e. 4.83 million PLN

b) The value of the option for Key Employees: 17.07 %, i.e. 0.99 million PLN

The value of the Option recognised in the income statement for the first three quarters of 2006 amounted to 2.3 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 0.73 million PLN in Q4 of 2006 and 1.11 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

b) The average capitalisation of ComArch S.A. as of December 2006 was 1,539.7 million PLN.

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

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

As at 31 December, the company determined option's value. An estimated effect of recognition of option's costs on income statement in 2006 amounts to 3.03 million PLN.

4. Differences compared to IFRS

Item	Equity as at 31 December 2006	Net result for 2006
Corrections according to the Polish accounting principles:	238,690	42,463
a) costs of company's expansion	-	-
b) presentation of managerial option	-	-3,027*
c) an asset due to tax exemption in the SEZ	2,064	2,064
d) depreciation due to the right of perpetual usufruct of lands	-254	-89
e) exchange differences from non-current loans granted to subsidiaries	-	-
Equity and net result after adjusting above-mentioned differences:	240,500	41,411
Change	1,810	-1,052

*) These items have an affect on the amount of result from the current year, however at the same time they are settled with equity.

FINANCIAL SUPERVISION AUTHORITY

ANNUAL REPORT SA-R 2006

(pursuant to §86 sec.1, pt.3 of the Regulation issued by the Minister of Finance on 19 October 2005 - Journal of Laws No. 209 Item 1744)
(for issuers of securities managing production, construction, trade and services activities)

For financial year 2006 from 2006-01-01 to 2006-12-31
And for the previous year 2005 from 2005-01-01 to 2005-12-31

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Deloitte Audyt Sp. z o.o.

(An auditor entitled to audit financial statements)

Annual report includes:

- Opinion and Report of an Auditor regarding the Annual Financial Statement
- The Management Board's Statement regarding the Reliability of Financial Statement
- The Management Board's Statement regarding the Auditor Independence
- Letter of the President of the Management Board
- Annual Financial Statement
 - Introduction
 - Balance Sheet
 - Income Statement
 - Changes in Equity
 - Cash Flow Statement
 - Additional Information and Commentaries
- Report of the Management Board (Report regarding the Activities of Issuer)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2006	2005	2006	2005
I. Net revenues from sales of products, goods and materials	461,808	425,223	118,440	105,690
Profit (loss) on operating activities	41,653	34,565	10,683	8,591
Gross profit (loss)	46,216	30,085	11,853	7,478
Net profit (loss)	42,463	29,088	10,890	7,230
Cash flows from operating activities	22,843	45,766	5,859	11,375
Cash flows from investing activities	-43,627	-34,443	-11,189	-8,561
Cash flows from financing activities	29,657	8,275	7,606	2,057
Total net cash flows	8,873	19,598	2,276	4,871
Total assets	427,236	328,188	111,515	85,027
Liabilities and provisions for liabilities	188,545	170,414	49,213	44,151
Non-current liabilities	51,904	56,849	13,548	14,728
Current liabilities	95,151	74,900	24,836	19,405
Equity	238,691	157,774	62,302	40,876
Share capital	7,519	6,955	1,963	1,802
Number of shares	7,518,770	6,955,095	7,518,770	6,955,095
Earnings (losses) per single share (PLN/EURO)	5.74	4.21	1.47	1.05
Diluted earnings (losses) per single share (PLN/EURO)	5.42	4.21	1.39	1.05
Book value per single share (PLN/EURO)	31.75	22.68	8.29	5.88
Diluted book value per single share (PLN/EURO)	30.00	22.68	7.83	5.88

OPINION OF AN AUDITOR ENTITLED TO AUDIT FINANCIAL STATEMENTS ON ANNUAL FINANCIAL STATEMENT

File	Description
Opinion of an Auditor.pdf	Opinion of an Auditor -Appendix No. 1

REPORT OF AN AUDITOR ENTITLED TO AUDIT FINANCIAL STATEMENTS ON ANNUAL FINANCIAL STATEMENT

File	Description
Report of an Auditor.pdf	Report of an Auditor -Appendix No. 2

THE MANAGEMENT BOARD'S STATEMENT REGARDING THE RELIABILITY OF FINANCIAL STATEMENT

File	Description
The Management Board's Statement regarding the Reliability of Financial Statement.pdf	The Management Board's Statement regarding the Reliability of Financial Statement -Appendix No. 3

THE MANAGEMENT BOARD'S STATEMENT REGARDING AUDITOR INDEPENDENCY

File	Description
The Management Board's Statement regarding Auditor Independence.pdf	The Management Board's Statement regarding Auditor Independence - Appendix No. 4

LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD

File	Description
Letter of the President of the Management Board.pdf	Letter of the President of the Management Board -Appendix No. 5

ANNUAL FINANCIAL STATEMENT**INTRODUCTION TO THE FINANCIAL STATEMENT**

File	Description
Introduction to the Financial Statement.pdf	Introduction to the Financial Statement - Appendix No. 6

BALANCE SHEET

	Notes	thousands of PLN	
		2006	2005
ASSETS			
I. Non-current assets		184,864	139,450

1. Intangible assets, including:	1	3,521	2,484
2. Property, plant and equipment	2	142,195	97,049
3. Non-current investment	3	36,293	38,471
3.1 Non-current financial assets		36,250	38,428
a) in related parties		36,247	38,290
b) in other entities		3	138
3.2 Other non-current investment		43	43
4. Non-current prepayments	4	2,555	1,446
4.1 Deferred income tax assets		2,428	1,197
4.2 Other prepayments		127	249
II. Current assets		242,672	188,738
1. Inventories	5	19,498	25,893
2. Current receivables	6 7	145,104	94,152
2.1 from related parties		20,231	12,858
2.2 from other entities		124,873	81,294
3. Current investment		51,525	42,764
3.1 Current financial assets	8	51,525	42,764
a) in related parties		1,250	1,133
b) in other entities		346	476
c) cash and cash equivalents		49,929	41,155
4. Current prepayments	9	26,545	25,929
Total assets		427,236	328,188
EQUITY AND LIABILITIES			
I. Equity		238,691	157,774
1. Share capital	10	7,519	6,955
2. Capital from merger settlement		-7,334	-7,334
3. Supplementary capital	11	172,097	105,113
4. Revaluation reserve	12	6	12
5. Other reserve capitals	13	21,948	21,948
6. Previous years' profit (loss)		1,992	1,992
7. Net profit (loss)		42,463	29,088
II. Liabilities and provisions for liabilities		188,545	170,414
1. Provisions for liabilities	14	878	
1.1 Provisions due to deferred income tax		878	
2. Non-current liabilities	15	51,904	56,849
2.1 to related parties		433	
2.2 to other entities		51,471	56,849
3. Current liabilities	16	95,151	74,900
3.1 to related parties		4,654	1,460
3.2 to other entities		89,302	72,388
3.3 special funds		1,195	1,052
4. Accruals	17	40,612	38,665
4.1 Other accruals		40,612	38,665
a) current		40,612	38,665
Total equity and liabilities		427,236	328,188
Book value		238,691	157,774
Number of shares		7,518,770	6,955,095
Book value per single share (PLN)	18	31,75	22,68
Diluted number of shares		7,957,360	6,955,095
Diluted book value per single share (PLN)	18	30,00	22,68

OFF-BALANCE SHEET ITEMS

	Notes	thousands of PLN	
		2006	2005
1. Contingent liabilities	19	94	555
1.1 To related parties (due to)		94	555
-bank guarantees and suretyships		94	555
1.2 To other entities (due to)		32,017	35,718
-bank guarantees and suretyships		32,017	35,718
Total off-balance sheet items		32,017	36,273

INCOME STATEMENT

	Notes	thousands of PLN	
		2006	2005
I. Net revenues from sales of products, goods and materials, including:		461,808	425,223
-revenues from related parties		26,053	14,536
1. Net revenues from sales of products	20	293,512	223,081
2. Net revenues from sales of goods and materials	21	168,296	202,142
II. Costs of products, goods and materials sold, including:		342,322	333,413
-to related parties		16,299	11,822
1. Manufacturing cost of products sold	22	187,474	146,099
2. Value of products, goods and materials sold		154,848	187,314
III. Gross profit on sales		119,486	91,810
IV. Costs of sales	22	38,295	30,803
V. Administrative costs	22	29,616	23,479
VI. Profit (loss) on sales		51,575	37,528
VII. Other operating revenues		418	1,330
1. Gain on disposal of non-financial non-current assets			207
2. Other operating revenues	23	418	1,123
VIII. Other operating costs		10,340	4,293
1. Loss on disposal of non-financial non-current assets		55	
2. Revaluation of non-financial assets			243
3. Other operating costs	24	10,285	4,050
IX. Profit (loss) on operating activities		41,653	34,565
X. Financial revenues	25	9,512	1,807
1. Interest, including:		1,109	787
-from related parties		409	208
2. Gain on disposal of investment		8,217	40
3. Other		186	980
XI. Finance costs	26	4,949	6,287
1. Interest, including:		1,962	5,138
2. Revaluation of investment		46	415
3. Other		2,941	734
XII. Profit (loss) on business activities		46,216	30,085
XIII. Gross profit (loss)		46,216	30,085
XIV. Income tax	27	3,753	997
a) current		4,106	2,194
b) deferred		-353	-1,197
XV. Net profit (loss)		42,463	29,088
Net profit (loss) (annualised)		42,463	29,088
Weighted average number of shares		7,396,147	6,910,354

Earnings (losses) per single share (PLN)	29	5.74	4,21
Diluted weighted average number of shares		7,834,737	6,910,354
Diluted earnings (losses) per single share (PLN)	29	5.42	4.21

CHANGES IN EQUITY

	thousands of PLN	
	2006	2005
I. Opening balance of equity (BO)	157,774	128,642
I. a. Opening balance of equity after adjustments	157,774	128,642
1. Opening balance of share capital	6,995	6,852
1.1. Changes in share capital	564	103
a) increases (due to)	564	103
-share issue	564	103
1.2. Closing balance of share capital	7,519	6,955
2. Opening balance of supplementary capital	105,113	96,714
2.1. Changes in supplementary capital	66,984	8,399
a) increases (due to)	66,984	8,399
-profit-sharing for the year 2005/2004	29,088	8,399
-surplus due to conversion of convertible bonds to shares	37,896	
2.2. Closing balance of supplementary capital	172,097	105,113
3. Opening balance of revaluation reserve	12	71
3.1. Changes in revaluation reserve	-6	-59
a) increases (due to)	12	
-correction of valuation due to conversion of bonds	12	
a) decreases (due to)	18	59
-valuation of shares at the balance sheet date	18	59
4. Closing balance of revaluation reserve	6	12
4.1 Opening balance of capital from merger	-7,334	-7,334
4.2. Closing balance of capital from merger	-7,334	-7,334
5. Opening balance of other reserve capitals	21,948	21,948
5.1 Closing balance of other reserve capitals	21,948	21,948
6. Opening balance of the previous years' profit (loss)	31,080	10,391
6.1. Opening balance of the previous years' profit	31,080	10,391
6.2. Opening balance of the previous years' profit after adjustments	31 080	10,391
b) decreases (due to)	29,088	8,399
-transferring the result for the year 2005/2006 to supplementary capital	29 088	8,399
6.3. Closing balance of the previous years' profit	1,992	1,992
6.4. Closing balance of the previous years' profit (loss)	1,992	1,992
7. Net result	42,463	29,088
a) net profit	42,463	29,088
II. Closing balance of equity	238,691	157,774
III. Equity including proposed profit-sharing (loss coverage)	238,691	157,774

CASH FLOW STATEMENT

	thousands of PLN	
	2006	2005
A. Cash flows from operating activities		
I. Net profit (loss)	42,463	29 088
II. Total adjustments	-19,620	16 678
1. Depreciation	11,561	10 596
2. Exchange gains (losses)	108	-265

3. Interest and shares in profits (dividends)	1,727	2 514
4. Profit (loss) on investing activities	-8,177	228
5. Change in provisions	-353	-100
6. Change in inventories	6,396	-11 709
7. Change in receivables	-50,546	-19 874
8. Change in current liabilities, excluding credits and loans	18 164	24,036
9. Change in prepayments and accruals	1,500	11 232
10. Other adjustments		20
III. Net cash used in operating activities (I+/-II)-indirect method	22,843	45,766
B. Cash flows from investing activities		
I. Inflows	16,017	5,419
1. Disposal of property, plant and equipment and intangible assets	400	1,093
2. From financial assets, including:	15,617	4,326
a) in related parties	12,575	785
-disposal of financial assets	12,233	
-repayment of granted non-current loans	342	785
b) in other entities	3,042	3,541
-disposal of financial assets	3,042	3,541
II. Outflows	-59,644	-39,862
1. Purchase of property, plant and equipment and intangible assets	-54 013	-32,231
2. For financial assets, including:	-5,631	-7,631
a) in related parties	-2,631	-6,131
-purchase of financial assets	-1,000	-4,480
-granted non-current loans	-1,631	-1,651
b) in other entities	-3,000	-1,500
-purchase of financial assets	-3,000	-1,500
III. Net cash used in investing activities (I-II)	-43,627	-34,443
C. Cash flows from financing activities		
I. Inflows	37,026	33,344
1. Inflows from share issue and other capital instruments		103
2. Loans and credits	37,026	33,119
3. Other inflows		122
II. Outflows	-7,369	-25,069
1. Repayment of loans and credits	-2,403	-21,730
2. Redemption of bonds	-2,930	
3. Interest	-1,726	-3 339
4. Other financial outflows	-310	
III. Net cash (used in)/generated from financing activities (I-II)	29,657	8,275
D. Total net cash flows (A.III+/-B.III+/-C.III)	8,873	19 598
E. Balance sheet change in cash and cash equivalents, including:	8,765	19,638
-change in cash and cash equivalents due to exchange differences	-108	40
F. Cash and cash equivalents opening balance	41,140	21,502
G. Closing balance of cash and equivalents (F+/-E), including:	49,905	41,140

ADDITIONAL INFORMATION AND COMMENTARY
A. COMMENTARY NOTES
BALANCE SHEET COMMENTARY NOTES
Note 1 a

INTANGIBLE ASSETS	thousands of PLN	
	2006	2005
a) licences, patents and similar items, including:	3,511	2,474

-computer software	206	354
b) other intangible assets	10	10
Total intangible assets	3,521	2,484

Note 1 b

CHANGES IN INTANGIBLE ASSETS (BY TYPES)							
thousands of PLN							
	a	b	c		d	e	Total
	costs of completed development work	goodwill	licences, patents and similar items, including -computer software	other intangible assets	advances for intangible assets	intangible assets	
a) opening balance of gross value of intangible assets	2,057		11,044	2,630	112		13,213
b) increases (due to)			2,138	4			2,138
-purchase			2,138	4			2,138
c) decreases (due to)							0
-							0
d) closing balance of gross value of intangible assets	2,057		13,182	2,634	112		15,351
e) opening balance of accumulated depreciation (amortisation)	2,057		8,570	2,276	102		10,729
f) depreciation for the period (due to)			1,101	152			1,101
-increases			1,101	152			1,101
-decreases							
g) closing balance of accumulated depreciation (amortisation)	2,057		9,671	2,428	102		11,830
h) closing balance of net value of intangible assets			3,511	206	10		3,521

Note 1 c

INTANGIBLE ASSETS (PROPRIETARY STRUCTURE)	thousands of PLN	
	2006	2005
a) proprietary	3,521	2,484
Total intangible assets	3,521	2,484

Note 2 a

PROPERTY, PLANT AND EQUIPMENT	thousands of PLN	
	2006	2005
a) property, plant and equipment in use, including:	99,560	93,507
-lands (including right of perpetual usufruct of land)	10,430	8,940
-buildings, premises and water and civil engineering structures	60,927	62,376
-technical equipment and machines	20,133	17,158
-means of transport	6,806	4,037
-other property, plant and equipment	1,264	996
b) property, plant and equipment under construction	42,416	2,142
c) advances for property, plant and equipment	219	1,400
Total property, plant and equipment	142,195	97,049

Note 2 b

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN USE (BY TYPES)							
thousands of PLN							
	- lands (including right of perpetual usufruct of land)	- buildings, premises and water and civil engineering structures	- technical equipment and machines	- means of transport	- other non-current assets	Total non-current assets in use	
a) opening balance of gross value of property, plant and equipment in use	9,087	69,394	41,712	7,526	3,488	131,207	
b) increases (due to)	1,490	525	10,165	4,208	600	16,988	
-purchase	1,490	525	10,165	4,208	600	16,988	
c) decreases (due to)		149	1,654	1,185	55	3,043	
-decommissioning		149	1,544	27	55	1,775	
-sales			110	1,158		1,268	
d) closing balance of gross value of property, plant and equipment in use	10,577	69,770	50,223	10,549	4,033	145,152	
e) opening balance of accumulated depreciation (amortisation)	147	7,018	24,554	3,489	2,492	37,700	
f) depreciation for the period (due to)		1,825	5,536	254	277	7,892	
-increases		1,854	7,104	1,172	330	10,460	
-decreases (decommissioning)		29	1,508	21	53	1,611	
-decreases (sales)			60	897		957	
g) closing balance of accumulated depreciation (amortisation)	147	8,843	30,090	3,743	2,769	45,592	
h) closing balance of net value of property, plant and equipment in use	10,430	60,927	20,133	6,806	1,264	99,560	
Balance sheet value of lands in perpetual usufruct is worth 8.29 million PLN, including acquired ones in amount of 8.29 million PLN.							

Note 2 c

BALANCE SHEET PROPERTY, PLANT AND EQUIPMENT IN USE (PROPRIETARY STRUCTURE)	thousands of PLN	
	2006	2005
a) proprietary	98,741	93,343
b) used on the basis of an agreement of rental, lease or another agreement, including a lease agreement, including:	819	164
Total balance sheet property, plant and equipment in use	99,560	93,507

Note 3 a

NON-CURRENT FINANCIAL ASSETS	thousands of PLN	
	2006	2005
a) in subsidiaries	24,987	23,031
-interest or shares	17,803	16,864
-granted loans	6,249	5,586
-other non-current financial assets (by types)	935	581
-interest due to non-current loans	935	581
b) in associates	11,260	15,259
-interest or shares	11,260	15,259
c) in other entities	3	138
-granted loans	3	138
Total non-current financial assets	36,250	38,428

Note 3 b

CHANGES IN NON-CURRENT FINANCIAL ASSETS (BY TYPES)	thousands of PLN	
	2006	2005
a) opening balance	38,428	34 350
Interest and shares		
b) opening balance	32,123	28 117
c) increases (due to)	1,000	4 480
-purchase of shares in subsidiaries	1,000	230
-purchase of shares in associates		4 250
d) decreases (due to)	4,060	474
-decreases in shares due to merger	3,996	
-balance sheet valuation of shares	64	474
e) closing balance	29,063	32 123
Non-current loans and other non-current assets in subsidiaries		
f) opening balance	6,167	5 853
g) increases (due to)	1,874	1 130
-reclassification to non-current loans to ComArch Software and ComArch Global	888	
-balance sheet valuation		386
-loans grant	632	728
-interest due to non-current loans	354	16
h) decreases (due to)	857	816
-repayment of loans	322	816
-balance sheet valuation	535	
i) closing balance	7,184	6 167
Other loans		

j) opening balance	138	380
k) increases (due to)		63
-loans granted to other entities		63
l) decreases (due to)	135	305
-reclassification to current financial assets	98	305
-repayment of loans	37	
m) closing balance	3	138
n) Closing balance	36,250	38 428

Note 3 c

INTEREST OR SHARES IN RELATED UNITS												
LP thousands of PLN												
	a	b	c	D	e	f	g	h	i	j	k	l
	name of entity (company) including legal form	seat	activities	nature of relationship (subsidiary, correlate or associate, including direct and indirect relationship)	the applied method of consolidation / equity method valuation or indication that an entity is not subject to consolidation/ valued by equity method	date of control / co-control / accession / obtaining major share	value of interest / shares by acquisition price	revaluing corrections (total)	balance sheet value of interest / shares	% of share capital held	share in total number of votes at AGM	indication of basis for control / co control / major share different than the one specified under clauses j) or k)
1.	ComArch, Inc. *	Miami in Florida	Sales of software and services in US market	subsidiary	consolidated	24.06.1999	139	7	146	100	100	
2.	ComArch Software AG	Dresden	Sales of software and services in European market	subsidiary	consolidated	13.09.1999	8,949	-467	8,482	100	100	
3.	ComArch Middle East FZ-LCC	Dubai	Sales of IT systems in the Near East and support of delivered IT systems	subsidiary	consolidated	08.04.2004	203	-44	159	100	100	
4.	ComArch s.r.o.	Bratislava	Production of software	subsidiary	consolidated	31.08.2004	494	9	503	100	100	
5.	ComArch Sp. z. o.o. (Ukraine)	Kiev	Sales of IT systems in Ukraine and support of delivered IT systems	subsidiary	consolidated	01.06.2004	34	-1	33	100	100	
6.	ComArch Panama, Inc.	Panama	Sales and production of IT systems in Central and Southern America market	second degree subsidiary (subsidiary of ComArch Global, Inc.)	consolidated	22.11.2004	33		33	100	100	subsidiary of ComArch Global, Inc. (100%)

7.	UAB ComArch	Vilnius	Sales of IT systems in Lithuania and support of delivered IT systems	subsidiary	consolidated		83	-6	77	100	100	
8.	OOO ComArch	Moscow	Sales of IT systems in Russia and support of delivered IT systems	subsidiary	consolidated		147	-8	139	100	100	
9.	CAServices S.A.**	Krakow	Delivering of connections and outsourcing services	subsidiary	consolidated	18.06.2004	1,053		1,053	99.9	99.9	
10.	Interia.pl S.A.	Krakow	Media activities and electronic commerce and all services related to Internet	associate	equity method	13.08.1999	11,260		11,260	41.05	49.95	Company is a subsidiary of ComArch S.A. due to Art 3 pt 37, sec. d) of the Act on Accounting
11.	MKS Cracovia SSA	Krakow	Activities in the scope of physical education and sport	subsidiary	consolidated	29.09.2003	7,209		7,209	49.15	49.15	
12.	Fidletronik- ComArch Sp. z o.o.	Krakow	Sales and development of network computers and WEB TV sets	associate	not consolidated	25.11.1998	2		2	50	50	

*) On 19 September 2006, ComArch Global, Inc. changed its name to ComArch, Inc.

**) On 28 April 2006, District Court for Krakow-Śródmieście, XI Economic Division of the National Court Register decided to transform ComArch Services Sp. z o.o (Ltd) into ComArch Services S.A. (Plc). On 25 September 2006, pursuant to a notice of the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register, name of ComArch Services S.A was changed to CA Services S.A.

INTEREST OR SHARES IN RELATED PARTIES

No.	name of entity	thousands of PLN						value of interest/ shares in entity unpaid by issuer	dividend received or due for the financial year										
		a	m			n				o		p	r	s	t				
		equity, including:						liabilities and provisions for liabilities		receivables of entity, including:		assets, including:		revenues from sales					
		-share capital		- due payments on share capital (negative value)		- supplementary capital		-other equity, including:		-non-current liabilities		- current liabilities		-non-current receivables		- current receivables			
								profit (loss) from previous years		net profit (loss)									
1.	ComArch, Inc.	-7,571	154					-7,725	-10,403	643	17,575	2,859	14,716	5,567	5,567	10,004	18,353		
2.	ComArch Software AG	1,723	222			8,125		-6,624	-9,866	3,701	11,805	2,619	9,186	8,328	433	7,895	13,528	18,407	
3.	ComArch Middle East FZ-LCC	2,567	200					2,367	607	1,978	1,804		1,804	3,300	3,300	4,371	5,247		
4.	ComArch s.r.o.	680	487					193	97	72	57		57	529	529	737	1,289		
5.	ComArch Sp. z o.o.	-15	15					-30	46	-76	389	121	268	234	234	374	901		
6.	ComArch Panama, Inc.	-859	31					-890	-613	-410	1,955	1,080	875	807	807	1,096	2,169		
7.	UAB ComArch	334	80					254	11	254	1,250		1,250	392	392	1,584	3,263		
8.	OOO ComArch	-338	140					-478	-157	-326	1,197	466	731	266	266	859	1,221		
9.	CA Services S.A.	2,062	1,050			57		955	92	863	1,798	1	1,797	2,921	2,921	3,860	13,789		
10.	INTERIA.PL S.A.																		
11.	MKS Cracovia SSA	28,626	14,557			11		14,058	-9,262	171	12,981	5,712	7,269	1,794	1,794	41,607	14,607		
12.	ComArch-Fidletronik Sp. z o.o. *																		

*) Company did not begin to operate.

Note 3 e

SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			19,524	22,521
b) in foreign currencies (by currencies and after conversion to PLN)			10,474	10,183
b1. in currency	in thou.	USD	210	178
after conversion to thousands of PLN			610	580
b2. in currency	in thou.	EURO	2,320	2,277
after conversion to thousands of PLN			8,954	8,790
other currencies in thousands of PLN			910	813
Total securities, shares and other non-current financial assets			29,998	32,704

Note 3 f

SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY DISPOSAL)	thousands of PLN	
	2006	2005
A. Total interest /shares/	29,063	32,123
a. shares (balance sheet value) – admitted do public trading	11,260	14,760
revaluating corrections for the period		
-opening balance value	14,760	10,510
-decrease in value-sale of shares	3,500	
-value according to the acquisition price	11,260	14,760
b. shares (balance sheet value)-others	17,045	16,102
c. opening balance value	16,605	
-revaluating corrections for the period	-64	-398
-increase: purchase of shares	1,000	
-decrease: sales of shares	496	
d. shares in limited companies	758	1,261
-revaluating corrections for the period		-49
-opening balance value	758	1,226
-value according to the acquisition price	758	1,310
e. others-interest from non-current loans (balance sheet value)	935	581
-opening balance value	581	565
Total value according to the acquisition price	29,063	33,151
Total opening balance value	32,704	28,682
Total revaluating corrections for the period	-64	-447
Total balance sheet value	29,998	32,704

Note 3 g

GRANTED NON-CURRENT LOANS (BY CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			0	138
b) in foreign currencies (by currencies and after conversion to PLN)			6,252	5,586
b1. in currency	in thou.	EURO	560	560
after conversion to thousands of PLN			2,145	2,161
b2. in currency	in thou.	USD	1,410	1,050
after conversion to thousands of PLN			4,107	3,425
Total non-current loans			6,252	5,724

Note 3 h

OTHER NON-CURRENT INVESTMENTS (BY TYPES)	thousands of PLN	
	2006	2005
-works of art.	43	43
Total other non-current investments	43	43

Note 3 i

CHANGES IN OTHER NON-CURRENT INVESTMENTS (BY TYPES)	thousands of PLN	
	2006	2005
a) opening balance	43	43
purchase of works of art.		
b) closing balance	43	43

Note 3 j

OTHER NON-CURRENT INVESTMENT (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			43	43
b1. in currency				
-				
Total other non-current investment			43	43

Note 4 a

CHANGE IN DEFERRED INCOME TAX ASSETS	thousands of PLN	
	2006	2005
1. Opening balance of deferred income tax assets	1,197	0
2. Increases	2,428	1,197
a) referred into the financial result of the period	2,428	1,197
3. Decreases	1,197	
4. Closing balance of deferred income tax assets, including:	2,428	1,197
a) referred into the financial result	2,428	1,197

I. Tax exempt due to activities in Special Economic Zone.

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 article 6, section 1 of this act, these entities may apply for changes to the terms and conditions of their permits in order to adjust them to the principles for granting public aid in force in the European Union. Pursuant to article 5, section 2, point 1 lit. b), point 2, point 3 of the act, the maximum amount of public aid for entities, which operate in a special economic zone on the basis of a permit issued before 1 January 2000, cannot exceed 75 % of the value of investments incurred in the period from the date of obtaining the permit until 31 December 2006, provided that in determining the maximum amount of public aid, the total amount of public aid obtained since 1 January 2001 is taken into consideration. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of ComArch S.A., the maximum value of public aid will not exceed 75 % of the value of investment expenditures, which the company has incurred/shall incur since obtaining the permit, i.e. 22 March 1999, until 31 December 2006.

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

The limit of the unused investment relief as at 31 December 2006, discounted as at the permit date, is 32.78 million PLN.

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 the Act on Accounting dated 29 September 1994, company does not include tax exempt due to activities in Special Economic Zone in calculating a value of a deferred income tax asset.

II. Temporary differences and tax losses to be settled.

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 31 December 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. At the same time company recognised an asset worth 2.43 million PLN and provisions due to deferred income tax worth 0.85 million PLN. The effect of reversing this asset on the 2006 result was plus 0.35 million PLN.

Note 4 b

OTHER PREPAYMENTS	thousands of PLN	
	2006	2005
a) prepayments of costs, including:	127	249
-non-current costs of the future periods	127	249

Note 5 a

INVENTORIES	thousands of PLN	
	2006	2005
a) materials	704	777
b) rough products and products in progress	11,802	13,068
c) finished goods	6,992	11,688
d) advances for deliveries		360
Total inventories	19,498	25,893

Due to loss in value write-offs that revalue inventories were done. As at 31 December 2006, value of write-offs that are included in the result for 2006 amounts to 0.024 million PLN.

Note 6 a

CURRENT RECEIVABLES	thousands of PLN	
	2006	2005

a) from related parties	20,231	12,858
-due to deliveries and services with payment period of:	20,231	12,858
-up to 12 months	20,231	12,858
b) from other entities	124,873	81,294
-due to deliveries and services with payment period of:	123,659	80,731
-up to 12 months	109,070	80,731
-over 12 months	14,589	
-due to taxes, subsidies, customs, social and health insurance and other benefits		1
-other	1,214	562
Total net current receivables	145,104	94,152
c) write-offs revaluating receivables	2,270	2,631
Total gross current receivables	147,374	96,783

Note 6 b

CURRENT RECEIVABLES FROM RELATED PARTIES	thousands of PLN	
	2006	2005
a) due to deliveries and services, including:	20,231	12,858
-from subsidiaries	20,231	12,831
-from associates	24	27
Total net current receivables from related parties	20,231	12,858
c) write-offs revaluating receivables from related parties	141	550
Total gross current receivables from related parties	20,372	13,408

Note 6 c

CHANGE IN WRITE-OFFS THAT REVALUATE CURRENT RECEIVABLES	thousands of PLN	
	2006	2005
Opening balance	2,631	1,057
a) increases (due to)	2,357	2,479
write-offs taken over from merger		
-establishing write-offs for bad debts	2,357	2,479
b) decreases (due to)	2,718	905
dissolution of provisions		
-dissolution of provisions - paid receivables	1,631	770
-dissolution of provisions – listing of outdated receivables	1,087	68
-dissolution of provisions -other		67
Closing balance of write-offs that revalue current receivables	2,270	2,631

Note 6 d

GROSS CURRENT RECEIVABLES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			91,939	71,275
b) in foreign currencies (by currencies and after conversion to PLN)			55,435	25,508
b1. in currency	in thou.	EURO	10,342	3,277
after conversion to thousands of PLN			40,308	12,627
b2. in currency	in thou.	USD	5,006	3,805

after conversion to thousands of PLN			14,621	12,637
b3. in currency	in thou.	CHF	193	72
after conversion to thousands of PLN			496	178
b4. in currency	in thou.	GBP	1	12
after conversion to thousands of PLN			3	66
other currencies in thousands of PLN			7	
Total current receivables			147,374	96,783

Note 6 e

GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, WITH PAYMENT PERIOD OF THE BALANCE SHEET DATE:	thousands of PLN	
	2006	2005
a) less than 1 month	87,989	58,642
b) over 1 month and less than 3 months	2,581	2,463
c) over 3 month and less than 6 months	132	279
d) over 6 months and less than 1 year	13	47
e) over 1 year	14,589	41
f) outdated receivables	40,802	34,695
Total gross receivables due to deliveries and services	146,106	96,167
g) write-offs that revalue receivables due to deliveries and services	2,216	2,578
Total net receivables due to deliveries and services	143,890	93,589

With the regular course of sales, receivables listed in items a) to e) are related. Payment deadline is one of integral elements of the financial offer of the ComArch Group. The Group applies different payment deadlines depending on agreement type and contractor. In particular, long payment deadlines result from using by public institutions of the so-called guarantee deposits settled after completion of a contract (i.e. withholding part of payment of each invoice until the contract is completely executed).

Note 6 f

GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, OUTDATED, BY RECEIVABLES OUTSTANDING IN THE PERIOD:	thousands of PLN	
	2006	2005
a) less than 1 month	14,586	17,520
b) over 1 month and less than 3 months	7,677	7,179
c) over 3 month and less than 6 months	11,787	3,068
d) over 6 months and less than 1 year	3,830	3,484
e) over 1 year	2,922	3,444
Total gross receivables due to deliveries and services, outdated	40,802	34,695
-write-offs that revalue receivables due to deliveries and services, outdated	2,216	2,578
Total net receivables due to deliveries and services, outdated	38,586	32,117

Note 7 a

Contested debts and outdated receivables (by titles) as at 31 December 2006:

a) contested debts – comprised by revaluating write-offs

b) gross outdated receivables: 40.8 million PLN:

- due to deliveries of finished goods and services: 40.8 million PLN.

Outdated receivables on which revaluating write-offs were made: 38.59 million PLN.

Outdated receivables comprised by revaluating write-offs: 2.22 million PLN.

Receivables that are prosecuted – comprised by revaluating write-offs: 0 PLN.

File	Description

Note 8 a

CURRENT FINANCIAL ASSETS	thousands of PLN	
	2006	2005
a) in subsidiaries	1,250	1,133
-granted loans	1,250	1,133
b) in other parties	346	476
-granted loans	179	252
-other current financial assets (by types)	167	224
c) cash and cash equivalents	49,929	41,155
-cash in hand and at banks	49,905	41,140
-other monetary assets	24	15
Total current financial assets	51,525	42,764

Note 8 b

SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			167	224
b1. in currency	in thou.	EURO	167	227
b1. in currency	in thou.	USD		-3
after conversion to thousands PLN				
Total securities, shares and other current financial assets			167	224

Note 8 c

SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (BY DISPOSAL)	thousands of PLN	
	2006	2005
With unlimited disposability, not registered on regulated market (balance sheet value)	167	224
a) other-by types (balance sheet value):	167	224
-market value	167	224
-value by acquisition price	167	224
Total balance sheet value	167	224

Note 8 d

GRANTED CURRENT LOANS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			1,429	404
b) in foreign currencies (by currencies and after conversion to PLN)				981
b1. in currency	in thou.	USD		283
after conversion to thousands of PLN				923

b2. in currency	in thou.	EURO		15
after conversion to thousands of PLN				58
other currencies in thousands of PLN				
Total granted current loans			1,429	1,385

Note 8 e

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			36,568	33,959
b) in foreign currencies (by currencies and after conversion to PLN)			13,361	7,196
b1. in currency	in thou.	EURO	2,975	1,674
after conversion to thousands of PLN			11,426	6,460
b2. in currency	in thou.	USD	627	107
after conversion to thousands of PLN			1,844	351
b3. in currency	in thou.	GBP	0	1
after conversion to thousands of PLN			2	4
b4. in currency	in thou.	CHF	37	153
after conversion to thousands of PLN			89	380
-				
other currencies in thousands of PLN				1
Total cash and cash equivalents			49,929	41,155

Note 9 a

CURRENT PREPAYMENTS	thousands of PLN	
	2006	2005
a) current prepayments of costs, including:	2,440	2,462
-costs of organisation and expansion of the joint stock company	1,931	
-costs related to the future sales	474	1,939
-property and motor insurance	35	433
-other	24,105	90
b) other prepayments, including:	20,250	23,467
-prepayments due to establishment of revenues from long-term contracts		22,705
-revenues not invoiced as at the balance sheet date		653
-not invoiced deliveries		96
-other		13
-due subsidies	3,855	
Total current prepayments	26,545	25,929

Note 10 a

SHARE CAPITAL (STRUCTURE)								
in thousands of PLN								
Series/issue	Type of shares	Type of shares preference	Type of limitation of rights to shares	Number of shares	Value of series/ issue by nominal value	Capital covering	Registration date	Right to dividend (from)

A	Registered preference	vote 5:1	not limited	883,600	884	transform ation of limited company	1994-12-20	1994-12-20
A	ordinary bearer shares		not limited	56,400	56	transform ation of limited company	1994-12-20	1994-12-20
B	Registered preference	vote 5:1	not limited	883,600	884	cash	1995-03-24	1994-12-20
B	ordinary bearer shares		not limited	56,400	56	cash	1995-03-24	1994-12-20
C	ordinary bearer shares		not limited	3,008,000	3,008	cash	1997-06-20	1996-11-01
D	ordinary bearer shares		not limited	1,200,000	1,200	cash	1999-03-01	1997-11-01
E	ordinary bearer shares		not limited	638,600	638	cash	2000-03-08	1999-01-01
G	ordinary bearer shares		not limited	125,787	126	cash	2004-06-29	2004-01-01
G3	ordinary bearer shares		not limited	102,708	103	cash	2005-06-23	2005-01-01
Total number of shares				7,518,770				
Total share capital					7,519			
Nominal value of one share (PLN)			1,00					

I. Shareholders holding directly or indirectly by subsidiary entities at least 5 % of the total number of votes in the general meeting of ComArch S.A.

As at 31 December 2006, shareholders holding directly or indirectly by subsidiary entities at least 5 % of the total number of votes in the general meeting of ComArch S.A. were:

-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.

*) Company announced in current report no. 2/2007 that a member of the Board of Supervisors sold 10.000 ordinary bearer ComArch S.A. shares.

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

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

- For 2006 it will be the difference between the average capitalisation of the company in December 2005 and the average capitalisation of the company in December 2004; this will be

calculated using the average closing price of ComArch shares in December 2004 as 69.53 PLN;

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

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b) and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 31 December 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in the third quarter of 2006) the value of the Option amounted to 8.2 % of the increase in capitalisation.

Pursuant to the Act on Accounting dated 29 September 1994, managerial option programme is not recognised in income statement. This option will be recognised as cost in income statement in consolidated financial statement according to IFRS.

Note 11 a

SUPPLEMENTARY CAPITAL	thousands of PLN	
	2006	2005
a) from sales of shares above par	84,448	84,448
b) created according to the law	2,506	2,409
c) created according to the statute/agreement, above the (minimal) value that is required by law	85,143	18,256
Total supplementary capital	172,097	105,113

Note 12 a

REVALUATION RESERVE	thousands of PLN	
	2006	2005
a) exchange differences due to conversion of shares in foreign currencies	6	24
b) other (by types)		-12
-capital part of convertible bonds		282
-negative capital that arose at redemption of bonds		-294
Total revaluation reserve	6	12

Note 13 a

OTHER RESERVE CAPITALS (BY PURPOSES)	thousands of PLN	
	2006	2005
-investment capital	79	79
-capital from profit-sharing	21,203	21,203
-supplementary capital for covering the tax liabilities	666	666
Total reserve capitals	21,948	21,948

Note 14 a

CHANGES IN PROVISION DUE TO DEFERRED INCOME TAX	thousands of PLN
--	------------------

	2006	2005
1. Opening balance of provision due to deferred income tax	0	0
a) referred into the financial result of the period due to positive temporary differences (due to)	878	
2. Closing balance of provision due to deferred income tax	878	

There is an additional information in note 4a.

Note 14 b

CHANGES IN OTHER CURRENT PROVISIONS (BY TITLES)	thousands of PLN	
	2006	2005
a) opening balance		100
b) dissolution (due to)		100
-payment of an amount due to an agreement		100

Note 15 a

NON-CURRENT LIABILITIES	thousands of PLN	
	2006	2005
a) to other entities	51,471	56,849
-credits and loans	51,471	17,000
-due to issue of debt securities		39,849
-due to lease	433	
Total non-current liabilities	51,904	56,849

Note 15 b

NON-CURRENT LIABILITIES WITH PAYMENT PERIOD (FROM THE BALANCE SHEET DATE)	thousands of PLN	
	2006	2005
a) over 1 year up to 3 years	8,667	45,849
b) over 3 years up to 5 years	9,454	4,000
c) over 5 years	33,753	7,000
Total non-current liabilities	51,904	56,849

Note 15 c

NON-CURRENT LIABILITIES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			51,904	56,849
Total non-current liabilities			51,904	56,849

Note 15 d

NON-CURRENT LIABILITIES (DUE TO CREDITS AND LOANS)											
thousands of PLN											
Name of entity (company) including legal form	Seat	Value of credit / loan according to a contract			Value of credit / loans to be paid			Interest rate	Maturity date	Hedges	Other
		in thousands of PLN	in currency	unit	in thousands of PLN	in currency	unit				
Fortis Bank S.A.	Warsaw	20,000			15,000			WIBO R1M+0,95%	05-04-2015	promissory note, the mortgage on land in the amount of 20 million PLN and maximum mortgage up to the amount of 4.79 million PLN and the building insurance policy	related to SSE2 building
Kredyt Bank S.A.	Warsaw	26,824			26,466			WIBO R1M+0,95%	31-03-2022	the mortgage on land in the amount of 26,823,970 PLN and maximum mortgage up to the amount of 6.5 million PLN and the building insurance policy	related to SSE3 building
Fortis Bank S.A.	Warsaw	30,000			9,760			WIBO R1M+0,95%	29-09-2023	promissory note, the mortgage on land in the amount of 30 million PLN and maximum mortgage up to the amount of 4.572 million PLN and the building insurance policy	related to SSE4 building

At the balance sheet date long-term part of credit to be paid is worth 17 million PLN.

Note 16 a

CURRENT LIABILITIES	thousands of PLN	
	2006	2005
a) to subsidiaries	4,429	1,418
-due to deliveries and services with payment period of:	4,266	1,418
-up to 12 months	4,266	1,418
-other (by types)	163	
b) to associates	225	42
-due to deliveries and services with payment period of:	225	42
-up to 12 months	225	42
c) to other entities	89,302	72,388
-credits and loans, including:	2,441	2,299
-long-term period of payment		2,000
-other financial liabilities		1,097
-		1,097
-due to deliveries and services with payment period of:	59,065	61,288
-up to 12 months	44,399	61,288
-over 12 months	14,666	
-advances for received deliveries	5,755	1,511
-due to taxes, customs, insurance and other benefits	17,060	3,808
-due to remuneration	3	
-other (by titles)	4,978	2,385
-investment liabilities	4,228	736
liabilities due to subsidies		
-liabilities to employees	313	443
-due to lease	414	270
-other	23	936
d) special funds (by types)	1,195	1,052
-Social Services Fund and Residential Fund	1,195	1,052
Total current liabilities	95,151	74,900

Note 16 b

CURRENT LIABILITIES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2006	2005
a) in polish currency			87,536	66,260
b) in foreign currencies (by currencies and after conversion to PLN)			7,615	8,640
b1. in currency	in thou.	EURO	1,540	1,169
after conversion to thousands of PLN			5,867	4,513
b2. in currency	in thou.	USD	430	1,118
after conversion to thousands of PLN			1,251	3,644
b3. in currency	in thou.	SKK	4,478	4,712
after conversion to thousands of PLN			497	481
other currencies in thousands of PLN				2
Total current liabilities			95,151	74,900

Note 16 c

NON-CURRENT LIABILITIES (DUE TO CREDITS AND LOANS)													
thousands of PLN													
Name of entity (company) including legal form	Seat	Value of credit / loan according to a contract				Value of credit / loans to be paid				Interest rate	Maturity date	Hedges	Other
		in thousands of PLN	in currency	unit	currency	in thousands of PLN	in currency	unit	currency				
Fortis Bank S.A.	Warsaw	20,000			PLN	2,000			PLN	WIBO R1M+0,95%	05-04-2015	promissory note, the mortgage on land in the amount of 20 million PLN and maximum mortgage up to the amount of 4.79 million PLN and the building insurance policy	related to SSE2 building
Kredyt Bank S.A.	Warsaw	26,824			PLN	358			PLN	WIBO R1M+0,95%	31-03-2022	the mortgage on land in the amount of 26,823,970 PLN and maximum mortgage up to the amount of 6.5 million PLN and the building insurance policy	related to SSE3 building
Fortis Bank S.A.	Warsaw	30,000			PLN	315			PLN	WIBO R1M+0,95%	29-09-2023	promissory note, the mortgage on land in the amount of 30 million PLN and maximum mortgage up to the amount of 4.572 million PLN and the building insurance policy	related to SSE4 building

At the balance sheet date short-term part of credit to be paid is worth 2.673 million PLN.

Note 17 a

OTHER ACCRUALS	thousands of PLN	
	2006	2005
a) accruals of costs	34,365	25,805
-current (by titles)	34,365	25,805
-provisions for leave	6,736	5,231
-costs related to the current period that will be incurred in future	25,337	18,236
-provisions for costs for contracts	2,292	2,338
b) accruals of revenues	857	1,731
-current (by titles)	857	1,731
-granted subsidies	857	1,731
c) accruals due to long-term contracts	5,390	11,129
Total other accruals	40,612	38,665

Note 18 a

Book value per single share in column "2006" is equal to book value (equity) divided by number of shares as at 31 December 2006. Book value per single share in column "2005" is equal to book value (equity) divided by number of shares as at 31 December 2005.

Diluted book value per single share in column "2006" is equal to book value (equity) divided by sum of number of shares as at 31 December 2006 and diluted number of shares that results from execution of managerial option for 2006. Diluted book value per single share in column "2005" is equal to book value (equity) divided by number of shares as at 31 December 2006.

Pursuant to IAS 33, in calculation of diluted profit per single share (diluted book value per single share) ordinary shares should be regarded as diluting if and only if their conversion to ordinary shares would reduce net profit (book value).

File	Description

OFF-BALANCE ITEMS COMMENTARY NOTES

Note 19 a

CONTINGENT LIABILITIES TO RELATED PARTIES (DUE TO)	thousands of PLN	
	2006	2005
a) granted bank guarantees and suretyships	94	555
-to associates	94	555
Total contingent liabilities to related parties	94	555

INCOME STATEMENT COMMENTARY NOTES

Note 20 a

NET REVENUES FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousands of PLN	
	2006	2005
-sales of IT services	160,396	134,491
-including: from related parties	7,139	767
-sales of proprietary software and licences	120,519	81,474
-including: from related parties	17,736	13,506
-sales of finished goods	9,076	6,934

-other sales	3,521	182
-including: from related parties	1,127	125
Total net revenues from sales of products	293,512	223,081
-including: from related parties	26,002	14,398

Note 20 b

NET REVENUES FROM SALES OF PRODUCTS (GEOGRAPHIC STRUCTURE)	thousands of PLN	
	2006	2005
a) domestic	223,291	170,312
-including: from related parties	1,287	32
b) export	70,221	52,769
-including: from related parties	24,715	14,366
Total net revenues from sales of products	293,512	223,081
-including: from related parties	26,002	14,398

Note 21 a

NET REVENUES FROM SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE- TYPES OF ACTIVITIES)	thousands of PLN	
	2006	2005
-computer hardware	90,014	141,727
-including: from related parties	41	86
-proprietary software and licences	69,624	46,259
-including: from related parties	9	3
-other	8,658	14,156
-including: from related parties	1	49
Total net revenues from sales of goods and materials	168,296	202,142
-including: from related parties	51	138

Note 21 b

NET REVENUES FROM SALES OF GOODS AND MATERIALS (GEOGRAPHIC STRUCTURE)	thousands of PLN	
	2006	2005
a) domestic	167,287	200,784
b) export	1,009	1,358
-including: from related parties	51	138
Total net revenues from sales of goods and materials	168,296	202,142
-including: from related parties	51	138

Note 22 a

COSTS BY TYPES	thousands of PLN	
	2006	2005
a) depreciation	11,561	10,596
b) consumption of materials and energy	5,241	5,792
c) third party services	72,660	52,827
d) taxes and charges	2,431	2,041
e) remuneration	129,134	97,387
f) social insurance and other benefits	21,778	16,357

g) other (by types)	17,147	13,395
Total costs by types	259,952	198,395
Change in inventories, products and prepayments	-4,567	1,986
Costs of sales (negative value)	-38,295	-30,803
Administrative costs (negative value)	-29,616	-23,479
Manufacturing costs of products sold	187,474	146,099

Note 23 a

OTHER OPERATING REVENUES	thousands of PLN	
	2006	2005
a) provision dissolution (due to)	31	850
-dissolution of revaluating write-offs -payment		770
-dissolution of write-offs –listing of receivables		68
-to write-offs that reevaluate materials and finished goods	31	12
b) other, including:	387	273
-recovered communication damages	26	1
-received bonus		13
-refund of VAT that was paid abroad	56	114
-received contractual penalties	47	4
-refunded legal expenses		23
-remuneration of taxpayer	63	
-cancelled training contracts	35	
-other	160	118
Total operating revenues	418	1,123

Note 24 a

OTHER OPERATING COSTS	thousands of PLN	
	2006	2005
a) other, including:	10,285	4,050
-membership fees	129	150
-donations	188	123
-paid penalties	1,030	285
-costs of works that are financed with subsidies	7,698	836
-write-off that reevaluates receivables	611	2,479
-other	629	177
Total operating costs	10,285	4,050

Note 25 a

FINANCING REVENUES DUE TO INTEREST	thousands of PLN	
	2006	2005
a) due to granted loans	409	208
-from related parties, including:	409	208
-from subsidiaries	409	208
b) other interest	700	579
-from other parties	700	579
Total financing revenues due to interest	1,109	787

Note 25 b

OTHER FINANCING REVENUES	thousands of PLN	
	2006	2005
a) positive exchange differences		869
-executed		631
-not executed		238
b) other, including:	186	111
-credit valuation	128	
-other	58	
Total financing revenues	126	980

Note 26 a

FINANCING COSTS DUE TO INTEREST	thousands of PLN	
	2006	2005
a) other interest	1,962	5 138
-for other parties	1,962	5 138
Total financing costs due to interest	1,962	5 138

Note 26 b

OTHER FINANCING COSTS	thousands of PLN	
	2006	2005
b) other, including:	2,941	734
-commissions on guarantees	409	596
-loans valuation		55
-exchange differences	2,516	
-other	16	83
Total other financing costs	2,941	734

Note 27 a

CURRENT INCOME TAX	thousands of PLN	
	2006	2005
1. Gross profit (loss)	46,216	30,085
2. Permanent differences between gross profit (loss) and basis of taxation for income tax	11,661	2,757
3. Temporary differences between gross profit (loss) and basis of taxation for income tax	18,407	20,940
4. Other differences between gross profit (loss) and basis of taxation for income tax, including:	-54,672	-42,234
-income exempt due to activities in Special Economic Zone	-42,822	-30,384
-deducting loss from previous years	-11,850	-11,850
5. Basis of taxation for income tax	21,612	11,548
6. Income tax at the rate of 19 %	4,106	2,194
Income tax recognised in income statement	3,753	997
-recognised in tax declaration	4,106	2,194
-deferred	-353	-1,197

Tax authorities are entitled to carry out the control of account books and tax accounts during 5 years beginning from the end of the year when tax declaration was made. They are also entitled to charge company to additional tax amount, penalties and interests. In Management Board's opinion there are no circumstances that indicate a possibility of arising significant liabilities on account of that fact.

Note 27 b

DEFERRED INCOME TAX RECOGNISED IN INCOME STATEMENT:	thousands of PLN	
	2006	2005
-recognising an asset due to loss to be deducted	353	1,197
Total deferred income tax	353	1,197

Note 28 a

On 22 June 2006, Annual General Meeting decided that net profit for the period from 1 January 2005 to 31 December 2005 in amount of 29,087,956.79 PLN is allocated in entirety for the supplementary capital. ComArch S.A.'s Management Board has not made a decision until publication date of this report concerning a proposed profit-sharing for 2006.

File	Description

Note 29 a

Net profit per single share in column "2006" is equal to net profit for the period from 1 January 2006 to 31 December 2006 divided by weighted average number of shares between 1 January 2006 and 31 December 2006, where number of days is the weight. Net profit per single share in column "2005" is equal to net profit for the period from 1 January 2005 to 31 December 2005 divided by weighted average number of shares between 1 January 2005 and 31 December 2005, where number of days is the weight.

Diluted net profit per single share in column "2006" is equal to net profit for the period from 1 January 2006 to 31 December 2006 divided by weighted average number of shares between 1 January 2006 and 31 December 2006 that was calculated according to IAS 33. Diluted net profit per single share in column "2005" is equal to net profit for the period from 1 January 2005 to 31 December 2005 divided by weighted average number of shares between 1 January 2005 and 31 December 2005 that was calculated according to IAS 33.

Pursuant to IAS 33, in calculation of diluted profit per single share (diluted book value per single share) ordinary shares should be regarded as diluting if and only if their conversion to ordinary shares would reduce net profit (book value).

File	Description

CASH FLOW COMMENTARY NOTES

File	Description
Cash flow commentary notes.pdf	Cash flow commentary notes- Appendix no. 7

B. ADDITIONAL COMMENTARY NOTES

File	Description
Additional commentary notes.pdf	Additional commentary notes-Appendix no. 8

SIGNATURES

SIGNATURES OF ALL MEMBERS OF THE BOARD			
Date	Name and surname	Position	Signature
2007-04-04	Janusz Filipiak	President of the Management Board	
2007-04-04	Rafał Chwast	Vice-president of the Management Board	
2007-04-04	Piotr Piątosza	Vice-president of the Management Board	
2007-04-04	Paweł Prokop	Vice-president of the Management Board	
2007-04-04	Paweł Przewięźlikowski	Vice-president of the Management Board	
2007-04-04	Zbigniew Rymarczyk	Vice-president of the Management Board	

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS			
Date	Name and surname	Position	Signature
2007-04-04	Maria Smolińska	Head Accountant	

REPORT OF THE MANAGEMENT BOARD (REPORT REGARDING THE ACTIVITIES OF ISSUER)

File	Description
Report of the Management Board.pdf	Report of the Management Board-Appendix no. 9
Declaration of ComArch S.A. Management Board regarding the Corporate Principles.pdf	Declaration of ComArch S.A. Management Board regarding the Corporate Principles-Appendix no. 10

In this report, the following notes have not been filed in:

Property, plant and equipment in use recognised off-balance sheet

Non-current receivables, Change in non-current receivables (by titles), Change in write-offs revaluating non-current receivables, Non-current receivables (currency structure)

Change in real estates (by types), Change in intangibles (by types), Interest or shares in related units that are valued by equity method, including: , Change in goodwill-subsiaries, Change in goodwill-co subsidiaries, Change in goodwill-associates, Change in negative goodwill-subsiaries, Change in negative goodwill- co subsidiaries, Change in negative goodwill-associates, Interest or shares in other entities

Other current investment (by types), Other current investment (currency structure)

Revaluating write-offs

Proprietary shares (interest), Shares (interest) of issuer that are propriety of related parties

Write-offs from net profit during financial year (due to)

Change in non-current provision for retirement pension and similar (due to), Change in current provision for retirement pension and similar (due to), Change in other non-current provisions (due to)

Non-current liabilities due to issued debts

Current liabilities due to issued debts

Change in negative goodwill

Contingent receivables from related entities (due to)

Financial revenues from dividends and shares in profits

Profit (loss) on sales of entirety or part of shares of related parties

Extraordinary profits

Extraordinary losses

Total amount of deferred tax, Income tax recognised in income statement related

Other obligatory decreases in profit (increases in losses), due to:

Share in net profits (losses) of related parties that are valued by equity method, including:

CASH FLOW COMMENTARY NOTES, SA-R 2006 COMARCH S.A. ANNUAL REPORT

Note 29

CASH STRUCTURE (CURRENT YEAR)

	31 December 2006	31 December 2005	Change
1	2	3	1=2-3
Cash in hand	367	343	24
Cash in banks	49,538	40,797	8,741
Total	49,905	41,140	8,765
<i>-including exchange differences</i>	<i>-108</i>	<i>-161</i>	<i>53</i>

Note 30

CALCULATION DETAILS OF SELECTED ITEMS IN CASH FLOW STATEMENT (CURRENT YEAR)

Operating activities

Item A II 1 Depreciation

Depreciation of intangible assets	1,101
Depreciation of property, plant and equipment	10,460

Total	11,561

Item A II 3

Paid-out interest on proprietary bonds	453
Received interest on credit	1,274

	1,727

Item A II 4

Revenues from sales of property, plant and equipment	-444
Cost of sold and decommissioned property, plant and equipment in use	545
Inflow due to sales of securities	-42
Revaluation of shares	
Result on sales of shares (interest)	-8,236

Total	-8,177

Item A II 7

Change in receivables	-51,879
Paid investment receivables	44
Change in loans	1,289

Total	-50,546

Item A II 8	
Change in current liabilities excluding loans, credits And other financial liabilities	19,463
Change in investment liabilities	-4,229
Change in financial liabilities	2,930

Total	18,164

Item A II 9	
Change in prepayments	-495
Change in accruals	1,995

Total	1,500

Investment activities

Inflows

Item B I 1	
Revenues from sales of property, plant and equipment	444
Receivables paid	-44

Total	400

Outflows

Item B II 1	
Purchase of intangible assets And property, plant and equipment	-58,023
Payment of investment liabilities	4,010

Total	-54,013

ADDITIONAL COMMENTARY NOTES SA-R 2006 COMARCH S.A. ANNUAL REPORT

**Note 31
FINANCIAL INSTRUMENTS**

A) Changes in Financial Instruments (by categories)

Changes in particular categories of financial assets (excluding cash and cash equivalents) from January 2005 to 31 December 2005 were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans and proprietary receivables	Financial liabilities
1 January 2005	2,000		6,406	47,110
+ increases	1,500		1,906	15,771
- decreases	3,500		1,203	2,636
31 December 2005	0		7,109	60,245
Balance sheet approach				
Non-current financial assets				
<i>in related parties</i>			5,586	
<i>in other entities</i>			138	
Current financial assets				
<i>in related parties</i>			1,132	
<i>in other entities</i>			252	
Current financial liabilities				
<i>to related parties</i>				
<i>to other entities</i>				3,396
Non-current financial liabilities				
<i>to related parties</i>				
<i>to other entities</i>				56,849

Changes in particular categories of financial assets (excluding cash and cash equivalents) from January 2006 to 31 December 2006 were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans and proprietary receivables	Financial liabilities
1 January 2006	0		7,109	60,245
+ increases	3,000		1,632	36,988
- decreases	3,000		1,060	43,321
31 December 2006	0		7,681	53,912
Balance sheet approach				
Non-current financial assets				
<i>in related parties</i>			6,249	
<i>in other entities</i>			3	
Current financial assets				
<i>in related parties</i>			1,250	
<i>in other entities</i>			179	
Current financial liabilities				
<i>to related parties</i>				
<i>to other entities</i>				2,441
Non-current financial liabilities				
<i>to related parties</i>				
<i>to other entities</i>				51,471

Financial assets held for trading

This refers to the acquired shares in cash investment funds. Shares in cash investment funds are appraised according to fair value, i.e. pursuant to the daily appraisal of value of net assets into shares made by the association of investment funds. Total held and acquired in 2006 shares disposed in 2006.

Granted loans and proprietary receivables

Granted loans are appraised according to depreciated costs using the effective interest method. When there are no differences significant for valuation, they are recognised according to nominal value accrued interest using interest rate resultant from contracts.

Financial liabilities

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.

Liabilities are related also to investment credit.

B) Interest on Financial Liabilities for 2006

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	over 12 months		
Interest on financial liabilities held for trading	-	-	-	-	-	-
Interest on other current financial liabilities	-	-	-	-	-	-
Interest on non-current financial liabilities	1,449	-	-	-	-	1,449
Total	1,449	-	-	-	-	1,449

C) Interest on Granted Loans and Debts for 2006

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	over 12 months		
Interest on granted loans	20	-	24	935	959	979
Interest on debts	-	-	-	-	-	-
Total	20	-	24	935	959	979

Note 32**CONTINGENT LIABILITIES**

On 31 December 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 32.02 million PLN.

On 31 December 2006 the value of ComArch S.A. suretyships for the debts of Interia.pl S.A. from lease agreements amounted to 0.094 million PLN.

ComArch S.A. is the defendant in legal proceedings, in which the potential total amount of third party claims is 0.378 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.

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 10 years, i.e. until 2015. This credit has a variable interest rate. As at 31 December 2006, the value of the credit to be repaid amounted to 17 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 26,823,970 PLN. The crediting period may last a maximum of 16 years at a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 31 December 2006, this credit was drawn in total.
- c) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of the investment value up to a maximum of 30,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 28 September 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 31 December 2006, the value of drawn credit amounted to 10.08 million PLN.

Note 33**REVENUES AND COSTS FROM DISCARDED ACTIVITIES – NOT CONCERN****Note 34****PLANNED INVESTMENT EXPENDITURES**

In the next year, the most important investment projects will be:

- a) continuation of the third construction stage of production and office buildings in the Special Economic Zone in Krakow at 11,445 square meters of the total space, including technical infrastructure m². On 28 June 2006, an agreement with general contractor Budostal-2 S.A. was concluded. According to the agreement, value of works that will be executed in 2007 is 8.49 million PLN. Completion of this investment is planned on 30 December 2007,
- b) purchase of lands at 3.5 ha of the total space that are located in Special Economic Zone in Krakow for 18.79 million PLN (net), that will enable the company to build other production and office buildings in the future after there are no available surfaces in the buildings that it owns and builds at the moment.

The Group has concluded a contingent preliminary contract for purchase of the above-mentioned lands under the following conditions:

-minister competent for Treasury issues will permit to the Tadeusz Kościuszko Politechnika Krakowska to dispose of these lands to the Group,
-city of Krakow, that manages in Special Economic Zone „Krakowski Park Technologiczny”, a company Centrum Zaawansowanych Technologii - Kraków Spółka z ograniczoną odpowiedzialnością with its registered seat in Krakow, will not pre-empt.

Note 35**COMARCH S.A.'s REVENUES FROM SALES OF FINISHED GOODS AND SERVICES TO OTHER ENTITIES OF THE GROUP
(thousands of PLN)**

	2006	2005
UAB ComArch	1,134	767
ComArch Sp. z o. o. (Ukraine)	102	28
ComArch Panama, Inc.	266	677
ComArch, Inc.	9,659	5,604
ComArch Software AG	9,229	4,657
ComArch Middle East FZ-LCC	2,119	1,798
ComArch s.r.o.	5	38
OOO ComArch	2,252	20
CA Services S.A.	434	53
Interia.pl S.A.	788	784
NetBrokers Sp. z o.o.*	65	85
MKS Cracovia SSA	-	25
Total	26,053	14,536

ComArch S.A.'s trade receivables from subsidiaries and associates are:

	31 December 2006	31 December 2005
UAB ComArch	198	114
ComArch Sp. z o.o. (Ukraine)	247	158
ComArch Panama, Inc.	752	575
ComArch, Inc.	8,880	8,216
ComArch Software AG	6,854	1,846
ComArch Middle East FZ-LCC	1,722	1,906
ComArch s.r.o.	-	9
OOO ComArch	1,120	-
CA Services S.A.	434	6
Interia.pl S.A.	21	13
NetBrokers Sp. z o.o.*	3	14
MKS Cracovia SSA	-	1
Total	20,231	12,858

*) On 11 December 2006 it was signed an agreement on sale of shares between ComArch S.A. and Polski Koncern Miesny S.A. ComArch S.A. sold 300 shares at nominal value of PLN 1 000 per each share. They constitute 40 % of share capital of NETBROKERS Sp. z o.o. with its registered seat in Krakow. As a result of this transaction, ComArch S.A. doesn't hold any of NETBROKERS Sp. z o.o. shares. Company announced the details in current report no. 50/2006.

Note 36**COMARCH S.A.'s PURCHASES FROM OTHER ENTITIES OF THE GROUP (finished goods and services)**

	2006	2005
UAB ComArch	-	-
ComArch Sp. z o.o. (Ukraine)	470	-
ComArch Panama, Inc.	88	69
ComArch, Inc.	2,915	18
ComArch Software AG	-	2
ComArch Middle East FZ-LCC	-	-
ComArch s.r.o.	756	727
OOO ComArch	20	-
CA Services S.A.	11,085	10,067
Interia.pl S.A.	961	932
NetBrokers Sp. z o.o.	-	-
MKS Cracovia SSA	4	7
Total	16,299	11,822

ComArch S.A.'s trade liabilities to subsidiaries and associates are:

	31 December 2006	31 December 2005
UAB ComArch	20	-
ComArch Sp. z o.o. (Ukraine)	-	-
ComArch Panama, Inc.	37	-
ComArch, Inc.	-	148
ComArch Software AG	1,415	3
ComArch Middle East FZ-LCC	-	-
ComArch s.r.o.	496	481
OOO ComArch	62	-
CA Services Sp. z o. o.	1,712	232
Interia.pl S.A.	225	42
MKS Cracovia	687	554
NetBrokers Sp. z o.o.	-	-
Total	4,654	1,460

Note 37**SHARES VALUATION USING EQUITY METHOD**

ComArch S.A. values shares in subsidiaries and associates according to their acquisition price. If these shares are valued by equity method, an effect of valuation on 2006 result will amount to – 2.66 million PLN.

Comparison of valuation according to acquisition price and equity method as at 31 December 2006:

-according to acquisition price: 29.06 million PLN,

-according to equity method: 7.36 million PLN.

Difference is: -21.70 million PLN.

Note 38**AN AVERAGE EMPLOYMENT IN COMARCH S.A.**

2006				2005			
Employees:		Full-time employees:		Employees:		Full-time employees:	
- full-time	1,676	- directly production employees	653	- full-time	1,353	- directly production employees	596
- co-workers	392	- indirectly production employees and sales	570	- co-workers	279	- indirectly production employees and sales	471
		- management and administrative employees	453			- management and administrative employees	286
Total	2,068	Total	1,676	Total	1,632	Total	1,353

Note 39**REMUNERATION OF MANAGING AND SUPERVISING PERSONS (CURRENT PERIOD) IN PLN****ComArch S.A.'s Management Board**

		Paid by ComArch S.A.	Paid by subsidiaries and associates	Total
1	Filipiak Janusz	4,760,925.77	-	4,760,925.77
3	Chwast Rafał	1,048,272.93	-	1,048,272.93
4	Debou Christophe*	51,545.32	16,660.93	68,206.25
5	Maciantowicz Tomasz**	41,750.07	-	41,750.07
6	Piątosa Piotr***	396,971.59	-	396,971.59
7	Prokop Paweł	774,054.26	-	774,054.26
8	Przewięźlikowski Paweł	1,586,718.13	-	1,586,718.13
9	Rymarczyk Zbigniew	727,335.27	-	727,335.27
	Total Management Board	9,387,573.34	16,660.93	9,404,234.27

*) On 23 January 2006, Mr. Christophe Debou, member of the ComArch S.A.'s Management Board submitted his resignation because of the personal reasons. Remuneration of Mr. Christophe Debou was paid in the amount of 4,400 EUR.

**) On 11 May 2006, Mr. Tomasz Maciantowicz, Vice-President of ComArch S.A.'s Management Board submitted his resignation without stating reasons.

***) On 22 June 2006, Mr. Piotr Piątosa was appointed Vice-President of the Management Board of ComArch S.A. at the Ordinary General Meeting.

ComArch S.A.'s Board of Supervisors

		Paid by ComArch S.A.	Paid by subsidiaries and associates	Total
1	Filipiak Elżbieta	300,000.00	-	300,000.00
2	Brzeziński Maciej	30,000.00	-	30,000.00
3	Zieliński Krzysztof	30,000.00	-	30,000.00
4	Ławrynowicz Anna	30,000.00	-	30,000.00
5	Kucharzyk Wojciech	30,000.00	-	30,000.00
	Total Board of Supervisors	420,000.00	-	420,000.00

As at 31 December 2006, there are no unpaid loans nor guarantees, nor suretyships to members of the Management or Supervisors Board or their relatives.

Managerial option program for members of the Management Board and other Key Employees

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

of the Management Board and Key Employees. The basis for the calculation of the value of the Option shall be increases in company capitalisation, calculated as follows:

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

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b) and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 31 December 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in the third quarter of 2006) the value of the Option amounted to 8.2 % of the increase in capitalisation.

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

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

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

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

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

As at 31 December 2006, after changes to the program were applied (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in the third quarter of 2006) the value of the Option amounts to 5.82 million PLN.

As at 31 December 2006 the value of the Option for the Management of the Board and Key Employees amounts to:

- a) The value of the option for the Management Board: 82.93 %, i.e. 4.83 million PLN
- b) The value of the option for Key Employees: 17.07 %, i.e. 0.99 million PLN

The value of the Option recognised in the income statement for the first three quarters of 2006 amounted to 2.3 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 0.73 million PLN in Q4 of 2006 and 1.11 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 weren't issued in 2006.

On 12 February 2007, the company's Board of Supervisors passed a resolution concerning execution of managerial option programme.

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

Basing on the company's quotations on Warsaw Stock Exchange, the Board of Supervisors agreed an increase in the company's cap of 1,098,010,607.08 PLN as at 31 December 2006. The Board of Supervisors agreed an option's value in the amount of 8.2 % of the increase in cap, i.e. 90,036,869.78 PLN. At the same time Board of Supervisors declared that 441,834 series I2 shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN.

On 14 March 2007, the company's Board of Supervisors passed a resolution concerning changes in a resolution dated 12 February 2007 concerning execution of managerial option programme. In relation to the decision of the Board of Supervisors that fractional

parts of the shares' numbers are eliminated, 441.826 (in words: four hundred forty one thousand eight hundred twenty six) series I2 ordinary bearer shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN.

Note 40.

SIGNIFICANT EVENTS RELATED TO THE PREVIOUS YEARS - none present

Note 41.

EVENTS AFTER BALANCE SHEET DATE

1) Transactions of Disposal of Issuers' Shares

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

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

2) Terms of Periodical Financial Reports

On 19 January 2007, ComArch S.A.'s Management Board established the following dates of publication of periodical reports in 2007:

QUARTERLY REPORTS (consolidated, extended):

Q4 2006- on 1 March 2007

Q1 2007- on 15 May 2007

Q2 2007- on 14 August 2007

Q3 2007- on 14 November 2007

ANNUAL AND HALF-YEAR REPORTS:

Consolidated half-year report for the first half-year of 2007- on 28 September 2007

Annual report for 2006- on 4 April 2007

Consolidated annual report for 2006- on 1 June 2007

3) Execution of Managerial Option Programme

On 12 February 2007, the company's Board of Supervisors passed a resolution concerning execution of managerial option programme. This option is dedicated to members of the ComArch S.A.'s Management Board and Key Employees within the framework of a programme that was specified in Resolution No. 51 of the company's Ordinary Annual General Meeting. According to &1 pt 1) of this resolution, basing on the company's quotations on Warsaw Stock Exchange, the Board of Supervisors agreed an increase in the company's cap of 1,098,010,607.08 PLN. The Board of Supervisors agreed an option's value in the amount of 8.2% of the increase in cap, i.e. 90,036,869.78. At the same time, the Board of Supervisors declared that 441,834 series I2 shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN. Company announced the details in current report no. 4/2007.

On 14 March 2007, the company's Board of Supervisors passed a resolution concerning changes in a resolution dated 12 February 2007 concerning execution of managerial option programme. In relation to the decision of the Board of Supervisors that fractional parts of the shares' numbers are eliminated, 441.826 series I2 ordinary bearer shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN.

Note 42.

CHANGES IN APPLIED ACCOUNTING PRINCIPLES

In 2006 the company did not make any significant changes in accounting principles in comparison to the previous year.

REPORT
OF COMARCH S.A.'s MANAGEMENT BOARD
REGARDING
THE ACTIVITIES OF ISSUER IN 2006

Krakow, 04 April 2007

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1. General Information about the Company

Nam of the company: ComArch Spółka Akcyjna
Address of the company: 31-864 Kraków, Aleja Jana Pawła II 39 A
Telephone: (12) 646 10 00
Fax: (12) 646 11 00
Regon: 350527377
Tax identification number (NIP): 677-00-65-406

1.1 Shareholders Holding at least 5 % of the Total Number of Votes at the General Meeting of ComArch S.A.

ComArch S.A.'s share capital consists of 7,518,770 shares at total nominal value of 7,518,770 PLN. According to the information possessed by ComArch S.A., as at 31 December 2006, shareholders holding at least 5 % of votes at the company's AGM are Elżbieta and Janusz Filipiak and customers of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.

Shareholders	Number of shares	% of share capital	Number of votes at the company's AGM	% of votes at the company's AGM
Elżbieta and Janusz Filipiak*	3,239,393	43.08 %	10,195,393	69.89 %
Other members of the Management Board**	55,816	0.74 %	131,016	0.90 %
Customers of BZ WBK AIB Asset Management S.A.	1,769,070	23.53 %	1,769,070	12.13 %
Other shareholders	2,454,491	32.65 %	2,492,091	17.08 %
Total	7,518,770	100.00 %	14,587,570	100.00 %

*) On 17 January 2007, member of the Board of Supervisors sold 10.000 ordinary bearer shares of ComArch S.A. for 222 PLN each, i.e. for 2.220.000 (two million two hundred twenty thousand) PLN. The mentioned above transaction was concluded on regulated market-Warsaw Stock Exchange.

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

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

A) Members of ComArch S.A.'s Board of Supervisors as at 31 December 2006:

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

According to the company's information only Chairman of the Board of Supervisors Mrs. Elżbieta Filipiak holds the company's shares. On 31 December 2006, Mrs. Filipiak held 819,749 shares, which constituted 10.90 % of the company's share capital. They gave 4,015,749 votes at the annual general meeting, that constituted 27.53 % of the total number of votes at ComArch S.A.'s annual general meeting.

B) Members of ComArch S.A.'s Management Board as at 31 December 2006:

Name and surname	Position
Janusz Filipiak	President of the Management Board
Rafał Chwast	Vice-President of the Management Board
Piotr Piątośa	Vice-President of the Management Board
Paweł Prokop	Vice-President of the Management Board
Paweł Przewięźlikowski	Vice-President of the Management Board
Zbigniew Rymarczyk	Vice-President of the Management Board

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

As at 31 December 2006, Janusz and Elżbieta Filipiak held 3,239,393 shares of ComArch S.A., Rafał Chwast held 6,566 shares, Paweł Prokop held 24,440 shares, Paweł Przewięźlikowski held 24,440 shares and Zbigniew Rymarczyk held 370 shares.

B) Principles for Appointing and Dismissing

According to the Statute of the company, the Management Board of the company consists of 2 to 8 persons appointed and dismissed by the Supervisory Board. Members of the Management Board are appointed for the common term of office of three years. The Supervisory Board defines salaries for the Management Board as well as suspends in activities, on important reasons, particular or all members of the Management Board and delegates members of the Supervisory Board for temporary execution of the activities of members of the Management Board.

C) Rights

-The Management Board may appoint proxies.

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

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

- The Management Board defines internal organisation of the company.

- The right to make decisions on issuing or buying out shares is granted to the Management Board on the basis of an authorisation by the General Meeting of Shareholders.

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

None present.

E) Value of Remuneration, Awards or Benefits Separately for Each of the Managing and Supervising Persons in the Dominant Unit

ComArch S.A.'s Management Board

	Paid by ComArch S.A.	Paid by subsidiaries and associates	Total
1 Chwast Rafał	1,048,272.93	0	1,048,272.93
2 Debou Christophe*	51,545.32	16,660.93	68,206.25
3 Filipiak Janusz	4,760,925.77	0	4,760,925.77
4 Maciantowicz Tomasz**	41,750.07	0	41,750.07
5 Piątosza Piotr***	396,971.59	0	396,971.59
6 Prokop Paweł	774,054.26	0	774,054.26
7 Przewięźlikowski Paweł	1,586,718.13	0	1,586,718.13
8 Rymarczyk Zbigniew	727,335.27	0	727,335.27
Management Board (total)	9,387,573.34	16,660.93	9,404,234.27

ComArch S.A.'s Board of Supervisors

	Paid by ComArch S.A.	Paid by subsidiaries and associates	Total
1 Filipiak Elżbieta	300,000.00	0	300,000.00
2 Brzeziński Maciej	30,000.00	0	30,000.00
3 Zieliński Krzysztof	30,000.00	0	30,000.00
4 Ławrynowicz Anna	30,000.00	0	30,000.00
5 Kucharzyk Wojciech	30,000.00	0	30,000.00
Board of Supervisors (total)	420,000.00	0	420,000.00

*) On 23 January 2006, Mr. Christophe Debou submitted his resignation from the position of ComArch S.A. Management Board Member. The company announced details in current report no. 1/2006.

***) On 11 May 2006, Mr. Tomasz Maciantowicz, Vice-President of ComArch S.A.'s Management Board submitted his resignation without stating reasons. The company announced details in current report no. 30/2006.

***) On 22 June 2006 Mr. Piotr Piątosza was appointed Vice President of the Management Board of ComArch S.A. at the Ordinary General Meeting. The company announced details in current report no. 39/2006.

F) Managerial Option Programme

On 30 June 2005, the Annual General Meeting of Shareholders passed Resolution no. 51 on the managerial options programme for members of the Management Board and the company's Key Employees. The theoretical option's value per particular member of the Management Board in 2006 is included in the table below:

Name and surname	Theoretical option's value (in thousands of PLN)
Janusz Filipiak	1,846
Rafał Chwast	148
Piotr Piątosza	74
Paweł Prokop	148
Paweł Przewięźlikowski	148
Zbigniew Rymarczyk	148
TOTAL	2,512

More details are presented in point 5.4 F.

2. Basic Economics and Financial Values

2.1 Selected Financial Data

	2006	2005	2004	2003
Revenues from sales	461,808	425,223	249,831	185,056
Operating profit	41,653	34,565	14,921	15,878
Net profit	42,463	29,088	8,399	11,661
Profit per share	5.74	4.21	1.24	1.69
Assets	427,236	328,188	252,283	231,808
Book value	238,691	157,774	128,642	127,289
Book value per share	31.75	22.68	18.77	18.92

In 2006, the company achieved again very favourable financial results. Revenues from sales in 2006 were 461.8 million PLN (an increase of 36.6 million PLN, i.e. an increase of 8.6 % compared to 2005). Net profit reached very high level of 42.5 million PLN and it was higher than net profit for 2005 by 46 %. There are noteworthy improvements to profitability of the company, both EBIT (9.02 % in 2006 compared to 8.12 % in previous year) and net margin (9.19 % in 2006 compared to 6.84 % in previous year). In 2006, profit per one single share amounted to 5.74 PLN (an increase of 36 %, from 4.21 PLN in 2005).

2.2 Employment

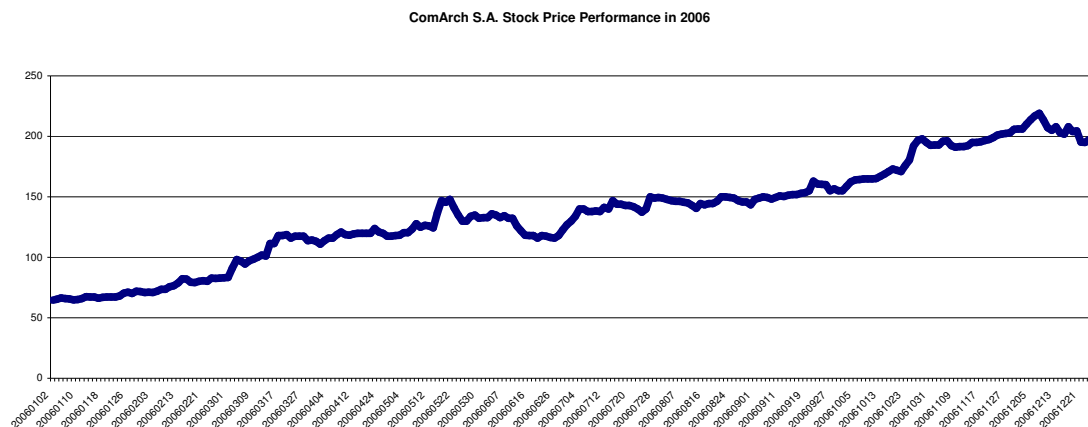
As at 31 December 2006 in ComArch S.A. there were 2,335 employees compared to 1,755 persons as at 31 December 2005.

Average employment ComArch S.A. in 2006 is presented in tables below:

Number of employees:	2006	2005
- full-time	1,676	1,353
- co-workers	392	279
Total	2,068	1,632

Full-time employees:	2006	2005
- directly production employees	653	596
- indirectly production employees and sales	570	471
- management and administrative employees	453	286
Total	1,676	1 353

2.3 ComArch S.A. Stock Price Performance



Period	The highest	The lowest
I quarter of 2006	119	64.6
II quarter of 2006	148	114
III quarter of 2006	163	134
IV quarter of 2006	219	155.1

On 29 December 2006, closing rate of ComArch S.A. shares at Warsaw Stock Exchange reached 191 PLN. That is an increase of almost 198 % compared to the last closing rate of ComArch S.A. shares in 2005 that was 64.10 PLN.

3. Financial Analysis

	2006	%	2005	%	2006/2005	%
I. Non-current assets	184,564	43.2 %	139,450	42.5 %	45,114	32.4 %
1. Intangible assets	3,521	0.8 %	2,484	0.8 %	1,037	41.7 %
2. Property, plant and equipment	142,195	33.3 %	97,049	29.6 %	45,146	46.5 %
3. Long-term investment	36,293	8.5 %	38,471	11.7 %	-2,178	-5.7 %
4. Non-current prepayments	2,555	0.6 %	1,446	0.4 %	1,109	76.7 %
II. Current assets	242,672	56.8 %	188,738	57.5 %	53,934	28.6 %
1. Inventories	19,498	4.6 %	25,893	7.9%	-6,395	-24.7 %
2. Current receivables	145,104	34.0 %	94,152	28.7 %	50,952	54.1 %
3. Short-term investment	51,525	12.1 %	42,764	13.0 %	8,761	20.5 %
4. Current prepayments	26,545	6.2 %	25,929	7.9 %	616	2.4 %
Total assets	427,236	100.0 %	328,188	100.0 %	99,048	30.2 %

As at the end of 2006, the value of company assets increased by 30.2 % compared to 2005, from the level of 328.2 million PLN to 427.2 million PLN. Non-current assets increased by 32.4 % and current assets by 28.6 %. A reason of the increase of non-current assets is the new investment of ComArch S.A. in new buildings in the Special Economic Zone in Krakow. The share of particular items of non-current assets in the total structure of assets has remained at the similar level. Current assets increased mainly due to an increase in the current receivables of 50.95 million PLN. This is an effect of the high amount of sales during the last months of 2006 and at the same time a high level of trade receivables on 31 December 2006. Other items of current assets changed only slightly-the amount of inventories decreased by 6.4 million, i.e. by 24.7 %, current investments (mainly cash) increased by 8.8 million PLN to the level of 51.5 million PLN, i.e. by 20.5 %.

	2006	%	2005	%	2006/2005	%
I. Equity	238,691	55.9 %	157,774	48.1 %	80,917	51.3 %
1. Share capital	7,519	1.8 %	6,955	2.1 %	564	8.1 %
2. Due payments on share capital (negative value)	-	0.0 %	-	0.0 %	-	0.0 %
3. Proprietary shares (negative value)	-	0.0 %	-	0.0 %	-	0.0 %
4. Supplementary capital	172,097	40.3 %	105,113	32.0 %	66,984	63.7%
5. Revaluation reserve	6	0.0 %	12	0.0 %	-6	-50.0 %
6. Other reserve capitals	21,948	5.1 %	21,948	6.7 %	-	0.0 %
7. Exchange differences due to consolidation process	-	0.0 %	-	0.0 %	-	0.0 %
8. Previous years' profit (loss)	1,992	0.5 %	1,992	0.6 %	-	0.0 %
9. Net profit (loss)	42,463	9.9 %	29,088	8.9 %	13,375	46.0 %
10. Capital from merger settlement	-7,334	-1.7 %	-7,334	-2.2 %	7,334	0.0 %
II. Liabilities and provisions for liabilities	188,545	44.1 %	170,414	51.9 %	18,131	10.6 %
1. Provisions for liabilities	878	0.2 %	-	0.0 %	878	100 %
2. Non-current liabilities	51,904	12.1 %	56,849	17.3 %	-4,945	-8.7 %
3. Current liabilities	95,151	22.3 %	74,900	22.8 %	20,251	27.0 %
4. Accruals	40,612	9.5 %	38,665	11.8 %	1,947	5.0 %
Total equity and liabilities	427,236	100.0 %	328,188	100.0 %	99,048	30.2 %

Equity increased by 51.3 %, in particular as a result of net profit that was generated in 2006. Due to the conversion of bonds convertible into shares that was done in the first half of 2006, 563,675 ComArch S.A. shares were issued. As a consequence, the share capital increased by 8.1 %. As a result of the significant increase in equity compared to the previous year, the share of liabilities in the total structure of liabilities and equity decreased. Liabilities and provisions for liabilities constituted 44 % of total liabilities and equity compared to 52 % in the previous year. An increase of the current liabilities in 2006 of 20.3 million PLN (of 27.0 %) compared to 2005 is a result of a seasonal increase in trade liabilities. Non-current liabilities decreased by 4.9 million PLN, i.e. 8.7 %, and their structure have changed significantly. As a result of the conversion of bonds convertible into shares and the anticipated redemption, ComArch S.A.'s debts due to bonds decreased significantly and debts due to bank credits that finance the investment in the Special Economic zone increased.

	2006	%	2005	%	2006/2005	%
I. Net revenues form sales of products, finished goods and materials	461,808	100.0%	425,223	100.0 %	36,585	8.6 %
II. Cost of products, finished goods and materials sold	342,322	74.1%	333,413	78.4 %	8,909	2.7 %
III. Gross profit (loss) from sales (I-II)	119,486	25.9%	91,810	21.6 %	27,676	30.1 %
IV. Costs of sales	38,295	8.3%	30,803	7.2 %	7,492	24.3 %
V. Administrative costs	29,616	6.4%	23,479	5.5 %	6,137	26.1 %
VI. Profit (loss) on sales (III-IV-V)	51,575	11.2%	37,528	8.8 %	14,047	37.4 %
VII. Other operating revenues	418	0.1%	1,330	0.3 %	-912	-68.6 %
VIII. Other operating costs	10,340	2.2%	4,293	1.0 %	6,047	140.9 %
IX. Profit (loss) on operating activities (VI+VII-VIII)	41,653	9.0%	34,565	8.1 %	7,088	20.5 %
X. Financial revenues	9,512	2.1%	1,807	0.4 %	7,705	426.4 %
XI. Finance costs	4,949	1.1%	6,287	1.5 %	-1,338	-21.3 %
XII. Profit (loss) on business activities (IX+X-XI)	46,216	10.0%	30,085	7.1 %	16,131	53.6 %
XIII. Extraordinary profit	-	0.0%	-	0.0 %	-	0.0 %
XIV. Gross profit (loss) (XII-XIII)	46,216	10.0%	30,085	7.1 %	16,131	53.6 %
XV. Income tax	3,753	0.8%	997	0.2 %	2,756	276.4 %
XVI. Other obligatory decreases in profit (increases in loss)	-	0.0%	-	0.00 %	-	0.0 %
XVII. Net profit (loss) (XIV-XV-XVI)	42,463	9.2%	29,088	6.8 %	13,375	46.0 %

In 2006 revenues from sales increased by 36.6 million PLN (by 8.6 %) compared to the previous year despite much lower sale of hardware than in 2005. Operating profit reached level of 41.7 million PLN, that is an increase of 20.5 % compared to 2005, and net profit in 2006 increased by 46 % compared to last year and reached 42.5 million PLN.

There are noteworthy improvements to profitability of the company, both operating (9.02 % in 2006 compared to 8.12 % in previous year) and net margin (9.19 % in 2006 compared to 6.84 % in previous year). The year of 2006 was the next year when ComArch S.A. achieved very good financial results. This is a consequence of sustaining economic prosperity in Poland, an expansion to foreign markets and growth of the company's activities effectiveness. These financial results confirm the effectiveness of the Group's strategy and the competitive edge currently possessed by the Group.

Liquidity analysis:	2006	2005	2004
Current ratio	1.79	1.66	1.76
Quick ratio	1.45	1.21	1.27
Cash to current liabilities ratio	0.38	0.38	0.31

In 2006, the company enjoyed good financial liquidity. Liquidity ratios improved compared to previous year. In the Management Board's opinion, the company has no problems with meeting the contracted financial liabilities on-time. Temporarily free funds are invested by the company in safe financial instruments like bank deposits and shares in financial investment funds.

Turnover analysis:	2006	2005	2004
Current assets turnover ratio	1.90	2.25	1.83
Receivables turnover ratio (days)	113	80	107
Inventories turnover ratio (days)	17	24	22
Liabilities turnover ratio (days)	129	122	154
Liabilities turnover excluding liabilities due to bonds and non-current credits ratio (days)	83	70	83

Turnover ratios indicate the effective use of the company's funds. In 2006, the receivables turnover ratio increased compared to the previous year. This is the consequence of an increase in the current receivables of 50.9 million PLN that is an effect of the high amount of sales during last months of 2006, and consequently a high level of trade receivables as at 31 December 2006. Other turnover ratios have remained at a similar level.

Debt analysis:	2006	2005	2004
Debt ratio	44.13 %	51.9 %	49.0 %
Debt ratio due to bonds and non-current credits	12.15 %	17.32 %	18.20 %
Debt/equity ratio	78.99 %	108.0 %	96.1 %

In 2006, debt ratios improved as a consequence of a much higher increase in equity (of 51.3 %) than in liabilities (of 10.6 %). 55.9 % of the company's funds comes from internal financing and 44.1 % comes from outside financing.

Profitability analysis:	2006	2005	2004
Margin on sales	25.87 %	21.6 %	21.9 %
EBIT margin	9.02 %	8.1 %	6.0 %
Gross margin	10.01 %	7.1 %	3.4 %
Net margin	9.19 %	6.8 %	3.4 %
Return on assets (ROA)	9.94 %	9.7 %	3.4 %
Return on equity (ROE)	21.64 %	22.6 %	7.0 %

In 2006, the company again increased profitability on activities both operating and net. It is noteworthy that the company improves its profitability at a continuous increase in revenues from sales and at a significant increase in employment (of 580 persons in 2006), which proves a significant increase in the effectiveness of the company's activities.

4. Financial Risk

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

1. Risk of contractor insolvency. The company analyses financial credibility of prospective clients before concluding agreements for delivery of IT systems and depending on rating of financial standing it separately adjusts terms and conditions of each agreement to the prospective risk.

2. Risk of change in interest rates. The company is exposed to the risk of change in interest rates as a result of the long-term investment credit allocated for financing of the new production building in the Special Economic Zone in Krakow. The credit interest is based on variable rates based on the WIBOR rate. The company did not hedge the risk of interest rate in this area.

3. Risk of fluctuation in the exchange rates. Because of export sales or sales denominated in foreign currencies, the company is exposed to the risk related to fluctuations in exchange rates. At the same time, part of company costs is also expressed or related to the exchange rate of foreign currencies. In individual cases company hedges future payments with forward contracts.

5. The Most Important Events in 2006

5.1 Contracts Significant for Issuers' Activities

The most important contracts that were signed in 2006 are:

A) A Credit Agreement with Kredyt Bank S.A.

On 28 March 2006, ComArch S.A. signed with Kredyt Bank S.A. with its registered seat in Warsaw an agreement, on investment credit on financing the second construction stage of production and office buildings in the Special Economic Zone in Krakow. There are more details in point 15.3 of this statement.

B) A Contract with Polkomtel S.A. for Implementation of Billing System

On 27 April 2006, a contract 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 12.4 million PLN, with a completion date of May 2007. The company announced details in current report no. 28/2006.

C) A 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.

D) An Agreement with Budostal-2 S.A. on Execution 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 thousand 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.

E) An 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 a contract was signed by consortium of ComArch S.A. and Ogólnopolska Fundacja Edukacji Komputerowej (hereinafter referred to as the "Consortium") with Ministry of National Education (hereinafter referred to as the "MEN"). The object of the agreement is support, installation and integration of Internet Centres of Multimedia Information in (hereinafter referred to as the "ICIM") in the school libraries located in the area of the III rd Region. According to the agreement, the 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 details in current report no. 43/2006.

F) An Agreement with PKO BP on Delivery of Microsoft Licences

On 18 October 2006 ComArch S.A. received signed agreement with Powszechna Kasa Oszczędności Bank Polski on delivery of Microsoft licences and on related services. The agreement amounts to 8,002,113.78 EURO.

5.2 Investment

In 2006 the company realised the second and the third stage of investment in Special Economic Zone in Krakow that consist in construction of buildings designed for works related to production of IT systems.

The subject of the second stage of investment was a construction of the production and office building, at fourteen thousand square metres of the total space, including technical infrastructure. Value of the contract with the general contractor was 29.6 million PLN and investment was completed on time, and the building was delivered in February 2007.

The subject of the third investment stage is a construction of the production and office building, at 11.5 thousand square metres of the total space, including technical infrastructure. The contract was concluded with the general contractor on 28 June 2006. Its value was 16.45 million PLN. An amount of expenditures incurred in 2006 was 8.74 million PLN. The planned completion date of investment is on 31 December 2007.

5.3 Resolutions of the AGM and the Board of Supervisors

A) „Corporate Governance Principles”

Pursuant to the rule number 2 of the Corporate Governance Principles, in current report no. 35/2006, ComArch S.A.'s Management Board announced ComArch S.A.'s Board of Supervisors resolution no. 9/6/2006 dated 19 June 2006, in which projects of the resolutions at the AGM, to be held on 22 June 2006, are given positive opinion.

In current report no. 36/2006, the Management Board of ComArch S.A. announced 2005 activities' report of ComArch S.A.'s Board of Supervisors including assessment of the company's situation in 2005 according to the rule number 18 of the Corporate Governance Principles.

B) The Annual General Meeting on 22 June 2006

The General Shareholders' Meeting passed the resolutions concerning the following matters:

- approving the company's financial statement and consolidated financial statement for the fiscal year 1.01.2005 - 31.12.2005,
- approving the report of the Management Board regarding the activities of the company and of the ComArch Group in for the fiscal year 1.01.2005 - 31.12.2005,
- approving the activity report of the company's Board of Supervisors for the fiscal year 1.01.2005 - 31.12.2005 and audit of the company's financial statement and audit of the report of the Management Board regarding company's activities in 2005,
- approving the report of the company's Supervisors Board of the audit of the consolidated financial statement of the Capital Group and of the report of the Management Board regarding the activities of the Capital Group in 2005,
- distribution of the company's profit for the fiscal year 1.01.2005 - 31.12.2005 and it was destined to supplementary capital in total,
- acknowledging the fulfilment of duties by the members of the Management Board and the Board of Supervisors in the fiscal year 1.01.2005 - 31.12.2005,
- changes in the list of persons of the company's Management Board. Mr. Piątosza appointed Vice President of the Management Board of ComArch S.A.
- changes in the 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. The company announced details in current report no. 45/2006.

According to the list of shareholders participated 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 issued ComArch S.A. shares is 14,587,570. Shareholders who participated the Annual General Shareholders Meeting of ComArch S.A. on 22 June 2006 held shares giving 9,108,144 votes.

5.4 Transactions on Shares and Bonds of ComArch S.A.

A) Disposal of ComArch S.A. Shares

On 27 January 2006, ComArch S.A. received an information that a member of ComArch S.A.'s Supervisory Board sold 25,000 company's ordinary bearer shares between 20-25 January 2006 for the price from 66 PLN to 67.10 PLN per share. On 3 February 2006, ComArch S.A. received an information that a member of ComArch S.A.'s Supervisory Board sold 25,000 company's ordinary bearer shares 71 PLN per single share. These transactions took place on the market regulated through the Warsaw Stock Exchange. As a consequence, as at the date of preparing the financial statement Elżbieta and Janusz Filipiak held 3,239,393 shares which gave 10,195,393 votes at the Annual General Meeting, that constituted 72.70 % of all votes at the AGM.

B) Purchase of ComArch S.A. Shares

As a result of a share purchase completed on 6 February 2006, customers of BZ WBK AIB Asset Management S.A. held 1,417,770 company's shares, which constituted 20.38 % of the company's share capital. This gave them 1,417,770 or 10.11 % of the total number of votes at the ComArch S.A. annual general meeting.

Shares purchase by customers of BZ WBK AIB Asset Management S.A. comprises also shares held by investment funds managed by of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych 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 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.

C) Introduction of Series G Ordinary Bearer Shares to Trading

On 25 January 2006, with the resolution no. 31/2006 the Management Board of the Warsaw Stock Exchange decided to introduce to trading 125,787 ordinary bearer series G ComArch S.A. shares on 2 February 2006. In the National Depository for Securities these shares were marked with the code PLCOMAR00087. The National Depository for Securities decided to assimilate the mentioned-above shares with company's shares (marked with the code PLCOMAR00012 on 2 February 2006 and in consequence they were introduced to trading.

D) Registration in the Depository for Securities and Introduction to Trading of Ordinary Bearer Series G3 Shares

On 24 March 2006, the Management Board of the National Depository for Securities registered 102,708 ordinary bearer series G3 ComArch S.A. shares of nominal value of 1.00 PLN each and marked them with the code PLCOMAR000103. 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 PLCOMAR000103) 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.

E) Bonds Convertible into Shares

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 case of not executing conversion of the bonds into shares, on 12 April 2007 an additional coupon shall be paid in the amount of 21.84 % of the nominal value of bonds. On 14 July 2004, the company acquired 486 own series A bonds convertible into series H shares. The mentioned-above shares were purchased to be redeemed. On 14 July 2004, the Management Board passed a resolution on redemption of series A bonds convertible into series H shares. ComArch S.A. was in issuer of these bonds. After redemption, the number of series A bonds convertible into series H shares issued by ComArch S.A. bonds was 3,514.

Between 22 February and 24 March 2007 ComArch received statements on conversion of 3,221 ordinary convertible bonds issued by the company. 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.

In relation to the fact that on 28 February 2006 the average closing price of ComArch S.A. shares on the Warsaw Stock Exchange over the past 31 quotations had been higher than the conversion price by 30.7 %, and according to pt 8.3.1 of the Conditions of Bond Issue that constitute an attachment to the company's Management Board resolution dated 09 April 2002 concerning issue of the company's bonds on the basis of the Annual General Meeting resolution dated 27 February 2002 (published in Chapter 10, point 4 of the Conversion of Bonds to Series H shares Prospectus), ComArch S.A. called twice for anticipated redemption of bonds by Bondholders.

Bonds, which were not submitted by conversion statements, were redeemed by the company 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.

On 16 May 2006, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered an increase in ComArch S.A.'s share capital to 7,518,770 PLN. After the increase company's share capital is divided into 7,518,770 shares. This gives 14,587,570 votes at the AGM of the company.

F) Managerial Option Programme

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

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

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b) and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 30 September 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in the third quarter of 2006) the value of the Option amounted to 8.2 % of the increase in capitalisation.

As at 31 December 2006 the value of the Option for the Management of the Board and Key Employees amounts to:

- a) The value of the option for the Management Board: 82.93 %, i.e. 4.82 million PLN
- b) The value of the option for Key Employees: 17.07 %, i.e. 0.99 million PLN

The value of the Option recognised in the income statement for the four quarters of 2006 amounted to 3.03 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 1.11 million PLN in 2007.

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 were not issued in 2006.

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

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

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

On 14 March 2007, the company's Board of Supervisors passed a resolution changing a resolution no. 1/2/2007 dated 12 February 2007 on execution of managerial option programme. In relation to the decision of the Board of Supervisors that fractional parts of the shares' numbers are eliminated, 441,826 series I2 ordinary bearer shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN. These fractional parts of the shares' numbers result from applying the assumptions that are established in a resolution no. 51 of the Ordinary General Meeting dated 30 June 2005 concerning passing the managerial option programme for members of the Board and key employees.

Pursuant to the Act on Accounting dated 29 September 1994, managerial option programme is not presented in income statement. This option is presented as cost in income statement in the consolidated financial statement according to IFRS.

AFTER THE BALANCE SHEET DATE

G) Shares Transaction

On 17 January 2007, a member of the Board of Supervisors sold 10,000 ordinary bearer shares of ComArch S.A. for 222 PLN each, i.e. for 2,220,000 PLN. The above-mentioned transaction was concluded on regulated market-Warsaw Stock Exchange.

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

5.5 Transactions on Shares of Subsidiaries and Associates of ComArch S.A.

A) Disposal of INTERIA.PL S.A. Shares

On 19 January 2006, ComArch S.A. disposed 350,000 INTERIA.PL S.A. shares. After this transaction the company holds 2,538,369 INTERIA.PL S.A. shares, which constitute 36.08 % of share capital. They give 11,609,625 votes at the Annual General Meeting that constitute 48.48 % of the total number of votes.

B) Disposal of Significant Value Assets

On 11 December 2006, it was signed an agreement on sale of shares between ComArch S.A. and Polski Koncern Mięśny S.A. ComArch S.A. sold 300 shares at nominal value of 1,000 PLN per each share. They constituted 40 % of share capital of NETBROKERS Sp. z o.o. with its registered seat in Krakow. As a result of this transaction, ComArch S.A. doesn't hold any of NETBROKERS Sp. z o.o. shares. The shares mentioned above were sold for 2,430,000 PLN. The above-mentioned transaction's result on ComArch S.A.'s net profit shall amount to 1.6 million PLN.

5.6 Other

A) Mortgage on Significant Value assets

On 8 November 2006, the value of assets that backed construction mortgages was 22.2 million PLN. At the same time, the value of assets exceeded 10 % of the company's equity and the criterion of significant assets value was met. These construction mortgages were taken out with interest at the Kredyt Bank S.A. with its registered seat in Warsaw. This was done pursuant to an agreement signed on 28 March 2006 on investment credit, on financing of the second construction stage of production and office building in the Special Economic Zone in Krakow. The Company announced this in current report no. 17/2006. A mortgage worth 26,823,970 PLN and a real estate mortgage securing an existing or future claim in the amount of 6,500,000 PLN were backed by real estate which is related to the investment process and is the subject of the credit agreement.

6. Products and Services Offered by ComArch in 2006

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

PRODUCTS

6.1. Solutions for the Telecommunications sector

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

the United Kingdom, Switzerland and Germany. With it, operators can handle the most difficult challenges, such as inter-operator billing, implementation of new-generation services or convergent billing.

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

ComArch offers solutions to the telecommunication sector that link the company's easily integrated systems with the considerable business experience of its consultants. The offered solutions are capable of being implemented in different configurations as well as being combined with third-party products. ComArch solutions and projects are designed to fulfil the demands of each specific client.

- Preconfigured billing and subscriber service for MVNOs/MVNEs
- Management of service quality for MVNOs/MVNEs
- TriplePlay services management
- Process-Driven Inventory Management

6.2. Solutions for the Finance and Banking Sector

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

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

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

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

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

ComArch CRM Sales Management is an integrated application of the new generation front-end type. It ensures complex management of the relations with customers, from the moment of the acquisition action to the initiation of the sales programmes (cross- and up-selling) to the current operational services within the whole range of the product offer.

The system includes functionality for the front-office employees (the Salesman Application) providing direct customer services, and for middle- and back-office employees (the Branch Director Application, the Central Application), responsible for management of the sales process.

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

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

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

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

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

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

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

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

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

6.3. Universal Solutions for Businesses

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

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

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

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

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

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

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

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

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

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

6.4. Solutions for Public Administration

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

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

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

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

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

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

SERVICES

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

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

7. Position of the Group in the IT market and information about markets and sources of supply

Due to the type of IT systems offered by the Company, medium-size and large companies (who are the largest clients of advanced IT solutions all over the world) constitute the main group of clients. Majority of company's products are addressed to specific groups of customers (e.g. the ORLANDO system for banks, funds; the TYTAN system for telecommunication operators), while IT services are of universal nature and are offered to all groups of customers. Sale in the Group is highly diversified, with no dependency on one major client. In 2006, the share of none of the customer exceeded 10 % of the sale in ComArch S.A.'s sales.

Due to the specific nature of the industry, in which ComArch manages its operations, international concerns, which are producers of computer systems and programmers tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In 2006, no supplier provided products and merchandise at the value exceeding 10% of ComArch S.A. proceeds on sale.

8. Sales Structure

8.1 Revenues from Sales- Geographical Structure (in thousands of PLN)

	2006	%	2005	%	2004	%
Domestic	390,578	84.6 %	371,096	87.27 %	215,558	86.3 %
Export	71,230	15.4 %	54,127	12.73 %	34,273	13.7 %
Revenues from sales	461,808	100.0 %	425,223	100.00 %	249,831	100.0 %

In 2006, revenues from company's sales increased by 8.6 %, however export sales features much more higher dynamic and increased by 31.6 % compared to previous year. Export sale constituted over 15 % of the total revenues in 2006 and its dynamic growth is corresponding to the company's strategy.

8.2 Revenues from sales – market structure (in thousands of PLN)

	2006	%	2005	%	2004	%
Telecommunication, Media, IT	114,390	24.8 %	62,311	14.7 %	49,696	19.9 %
Finance and Banking	115,036	24.9 %	86,585	20.4 %	50,191	20.0 %
Trade and services	95,687	20.7 %	105,851	24.8 %	58,854	23.6 %
Industry & Utilities	53,939	11.7 %	27,064	6.4 %	15,892	6.4 %
Public sector	80,493	17.4 %	143,104	33.6 %	75,027	30.0 %
Others	2,263	0.5 %	308	0.1 %	171	0.1 %
Revenues from sales	461,808	100.00 %	425,223	100.0 %	249,831	100.0%

Analysis of sales market structure indicates balanced level of particular groups of customers in total sales of the company. Share of sales to public sector decreased compared to 2005 in consequence of limited orders for hardware from public institutions in 2006.

8.3 Revenues from sales – products structure (in thousands of PLN)

	2006	%	2005	% 2005	2004	% 2004
Services	232,087	50.26%	198,803	46.7 %	103,420	41.4 %
Software	138,086	29.90%	84,857	20.0 %	81,216	32.5 %
Hardware	91,636	19.84%	141,563	33.3 %	65,195	26.1 %
Revenues from sales	461,808	100.00%	425,223	100 %	249,831	100.0 %

Sales of services constitute the greatest and a permanently growing part of the company's revenues. In 2006, sales of proprietary and third-party software constituted the highest share compared to previous years, while sales of computer hardware was lower than average due to the decrease in computer deliveries to the National Education Ministry.

9. Production capacity of the Group

Most of production by ComArch consists in production of computer software on the basis of customer orders and in production of company's own, versatile software products. The basic factor limiting the production capacity is human resources. The company flexibly manages teams of employees through continuous optimising of filling of posts in current commercial projects (for which contracts are signed) and internal projects (developing new products and updating the existing ones, not directly connected to contractual requirements).

As the company makes active investments in new products and technologies, and it strives to provide appropriately wide range of competencies for all its employees, there are no resources that are unused.

10. Factors Essential for Development of the Capital Group

10.1 Internal Factors

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

10.2 External Factors

- enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as ComArch, which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- development of Internet banking and more frequent usage of the Internet as a new distribution channel for financial products;

- c) change in business models in many branches as well as change in business strategies of many companies related to joining the European Union, which increases demand for new IT systems;
- d) more common use of the Internet as a method of communication and a medium for trade transactions, with increased risk of hacking IT systems, thus stimulating demand for security services for IT systems;
- e) Poland joining the European Union resulting in the necessity of modifying a number of systems, especially in public institutions. This will be related to allocation of major funds from both the State budget and European Union aid funds;
- f) Growing competition, causing decrease in achieved margins; competition between IT companies, expressed in fighting for new orders and best employees.

11. Perspectives of development in the company

Growth of the IT market in Poland, as well as increase of the pace of economic development in this country and all over the world, should positively affect development of ComArch and, likewise, financial results achieved by the Company. Consistently executed strategy of positioning in the market as a technological and product company brings results in the form of the client base growing annually; most of these being international companies. In the context of Poland's integration with the European Union, it should be expected that more and more international companies will start their commercial operations in Poland, thus broadening the circle of prospective clients for IT systems. At the same time, activity of ComArch in international markets should additionally increase sales volume and enhance the image of ComArch among international corporations, thus strengthening the competitive position of ComArch in Poland.

Execution of ComArch S.A. strategy largely depends on macroeconomic conditions, beyond the company, especially on the level of IT investments in medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. The most important operational risks connected with the operations of the company are:

- a) risks related to R&D work (developing proprietary software products);
- b) risks related to assessment of time requirements for long-term contracts;
- c) risks related to failure to observe contract terms and conditions and contractors taking advantage of the provided performance guarantees;
- d) risk of foreign legal and political environment related to execution of export contracts;
- e) risk of decreased possibility (difficulty) of controlling and monitoring financial standing of foreign contractors.

12. Investment plans

Globalisation of world economy, as well as liberalisation of trade, result in disappearance of barriers for companies and their products. The IT market becomes an open and global market where prices and quality of available products are continuously compared against each other. Along with increase in the presence of foreign capital in Poland, even IT companies conducting operations solely in the Polish market must offer competitive products from the point of view of the global market. ComArch, since the very beginning of its operations, has had reputation of a technological company developing and successfully selling products competitive internationally.

Therefore, the main strategic objectives of the company are still development of new competitive products to enable further development of ComArch and, as a result, increasing its value. Maintaining dynamics of sales requires expenditures for development of products as well as their proper promotion and marketing. This applies to both modifications of already existing products and technologies as well as developing new products.

The present policy of ComArch assumes running research and development work related to implementation of new products and standardisation of products from the very beginning of their preparation for the client. Thus, even in cases when a product was developed for the needs of a particular client, a part or whole of software / code may be then used for preparation of a standard product. This results in higher profitability of particular contracts and expansion of the client base.

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

The most important planned investment expenditures in 2006 are:

- a) continuation of the third construction stage of production and office buildings in the Special Economic Zone in Krakow, at 11,445 square meters of total space, including technical infrastructure m². On 28 June 2006, an

agreement with general contractor Budostal-2 S.A. was concluded. According to the agreement, the value of work that will be executed in 2007 is 8.49 million PLN. Completion of this investment is planned for 30 December 2007,

b) purchase of lands at 3.5 ha of total space that are located in the Special Economic Zone in Krakow for 18.79 million PLN (net), which will enable the company to build other production and office buildings in the future when there are no available surfaces in the buildings that it owns and is building at the moment.

The Group has concluded a contingent preliminary contract for purchase of the above-mentioned lands under the following conditions:

-the minister competent for Treasury will permit to the Tadeusz Kościuszko Politechnika Krakowska to dispose of these lands to the Group,
-the city of Krakow, which manages in the Special Economic Zone „Krakowski Park Technologiczny”, a company Centrum Zaawansowanych Technologii - Kraków Spółka z ograniczoną odpowiedzialnością with its registered seat in Krakow, will not pre-empt.

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

13. Capital Affiliations

On 31 December 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, Inc.* with its registered seat in Miami (100.00 %),
- ComArch Software AG with its registered seat in Dresden (100.00 %),
- ComArch Middle East FZ-LCC with its registered seat in Dubai (100.00 %),
- ComArch Sp. z o.o. with its registered seat in Kiev (100.00 %),
- ComArch s.r.o. with its registered seat in Bratislava, Slovakia (100.00 %),
- ComArch Panama, Inc. with its registered seat in Panama (100.00 % subsidiary of ComArch, Inc.),
- OOO ComArch with its registered seat in Moscow (100.00 %),
- UAB ComArch with its registered seat in Vilnius, Lithuania (100.00 %),
- CA Services S.A. with its registered seat in Krakow (99.90 %),
- MKS Cracovia SSA with its registered seat in Krakow (**49.15 %).

The dominant unit's associate is:

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

ComArch, Inc.

19 September 2006, ComArch Global, Inc. changed its name to ComArch, Inc. It sells ComArch software and services in US market. Pursuant to the Act on Accounting dated 29 September 1994, ComArch, Inc. is ComArch S.A.'s subsidiary.

ComArch Software AG

The company's share capital is 58,380.00 EURO. It consists of 11,676 registered shares of nominal value of 5 EURO each. ComArch S.A. holds 100 % of interest in the company's share capital and 100 % shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Software AG is ComArch S.A.'s subsidiary.

ComArch Middle-East FZ-LCC

The company's share capital is 200,000 AED and is divided into 200 shares of 1,000 AED each (1 AED is worth circa 1.08 PLN). ComArch S.A. purchased all the shares for cash at nominal value. The company sales ComArch products in the Near East and partially supports IT systems delivered to clients. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Middle-East FZ-LCC is ComArch S.A.'s subsidiary.

ComArch Sp. z o.o.

The company's share capital is 20,500 UAH (1 UAH is worth circa 0.72 PLN). The registered company is a one-person limited liability company. It sales ComArch products in Ukraine and partially support IT systems delivered to

clients. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Sp. z o.o. is ComArch S.A.'s subsidiary.

ComArch s.r.o.

The company's share capital is 200,000 SKK (1 SKK is worth circa 0.1105 PLN). ComArch s.r.o. produces software on order for the ComArch Group. Pursuant to the Act on Accounting dated 29 September 1994, ComArch s.r.o. is ComArch S.A.'s subsidiary.

ComArch Panama, Inc.

The company's share capital is 10,000 USD and is divided into 10,000 shares of nominal value of 1 USD each. The company sells and produces IT systems in Central and Southern America market. Pursuant to the Act on Accounting dated 29 September 1994, ComArch Panama, Inc. is ComArch S.A.'s subsidiary.

OOO ComArch

OOO ComArch is a subsidiary of ComArch S.A. The company's share capital is worth 1.2 million RUB and is divided into 1,200,000 shares of nominal value of 1 RUB each (1 RUB is worth circa 0.11 PLN). The total number of votes resulting from all issued shares is 1,200,000. The company's share capital will be paid in total in cash. The company will be selling ComArch products in Russia and partially support IT systems delivered to clients. Pursuant to the Act on Accounting dated 29 September 1994, OOO ComArch is ComArch S.A.'s subsidiary.

UAB „ComArch”

UAB „ComArch” is a limited liability company that is subsidiary of ComArch S.A. The company's share capital was covered with cash and is 70,000 LTL (1 LTL is worth circa 1.12 PLN). The company's share capital is divided into 700 shares of 100 LTL each. The total number of votes resulting from all shares is 700. The company will be selling and support IT systems delivered to clients. Pursuant to the Act on Accounting dated 29 September 1994, UAB ComArch is ComArch S.A.'s subsidiary.

CA Services S.A.

Pursuant to the notice by Court for Kraków-Śródmieście, XI Economic Division of the National Court Register dated 28 April 2006, ComArch Services Sp. z o.o. (Ltd) was transformed into ComArch Services S.A. (Plc). The company's share capital is 1,050,000 PLN and is divided into 5,250 shares of nominal value of 200 PLN each that give 5,250 votes. On 25 September 2006, pursuant to the notice by Court for Kraków-Śródmieście, XI Economic Division of the National Court Register, name ComArch Services S.A. was changed to CA Services S.A. The company operates in telecommunication sector, delivers connections for own needs, other entities of the Group and for contracts executed by ComArch and also provides outsourcing services. Pursuant to the Act on Accounting dated 29 September 1994, CA Services S.A. is ComArch S.A.'s subsidiary.

Interia.pl Spółka Akcyjna

The company's share capital is 7,035,499 PLN and is divided into 7,035,499 shares of nominal value of 1 PLN each. On 31 December 2005, ComArch S.A. held 2,888,369 shares of the company of nominal value of 1 PLN each that constituted 49.95 % of votes at the Annual General Meeting or 41.05 % of shares in the company's share capital. Pursuant to the Act on Accounting dated 29 September 1994, INTERIA.PL S.A. is an associate of ComArch S.A.

MKS Cracovia SSA

The share capital of MKS Cracovia SSA is 14,557,000 PLN and is divided into 145,570 shares. ComArch S.A. holds 70,001 shares or votes at the AGM of MKS Cracovia SSA that constitute 49.15 % of the company's share capital. According to article 3, point 37 d) of the Act on Accounting and due to the fact that most of members of the Supervisory Board of MKS Cracovia SSA is chosen by ComArch S.A., MKS Cracovia SSA is ComArch S.A.'s subsidiary.

Fidletronik-ComArch, a limited liability company

The company's share capital is 4,000.00 PLN and is divided into 40 equal and undivided shares of 100 PLN each. ComArch S.A. holds 20 shares of total nominal value of 2,000.00 PLN that constitute 50 % of share capital and 50 %

of votes at the General Meeting. Pursuant to the Act on Accounting dated 29 September 1994 Fidletronik-ComArch Sp. z o.o. is an associate of ComArch S.A. The company did not start to operate.

14. Transactions with Related Parties

Transactions with related parties, whose value exceeded 500,000 EURO in 2006, are transactions of purchase of goods and services from CA Services S.A. for the amount of 11.93 million PLN, from MKS Cracovia SSA for the amount of 5.96 million PLN and from ComArch Software AG for the amount of 2.93 million PLN, as well as transactions of sale of goods and services for ComArch, Inc. for the amount of 9.38 million PLN, for ComArch Software AG for the amount of 9.18 million PLN, for UAB ComArch for the amount of 2.22 million PLN and for ComArch Middle East FZ-LCC for the amount of 2.12 million PLN. In the case of MKS Cracovia SSA these are mainly transactions of purchasing advertising services and in other cases mainly transactions within subcontracting IT and tele-IT works under contracts executed by particular companies in the ComArch Group.

15. Credits, Loans, Suretyships, Bank Guarantees

15.1 Bank Guarantees

On 31 December 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 32.02 million PLN.

15.2 Suretyships

On 31 December 2006 the value of ComArch S.A. suretyships for the debts of Interia.pl S.A. from lease agreements amounted to 0.094 million PLN.

15.3 Credits

As at 31 December 2006, ComArch S.A. had liabilities due to credits in the amount of 53.91 million PLN.

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 10 years, i.e. until 2015. This credit has a variable interest rate. As at 31 December 2006, the value of the credit to be repaid amounted to 17 million PLN (compared to 19 million PLN as at 31 December 2005). A promissory note, the mortgage on land and the building insurance policy are security for this credit.

B) An investment credit from Kredyt Bank S.A. with its registered seat in Warsaw, for the financing of the second construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 80 % of investment value up to a maximum of 26.82 PLN. The crediting period may last a maximum of 16 years at a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 31 December 2006, this credit was drawn in total, i.e. 26.82 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 31 December 2006, the value of drawn credit amounted to 10.07 million PLN.

15.4 Loans

As at 31 December 2006, the value of unpaid home loans granted to employees of ComArch S.A. was 0.111 million PLN. Maturity dates for them come in the years 2007-2008.

As at 31 December 2006, the following companies of the Capital Group were indebted towards ComArch S.A. for loans granted: ComArch Software AG (2.15 million PLN), ComArch Global, Inc. (2.53 million PLN), ComArch Sp. z o.o. (Ukraine) (0.12 million PLN), ComArch Panama, Inc. (1.02 million PLN), OOO ComArch (0.44 million PLN) and MKS Cracovia SSA (1.25 million PLN). Maturity dates for their payment come in the years 2007-2008.

16. Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before

The company has not published the results forecast for 2006.

17. Factors and Events of Unusual Nature that Affect the Achieved Results

On 19 January 2006, ComArch S.A. disposed 350,000 INTERIA.PL S.A. shares. After this transaction the company holds 2,538,369 INTERIA.PL S.A. shares, which constitute 36.08 % of share capital. They give 11,609,625 votes at the Annual General Meeting that constitute 48.48 % of the total number of votes. The above-mentioned transaction's result on ComArch S.A.'s net profit shall amount to 6.28 million PLN.

On 11 December 2006, it was signed an agreement on sale of shares between ComArch S.A. and Polski Koncern Mięśny S.A. ComArch S.A. sold 300 shares at nominal value of 1,000 PLN per each share. They constituted 40 % of share capital of NETBROKERS Sp. z o.o. with its registered seat in Krakow. As a result of this transaction, ComArch S.A. doesn't hold any of NETBROKERS Sp. z o.o. shares. The shares mentioned above were sold for 2,430,000 PLN. The above-mentioned transaction's result on ComArch S.A.'s net profit shall amount to 1.93 million PLN.

18. Changes in Methods of Company Management and Its Capital Group Management

None present.

19. Loans Granted to members of the Management Board and members of the Supervisory Board

As at 31 December 2006, there are no unpaid loans as well as there are no guarantees nor suretyships granted by ComArch S.A. to members of the Management Board and members of the Supervisory Board and their relatives.

20. Data Referring to the Agreement Signed with the Entity Entitled to Audit Financial Statements

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

On 19 June 2006, the Supervisory Board of ComArch S.A selected Deloitte Audyt Sp. z o. o. to audit and to review the financial statements and the consolidated financial statements of ComArch S.A.

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

- a) review of the consolidated financial statement of ComArch S.A. for first 6 months of 2006;
- b) review of the consolidated financial statement of ComArch S.A. for first 6 months of 2007;
- c) audit of the annual financial statement of ComArch S.A. and the annual consolidated financial statement of the company for 2006;
- d) audit of the annual financial statement of ComArch S.A. and the annual consolidated financial statement of the company for 2007.

20.2 Total Remuneration

In 2006, the total remuneration resulting from the agreement with the entity entitled for auditing financial statements, due on account of auditing and reviewing the financial statement, was 185,000 PLN. The above mentioned amount covers contractual remuneration, which is due for half-year review and auditing the annual statement and auditing the consolidated statement for 2006. The remuneration for review of half-year statement was paid in 2006; the remaining part of the remuneration will be paid in 2007.

In 2005, the total remuneration resulting from the agreement with the entity entitled for auditing financial statements, due on account auditing and review of financial statements was 230,000 PLN. The remuneration for review of unit financial statement and consolidated financial statement was paid in 2005; the reaming part of remuneration was paid in 2006.

21. Systems that Control Employees Shares Programmes

None present

22. Declaration Regarding the Acceptance of the Corporate Governance Principles

A) 2005

Pursuant to the § 29 of the Regulations of the Warsaw Stock Exchange S.A. ComArch S.A.'s Management Board has made published declaration of ComArch S.A. regarding the acceptance of the corporate governance principles in the company. This declaration is an addendum to the annual financial statement of ComArch S.A which was made public on 5 April 2006. 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, wasn't changed in 2006.

B) 2006

Pursuant to the rule no. 48 of the "Best Practices in Public Companies", the company presents up-to-date declaration of the Management Board regarding the acceptance of the corporate governance principles in the company (as an attachment to this annual financial statement).

Kraków, 04 April 2007

Janusz Filipiak President of the Management Board	Rafał Chwast Vice-President of the Management Board	Piotr Piątosza Vice-President of the Management Board
Paweł Prokop Vice-President of the Management Board	Paweł Przewięźlikowski Vice-President of the Management Board	Zbigniew Rymarczyk Vice-President of the Management Board

Krakow, 4 April 2007

DECLARATION OF COMARCH S.A.'s MANAGEMENT BOARD

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. (hereinafter referred to as the "Company") regarding the acceptance of corporate governance principles in the Company:

DECLARATION OF COMARCH S.A. REGARDING THE ACCEPTANCE OF CORPORATE GOVERNANCE PRINCIPLES IN THE COMPANY:

General rules

I. Objective of the Company

The main objective of a company's authorities is to further the company's interests, i.e. to increase the value of the assets entrusted to them by the shareholders, taking into consideration the rights and interests of entities other than the shareholders that are involved in the functioning of the company, especially the company's creditors and employees.

II. Majority Rule and Protection of the Minority

A joint-stock company is a capital venture, therefore it must respect the principle of capital majority rule and the primacy of majority over minority. A shareholder who contributes more capital also bears a greater economic risk. It is, therefore, justified that his interests be considered in proportion to the capital he contributes. The minority must have a guarantee that their rights will be properly protected within the limits set by the law and commercial integrity. When exercising his rights, a majority shareholder should take into account the interests of the minority.

III. Honest Intentions and No-Abuse of Rights

The exercising of rights and reliance on legal institutions should be based on honest intentions (good faith) and cannot go beyond the purpose and economic reasons for which these institutions are established. No actions should be taken which, by exceeding the limits set, constitute an abuse of the law. The minority should be protected against any abuse of ownership rights by the majority and the interests of the majority should be protected against any abuse by the minority of its rights, thus ensuring the best possible protection of the equitable interests of the shareholders and other market participants.

IV. Court Control

The company's authorities and persons chairing the general meeting cannot decide on issues which should be resolved by a court judgment. This does not apply to activities which the company's authorities and persons chairing general meetings are authorised or obliged to undertake by force of law.

V. Independent Opinions Ordered by the Company

When choosing an entity to provide expert services, particularly an auditor, financial and tax advisors or legal advisors, the company should examine whether there are any circumstances that would limit the entity's independence when performing the tasks entrusted.

	RULE	YES/NO	COMMENTS OF THE COMPANY
BEST PRACTICES OF GENERAL MEETINGS			
1	A general meeting should take place in a location and at a time that allows the participation of as many shareholders as possible.	Yes	<i>No commentary.</i>
2	A request made by parties entitled to do so for a general meeting to be convened and for certain issues to be put on its agenda should be justified. Draft resolutions proposed for adoption by the general meeting and other key documents should be presented to the shareholders together with justification and a supervisory board opinion before the general meeting to allow them time to review and evaluate the same.	Yes	<i>The Management Board presents justification of convening a General Meeting and including specific issues in its agenda. When there is no justification of the demand for convening a General Meeting and including specific issues in its agenda made by a shareholder or shareholders, irrespective of execution of the obligation of convening a General Meeting, the Management Board shall approach the shareholder demanding convening of a General Meeting to give the justification.</i>
3	A general meeting convened on the shareholders' request should be held on the date given in the request and, if this date cannot be kept, on the nearest date that would allow the general meeting to settle the issues on its agenda.	YES	<i>No commentary.</i>
4	A general meeting whose agenda includes certain issues at the request of authorized entities or which has been convened on such a request can only be cancelled with	Yes	<i>The Company applies a general rule of not cancelling and not changing already announced date of General, unless extraordinary or specifically justified</i>

	<p>the consent of the requesting parties. In all other instances, a general meeting can be cancelled if its holding is hindered (force majeure) or is obviously groundless. A meeting is called off in the same way as it is convened, limiting negative consequences for the company and its shareholders as far as possible and no later than three weeks before the original meeting date. A change in the date of a general meeting is made in the same way as a cancellation, even if the proposed agenda does not change.</p>		<p><i>circumstances occur. In the last case, appropriate procedures are applied on notification of all the interested parties.</i></p>
5	<p>Before a shareholder's representative can participate in a general meeting, his right to act on the shareholder's behalf should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a general meeting conforms with the law and does not require any additional confirmations or acknowledgement unless the company's management board or the chairman of the general meeting has doubts about its authenticity or validity prima facie (when drawing up the list of attendance).</p>	<p>Yes</p>	<p><i>To participate in a General Meeting and to enforce the voting right, a shareholder has to submit a Certificate of Deposit 7 days before the date of the General Meeting the latest. A shareholder who submitted a Certificate of Deposit may provide powers of attorney (in writing to be valid).</i></p>
6	<p>The general meeting should have regular by-laws setting out in detail the principles on which meetings are conducted and resolutions adopted. The by-laws should, in particular, contain provisions on elections, including elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent change; it is advisable for any changes to enter into force as of the following general meeting.</p>	<p>Yes</p>	<p><i>On 30 June 2003 the Regulation of ComArch S.A.'s General Meetings was passed. This Regulation includes, among others, rules concerning appointments, including appointment of the Board of Supervisors by voting in separate groups.</i></p>
7	<p>The person opening the general meeting should immediately organize the election of the meeting chairman and should refrain from making any substantial or formal decisions.</p>	<p>Yes</p>	<p><i>No commentary.</i></p>
8	<p>The chairman of the general meeting ensures that the meeting is run efficiently and that the rights and interests of all the shareholders are observed. The chairman should, in particular, counteract any abuse of rights by meeting participants and should guarantee that the rights of minority shareholders are respected. The chairman should not, without good</p>	<p>Yes</p>	<p><i>To ensure complying with this rule, the Management Board informs the chairman of the General Meeting about contents of this rule every time meeting is held.</i></p>

	reason, resign from his function or delay signing the meeting minutes.		
9	A general meeting should be attended by the members of both the supervisory board and the management board. The auditor should also be present at an annual general meeting and an extraordinary general meeting if the company's financial matters are to be discussed. The absence of a supervisory or management board member from the general meeting requires an explanation, which should be given at the meeting.	Yes	<i>Pursuant to the Regulation of ComArch S.A.'s Board of Supervisors, at least two members of the Board of Supervisors ought to be present at the Annual General Meeting. Pursuant to the Regulation of ComArch S.A.'s Management Board, at least two members of the Management Board ought to be present at the AGM. The Management Board invites representatives of the Auditor to attend every AGM, at which Company's financial issues are the subject matter.</i>
10	Supervisory and management board members and the company's auditor should, within their powers and to the extent needed to settle issues discussed at the general meeting, provide meeting participants with explanations and information about the company.	Yes	<i>No commentary.</i>
11	All answers provided by the management board to questions posed by the general meeting should take into account the fact that a public company carries out its reporting obligations in the way stipulated in the Law on the Public Trading in Securities; certain information cannot be provided in any other way.	Yes	<i>No commentary.</i>
12	Short breaks in the session which do not constitute an adjournment and are ordered by the chairman in justified cases cannot be aimed at hindering the exercising by the shareholders of their rights.	Yes	<i>No commentary.</i>
13	Voting on administrative issues may only concern issues related to the running of the meeting. Resolutions which may have an impact on the exercising by the shareholders of their rights cannot be voted on in this way.	Yes	<i>No commentary.</i>
14	A resolution not to consider an issue on the agenda may be adopted only if it is supported by sound reasons. Any motion in this respect should be accompanied by a detailed justification. A decision to remove	No	<i>According to ComArch S.A.'s Statute, there is no obligation to require a general meeting resolution passed with majority of 75% of votes in the General Meeting to remove an item from the agenda of</i>

	an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution, once all the shareholders present who put the issue on the agenda have given their consent, supported by 75% of the votes present at the meeting.		<i>the AGM. Company doesn't exclude adopting of relevant change in the Statute and in the Regulation of the AGM in the future.</i>
15	Any party objecting to a resolution must be given the opportunity to put forward concise reasons for its objections.	Yes	<i>No commentary.</i>
16	As the Code of Commercial Companies does not provide for court control in the event of a resolution not being adopted by the general meeting, the management board or the meeting chairman should form resolutions in such a way that anyone who does not agree with the merits of a decision being the subject of the resolution has the possibility of challenging the same, provided that he is entitled to do so.	Yes	<i>Duty of the chairman of the AGM is to watch over the resolutions to be formulated clearly. The Company's Management Board ensure also the possibility of the Chairperson enjoying the help of legal services of the Company.</i>
17	Written statements made by a participant at a general meeting are recorded in the minutes at the participant's request.	Yes	<i>To ensure complying with this rule, the Management Board informs a notary, who participates the General Meeting, of contents of this rule, every time meeting is held.</i>

BEST PRACTICES OF SUPERVISORY BOARDS

18	The supervisory board submits a concise evaluation of the company's standing to the general meeting every year. The evaluation should be made available to all shareholders early enough to allow them to become acquainted with the contents before the annual general meeting.	Yes	<i>No commentary.</i>
19	A member of the supervisory board should have the relevant education, the appropriate professional and practical experience, be of high moral standing and be able to devote the time required to perform his supervisory board function properly. Supervisory board candidature should be announced and supported by reasons sufficiently detailed to enable an informed choice to be made.	Yes	<i>Candidatures for members of the Supervisory Board, which are submitted to the General Meeting, are justified. The candidate's relevant curriculum vitae is enclosed with the provided materials. When there is no candidate's curriculum vitae and/or justification to the Supervisory Board candidature which was submitted by a shareholder, the Management Board shall ask the shareholder to present relevant justification and/or CV.</i>
20	<p>(a) At least half the members of the supervisory board should be independent members, subject to point (d) below. Independent members of the supervisory board should not have relations with the company and its shareholders or employees which could significantly affect the independent member's ability to make impartial decisions.</p> <p>(b) Detailed independence criteria should be laid down in the company's statutes 2.</p> <p>(c) Without the consent of the majority of independent supervisory board members, no resolutions should be adopted on the following issues:</p> <ul style="list-style-type: none"> - performances of any kind by the company and any entities associated with the company in favour of management board members; - consent to the execution by the company or a subsidiary of a key agreement with an entity associated with the company, a member of the supervisory board or management board, or with their associated entities; and - appointment of an auditor to audit the company's financial statements. 	No	<i>In the Company's opinion, this rule is against the principle of majority rule (rule number two), and it bars significantly majority shareholders' rights. Additionally, its implementation (the part about the minimum number of independent members) in the form of appropriate changes in the Company's Statute may lead to serious legal problems, in the situation of losing independent status by any one of members of the Supervisory Board (lack of certainty whether such a Board of Supervisors continues to act in compliance with the Company's Statute and whether its resolutions are binding).</i>

	<p>(d) In companies where one shareholder holds a block of shares carrying over 50% of all voting rights, the supervisory board should consist of at least two independent members, including an independent chairman of the audit committee, should such a committee be set up.</p> <p>1 Rule 20 may be implemented by the company on a date different from that on which the other rules in the set are implemented, though no later than by 30 June 2005.</p> <p>2 The Best Practices Committee hereby recommends rules based on European standards, i.e. the independence criteria set out in the Commission's Recommendation on strengthening the role of non-executive or supervisory directors</p> <p>http://eureopa.eu.int/comm/internal_market/company/independence/index_en.htm</p>		
21	A supervisory board member should, above all, keep the company's interests in mind.	Yes	<i>No commentary.</i>
22	Supervisory board members should take the relevant action to receive from the management board regular and complete information on any and all significant issues concerning the company's operations and on any risks related to the business and ways of managing such risks.	Yes	<i>No commentary.</i>
23	A supervisory board member should inform the other members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on any resolution on the issue in respect of which the conflict of interest has arisen.	Yes	<i>No commentary.</i>
24	Information on a supervisory board member's personal, actual and organizational connections with a given shareholder, particularly with the majority shareholder, should be made publicly available. The company should have a procedure in place for obtaining such information from supervisory board members and for making it publicly available.	Yes	<p><i>The regulation of the Supervisory Board foresees obtaining from members of the Supervisory Board information on personal, actual and organizational relationships of a member of the Supervisory Board with a specific shareholder, in particular with a majority shareholder.</i></p> <p><i>The information obtained in this mode is available in the office of the Company on request of a shareholder.</i></p>

25	Supervisory board meetings should be accessible and open to management board members, save for issues which directly concern the management board or its members, especially the removal, liability and remuneration (of management board members).	Yes	<i>No commentary.</i>
26	A supervisory board member should make it possible for the management board to present publicly and in an appropriate manner information on the transfer or acquisition of shares in the company or in its dominant company or subsidiary and of transactions with such companies, provided that such information is relevant to his financial standing.	Yes	<i>The Regulation of the Supervisory Board foresees the mode of obtaining information from members of the Supervisory Board about disposing or acquiring by members of the Supervisory Board shares of the Company or of the company dominant to it or subsidiary to it for over EURO 5,000 during the year, and also about transactions of a member of the Supervisory Board, if they are significant for his/her financial situation. The information obtained in this mode is available in the office of the Company on the application of the interested entity.</i>
27	Supervisory board members' remuneration should be set on the basis of a set of transparent procedures and rules. The remuneration should be fair but should not constitute a significant cost item in the company's business or have a material impact on its financial results. It should also be in reasonable relation to the remuneration of members of the management board. The total amount of all supervisory board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it.	Yes	<i>No commentary.</i>
28	<p>The supervisory board should operate in accordance with its by-laws, which should be publicly available. The by-laws should stipulate that at least two committees should be set up:</p> <ul style="list-style-type: none"> - audit, and - remuneration. <p>The committee should consist of at least two independent members and at least one person possessing the relevant qualifications and experience in accounting and finance. The committee's tasks should be specified in the board by-</p>	No	<p><i>The company has the Regulation of the Supervisory Board, pursuant to which it operates, whose contents is available in the Company website.</i></p> <p><i>Due to the position of the Company's shareholders in reference to Rule 20, the Regulation has no provisions on independent members of the Supervisory Board.</i></p>

	laws. The committees should present reports on their activities to the supervisory board every year. The company should then make these reports available to its shareholders.		
29	The agenda of a supervisory board meeting should not be amended or supplemented during the meeting to which it relates. This requirement does not apply if all the supervisory board members are present and agree to the amendment or supplementation, and if certain actions have to be taken by the supervisory board to protect the company against damage and in the case of a resolution assessing whether there is a conflict of interests between a supervisory board member and the company.	Yes	<i>The agenda of the Supervisory Board meeting is determined 3 days before the planned date of the meeting, and then provided to members of the Board along with materials, unless circumstances justify shortening of this period of time. Appropriate provisions concerning the possibility of changes or supplementing in the agenda are given in the Regulation of the Supervisory Board.</i>
30	A supervisory board member delegated by a group of shareholders to permanently exercise supervision should submit detailed reports on the performance of his task to the supervisory board.	Yes	<i>Pursuant to the Regulation of the Supervisory Board, a Member of the Supervisory Board delegated for performing continuous supervision is obliged to submit a written report from the performed function to the Supervisory Board every month.</i>
31	A supervisory board member should not resign from his function during his term of office if this would make it impossible for the board to function, particularly if it could hinder the timely adoption of an important resolution.	Yes	<i>No commentary.</i>
<u>Best Practices of Management Boards</u>			
32	With the company's interests in mind, the management board sets out the strategy and the main objects of the company's operations and submits them to the supervisory board. The management board is responsible for implementation and performance. The management board sees that the company's management system is transparent and effective and that its business is conducted in accordance with legal regulations and best practice.	Yes	<i>No commentary.</i>
33	When making decisions on corporate issues, management board members should act within the limits of justified	Yes	<i>No commentary.</i>

	business risk, i.e. after considering all information, analyses and opinions, which, in the reasonable opinion of the management board, should be taken into account in a given case in view of the company's interest. When determining the company's interests, the long-term interests of the company's shareholders, creditors and employees should be kept in mind, as well as those of other entities and persons cooperating with the company, also the interests of the local community.		
34	In transactions with shareholders and other persons whose interests affect those of the company, the management board should act with the utmost care to ensure that the transactions are carried out at arm's length.	Yes	<i>No commentary.</i>
35	A management board member should always be loyal to the company and avoid actions which could lead to the advancement of his own material interests only. If a management board member receives information about the opportunity to make an investment or another advantageous transaction relating to the company's objects, he should put this information immediately before the management board to be reviewed in terms of the company taking advantage of it. Such information may only be used by a management board member or passed on to a third party with the consent of the management board and only if it does not infringe on the company's interests.	Yes	<i>No commentary.</i>
36	A management board member should treat his shares in the company and its dominant companies and subsidiaries as a long-term investment.	Yes	<i>No commentary.</i>
37	Management board members should inform the supervisory board whenever a conflict of interests arises, or if there is a risk of a conflict of interests arising in connection with the function performed.	Yes	<i>No commentary.</i>
38	The remuneration of management board members should be set on the basis of transparent procedures and principles,	Yes	<i>No commentary.</i>

	taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprise, should be in reasonable relation to business results, and be related to the scope of liability in a given function, taking into account the level of remuneration of members of management boards in similar companies on a similar market.		
39	The total amount of all management board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it. If the amount of the remuneration of individual members of the management board significantly differs, it is recommended that a relevant explanation be published.	Yes	<i>No commentary.</i>
40	The management board should lay down in the by-laws principles and procedures for operating and allocating powers. These principles should be clear and generally available.	Yes	<i>Principles and mode of work and allocating competencies between members of the Management Board are included in the Regulation of the Management Board. The Regulation of the Management Board is available in the website of the Company.</i>

Best Practices in Relations with Third Parties and Third Party Institutions

41	When selecting an auditor, the company should ensure that he will perform the tasks entrusted to him impartially.	Yes	<i>No commentary.</i>
42	In order to ensure an impartial opinion, the company should change its auditor once every five years at the least. The change of auditor should also be understood as a change in the individual carrying out the audit. Additionally, over a long period of time the company should not use the services of the same auditing entity.	Yes	<i>No commentary.</i>
43	The auditor should be selected by the supervisory board on the recommendation of the audit committee, or by the general meeting on the	Yes	<i>Appointment of the entity which is to provide services of an expert auditor is done by the Company's Supervisory Board after becoming acquainted with the opinion of the audit</i>

	<p>recommendation of the supervisory board containing the audit committee recommendation. If an auditor other than the one recommended by the audit committee is chosen by either the board or the general meeting, detailed reasons should be given. Information on the selection of an auditing entity together with the relevant justification should be disclosed in the annual report.</p>		<p><i>committee, in situation when the Board appoints such a committee.</i></p>
44	<p>The current auditor or the auditor auditing the annual accounts of the company or its subsidiaries in the period under examination cannot act as a special purpose auditor for the same company.</p>	<p>Yes</p>	<p><i>No commentary.</i></p>
45	<p>A company should acquire its own shares in such a way that no group of shareholders is privileged.</p>	<p>Yes</p>	<p><i>No commentary.</i></p>
46	<p>The company's statutes, its basic internal regulations, information and documents related to general meetings, and its financial statements should be made available in the company's registered office and on its website.</p>	<p>Yes</p>	<p><i>No commentary.</i></p>
47	<p>A company should have appropriate media relations procedures and regulations and an information policy ensuring coherent and reliable information about the company. The company should, in compliance with legal regulations and to safeguard its interests, make information on its current operations and business standing available to media representatives and allow them to attend general meetings.</p>	<p>Yes</p>	<p><i>Following this rule, the Company's Management Board ensures that reliable information is made available to representatives of media on the current activities of the Company, the economic situation of the Company, with a view on the fact that information obligations of a public company are executed in the way resulting from regulations of the law on public trading in securities. Pursuant to the Regulation of the General Meeting, the Company makes presence of media representatives possible in General Meetings.</i></p>
48	<p>In its annual report, a company should include a statement to the effect that corporate governance standards are applied. Any departure from these standards should also be publicly explained.</p>	<p>Yes</p>	<p><i>No commentary.</i></p>

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

The Management Board of ComArch S.A. states that to the best of our knowledge, the annual financial statement for the year 2006 and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the issuer and its financial results. Furthermore, the annual report regarding the issuer's activities truly describes the development image and achievements as well as the issuer's situation including basic threats and risk.

Krakow, 4 April 2007

Janusz Filipiak President of the Management Board	Rafał Chwast Vice-President of the Management Board	Piotr Piątosza Vice-President of the Management Board
Paweł Prokop Vice-President of the Management Board	Paweł Przewięźlikowski Vice-President of the Management Board	Zbigniew Rymarczyk Vice-President of the Management Board

The Management Board's statement regarding the independent auditor

The Management Board of ComArch S.A. states that the entity entitled to audit the annual financial statement for the year 2006 was selected compliant with the law and that the entity and expert auditors who audited this statement perform under conditions to provide an unbiased and independent opinion, compliant with the national law.

Krakow, 4 April 2007

Janusz Filipiak President of the Management Board	Rafał Chwast Vice-President of the Management Board	Piotr Piątosza Vice-President of the Management Board
Paweł Prokop Vice-President of the Management Board	Paweł Przewięźlikowski Vice-President of the Management Board	Zbigniew Rymarczyk Vice-President of the Management Board