

FINANCIAL SUPERVISION AUTHORITY

CONSOLIDATED HALF-YEAR REPORT PSr 2018

year

(pursuant to §2 sec.2 and §3 sec. 3 of the Regulation issued by the Minister of Finance on 19th of January, 2009 - Journal of Laws no. 33, item 259) for issuers of securities managing production, construction, trade and services activities

for first half of financial year 2018 from	2018-01-01 to 2018-06-30
including consolidated annual financial statement according to	International Financial Reporting Standards (IFRS)
in currency	PLN
and condensed financial statement according to	Act on Accounting (Journal of Laws 2016, pos. 1047)
in currency	PLN
date of publication	2018-08-31

COMARCH SA	
(full name of an issuer)	
COMARCH	Information Technology (IT)
(abbreviated name of issuer)	(sector according to WSE classification)
31-864	Kraków
(postal code)	(city)
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BDO Sp. z o.o.

(An auditor entitled to audit financial statements)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EUR	
	H1 2018	H1 2017	H1 2018	H1 2017
DATA RELATED TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT				
I. Net revenues from sales	604,008	507,157	142,472	119,404
II. Operating profit (loss)	34,999	11,790	8,255	2,776
III. Profit before income tax	11,424	34,748	2,695	8,181
IV. Net profit attributable to shareholders	4,300	26,871	1,014	6,326
V. Cash flows from operating activities	-6,224	40,368	-1,468	9,504
VI. Cash flows from investing activities	-44,764	-72,021	-10,559	-16,956
VII. Cash flows from financing activities	7,164	35,533	1,690	8,366
VIII. Total net cash flows	-43,824	3,880	-10,337	914
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings per single share (PLN/EURO)	0.53	3.30	0.13	0.78
XI. Diluted earnings (losses) per single share (PLN/EURO)	0.53	3.30	0.13	0.78
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	418,568	344,610	98,731	81,134
XIII. Profit (loss) on operating activities	27,890	10,939	6,579	2,575
XIV. Gross profit (loss)	10,467	20,664	2,469	4,865
XV. Net profit (loss)	8,984	17,669	2,119	4,160
XVI. Cash flows from operating activities	-22,529	4,540	-5,314	1,069
XVII. Cash flows from investing activities	-28,790	-32,128	-6,791	-7,564
XVIII. Cash flows from financing activities	17,355	19,588	4,094	4,612

XIX. Total net cash flow	-33,964	-8,000	-8,011	-1,884
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	3.77	5.38	0.89	1.27
XXII. Diluted earnings (losses) per single share (PLN/EURO)	3.77	5.38	0.89	1.27
XXIII. EQUITIES	30.06.2018	31.12.2017	30.06.2018	31.12.2017
XXIV. Equity attributable to shareholders (consolidated)	834,395	835,062	191,305	200,421
XXV. Equity (dominant unit)	793,344	796,984	181,893	200,211

Euro exchange rates used for calculation of the selected financial data:

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2018 to 30.06.2018: 4.2395;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2018 to 30.06.2018: 4.2474;

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

- 30.06.2018: 4.3616;

- 31.12.2017: 4.1709.

Values of equities (positions XXIII, XXIV) were presented as at the end of first six months of the current year and as at the end of the previous year.

When presenting selected financial data from the quarterly financial statement, it should be properly described.

Selected financial data from the consolidated balance sheet (consolidated statement regarding the financial situation) or from the balance sheet respectively (statement regarding the financial situation) is presented as of the end of the current half-year and as of the end of the previous year, and this should be properly described.

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

REPORT INCLUDES:

File	Description
PSr 1 2018 separate.pdf	Condensed interim financial statement of Comarch S.A.
Report from review – separate.pdf	Report from review of condensed interim financial statement of Comarch S.A.
PSr 2018 consolidated.pdf	Condensed interim consolidated financial statement of Comarch Group
Report from review – consolidated.pdf	Report from review of condensed interim consolidated financial statement
Report regarding activities.pdf	Report of the Management Board regarding activities
The Management Board's Statement regarding the Reliability of Financial Statement.pdf	The Management Board's Statement regarding the Reliability of Financial Statement
The Management Board's Statement regarding Auditor Independence.pdf	The Management Board's Statement regarding Auditor Independence

SIGNATURES OF PERSONS REPRESENTING COMPANY

Date	Name and surname	Position	Signature
2018-08-31	Konrad Tarański	Vice-President of the Management Board	
2018-08-31	Maria Smolińska	Proxy	

Comarch S.A.
Al. Jana Pawła II 39A, 31-864 Kraków

**Report of an Independent Expert Auditor of the Review of Condensed
Interim Financial Statement for Six Months ended 30th of June, 2018**

Report of an Independent Expert Auditor of the Review of Condensed Interim Financial Statement for Six Months ended 30th of June, 2018

for the General Meeting and the Supervisory Board of COMARCH S.A.

Introduction

We have audited the attached condensed interim financial statement of Comarch S.A. with its registered office at Krakow, al. Jana Pawła II 39a, which consists of: condensed statement of financial situation prepared as at 30th of June, 2018, condensed total income statement, condensed statement of changes in equity and condensed cash flow statement for the period from 1st of January to June 30th, 2018 and additional information and commentaries ("condensed interim financial statement").

The head of the unit is responsible for preparing and presenting the condensed interim financial statement in accordance with the Act on Accounting of 29th of September, 1994 (Journal of Laws from 2018, pos. 395 with subsequent changes) hereinafter referred to as the "Accounting Act", secondary legislation issued on its basis and provisions of the Regulation of the Minister of Finance of 29th of March, 2018 regarding current and periodical information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws from 2018, pos. 757 with subsequent changes).

We are responsible for formulating the conclusion regarding the condensed interim financial statements based on our review.

Scope of the review

The review was conducted in accordance with the National Standards for Review Services in the wording of the International Standards for Review Services adopted by the Resolution No. 2041/37a/2018 of the National Council of Expert Auditors of 5th of March, 2018.

The review of financial statement consists in directing inquiries primarily to those responsible for financial and accounting matters, conducting analytical procedures and other review procedures.

A review has a significantly narrower scope than an audit conducted in accordance with the National Standards for Audit in the wording of the International Standards for Audit adopted by the Resolution No. 2041/37a/2018 of the National Council of Expert Auditors of 5th of March, 2018. As a result, the review is not sufficient to ensure that all relevant issues that would have been identified during the audit were disclosed. Therefore, we do not express our opinion on the audit of this condensed interim financial statement.

Conclusion

Based on the conducted review, we find that nothing has returned our attention, which would lead us to believe that the attached condensed interim consolidated financial statement has not been prepared in all important aspects in accordance with the Act on Accounting of 29th of September, 1994 (Journal of Laws from 2018, pos. 395 with subsequent changes), secondary legislation issued in its basis and provisions of Regulation of the Minister of Finance of 29th of March, 2018 regarding current and periodical information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws from 2018, pos. 757 with subsequent changes).

Krakow, 31st of August, 2018

Marcin Krupa
Expert Auditor
Reference number 11142

dr André Helin
Chairman of the Management Board
Expert Auditor
Reference number 90004

Acting on behalf of:

BDO spółka z ograniczoną odpowiedzialnością Sp. k. (dawniej BDO Sp. z o.o.)
ul. Postępu 12
02-676 Warszawa
Entity entered on the list of audit firms under reference number 3355



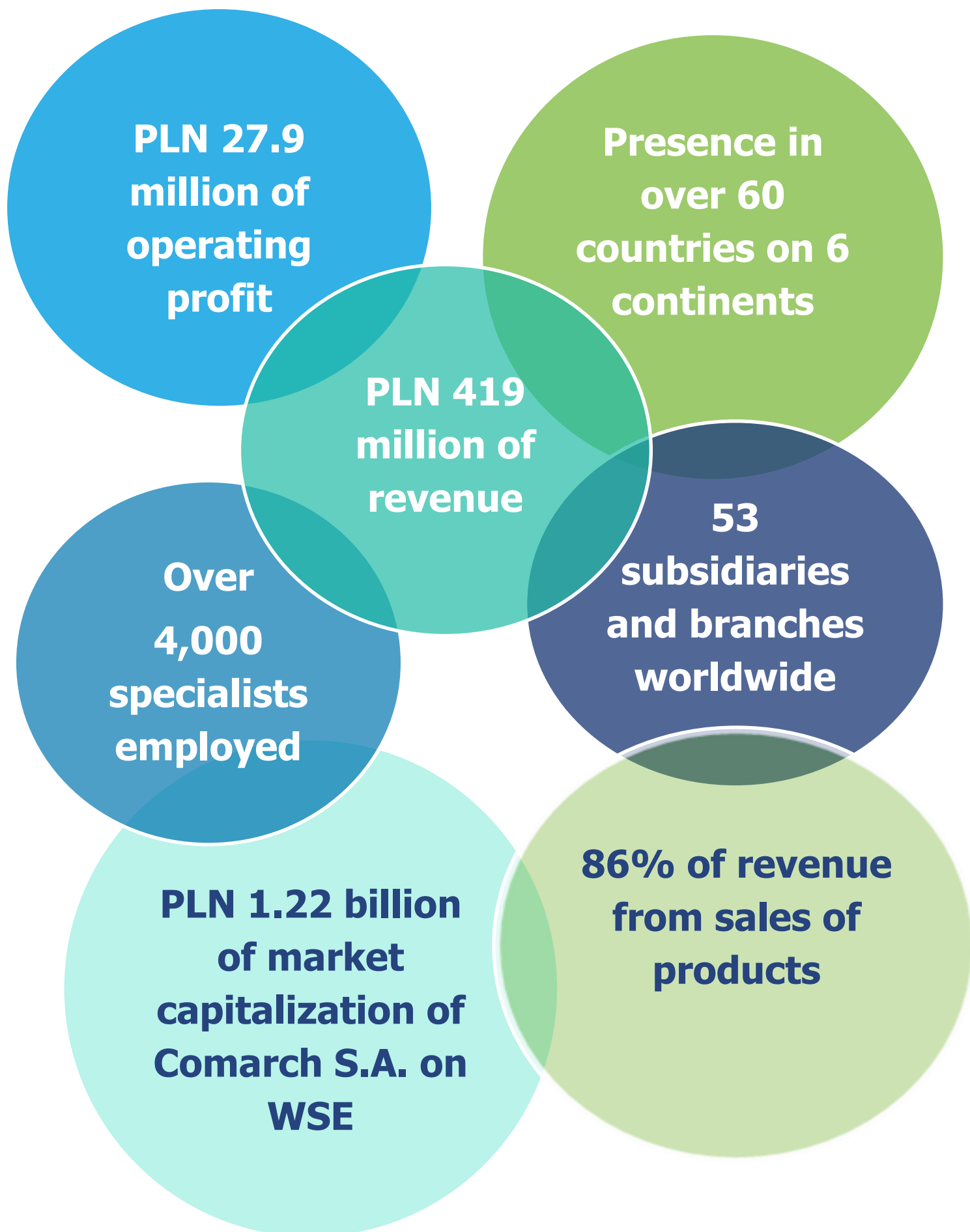
**Condensed Comarch S.A. Financial
Statement for the period
1 January 2018 – 30 June 2018**

Kraków, 31st of August 2018

COMARCH S.A. CONDENSED FINANCIAL STATEMENT FOR 6 MONTHS 2018 5

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COMARCH S.A. CONDENSED FINANCIAL STATEMENT FOR 6 MONTHS 2018

I. Balance Sheet

ASSETS	30 June 2018	31 December 2017	30 June 2017
I. NON-CURRENT ASSETS	751,589	756,155	742,807
1. Intangible assets	12,054	14,628	13,511
2. Property, plant and equipment	335,314	346,398	326,192
3. Non-current investments	395,352	386,122	394,694
3.1 Non-current financial assets	353,988	359,299	367,221
a) in related parties	353,505	356,182	362,901
b) in other entities in which the Company holds equity interests	150	280	420
c) in other parties	333	2,837	3,900
3.2 Real estates	41,321	26,780	27,430
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	8,869	9,007	8,410
4.1 Deferred income tax assets	6,225	5,816	5,698
4.2 Other accruals	2,644	3,191	2,712
II. CURRENT ASSETS	534,872	491,051	427,866
1. Inventories	93,295	78,120	63,141
2. Current receivables	345,309	312,373	262,347
2.1 from related parties	222,615	184,106	152,902
2.2 from other entities in which the Company holds equity interests	364	560	487
2.3 from other entities	122,330	127,707	108,958
3. Current investments	18,751	57,670	54,753
3.1 Current financial assets	18,751	57,670	54,753
a) in related parties	322	322	322
b) from other entities in which the Company holds equity interests	5	303	159
c) in other entities	3,548	8,516	8,634
- interest and shares	-	-	1
- granted loans	373	-	-
- other current financial assets	3,175	8,516	8,633
d) cash and cash equivalents	14,876	48,529	45,638
4. Short-term prepayments	77,517	42,888	47,625
TOTAL ASSETS	1,286,461	1,247,206	1,170,673

EQUITY AND LIABILITIES	30 June 2018	31 December 2017	30 June 2017
I. EQUITY	793,344	796,984	780,071
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	680,501	653,363	653,363
3. Revaluation reserve	94,981	95,405	100,161
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	-	-	-
6. Net profit (loss)	8,984	39,338	17,669
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	493,117	450,222	390,602
1. Provisions for liabilities	98,790	122,701	101,909
1.1 Provisions for deferred income tax	23,203	25,255	26,661
1.2 Other provisions	75,587	97,446	75,248
a) current	75,587	97,446	75,248
2. Non-current liabilities	160,202	154,762	131,993
2.1 to related parties	27,657	22,472	14,586
2.2 to other entities in which the Company holds equity interests	-	-	-
2.3 to other entities	132,545	132,290	117,407
3. Current liabilities	205,776	155,174	144,226
3.1 to related parties	36,650	26,901	35,630
3.2 to other entities in which the Company holds equity interests	110	894	1,735
3.3 to other entities	166,538	125,780	104,200
3.4 Special funds	2,478	1,599	2,661
4. Accruals	28,349	17,585	12,474
4.1 Other accruals	28,349	17,585	12,474
a) current	28,349	17,585	12,474
TOTAL EQUITY AND LIABILITIES	1,286,461	1,247,206	1,170,673
Book value	793,344	796,984	780,071
Number of shares	8,133,349	8,133,349	8,133,349
Book value per share (w PLN)	97.54	97.99	95.91
Diluted number of shares	8,133,349	8,133,349	8,133,349
Diluted book value per share (w PLN)	97.54	97.99	95.91

II. Income Statement

For the 6 months ended 30 June 2018 and the 6 months ended 30 June 2017	Q2 2018*	6 months ended 30 June 2018	Q2 2017	6 months ended 30 June 2017
I. Net revenues from sales of products, goods and materials, including:	236,068	418,568	172,713	344,610
- revenues from related parties	108,228	163,331	54,795	94,176
1. Net revenue from sales of products	204,113	378,489	163,712	320,522
2. Net revenue from sales of goods and materials	31,955	40,079	9,001	24,088
II. Costs of products, goods and materials sold, including:	182,846	335,983	138,818	278,106
- to related parties	8,886	16,744	8,943	17,316
1. Manufacturing cost of products sold	152,763	298,521	130,456	255,361
2. Value of products, goods and materials sold	30,083	37,462	8,362	22,745
III. Gross profit (loss) on sales	53,222	82,585	33,895	66,504
IV. Costs of sales	16,046	31,206	15,483	31,878
V. Administrative expenses	8,609	18,940	11,860	21,111
VI. Profit (loss) on sales	28,567	32,439	6,552	13,515
VII. Other operating revenue	705	949	845	1,541
1. Profit on disposal of non-financial non-current assets	97	171	27	29
2. Other operating revenue	608	778	818	1,512
VIII. Other operating costs	1,784	5,498	2,116	4,117
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	813	1,359	1,415	2,968
3. Revaluation of non-financial assets	-	-	-	-
4. Other operating costs	971	4,139	701	1,149
IX. Profit (loss) on operating activities	27,488	27,890	5,281	10,939
X. Financial revenue	4,630	7,355	6,083	20,592
1. interest, including:	57	173	105	273
- from related parties	37	79	51	111
2. Dividends and share in profits, including:	3,031	3,031	107	107
- from related parties	3,031	3,031	107	107
3. Profit on disposal of financial assets	1,141	3,750	4,487	5,473
4. Revaluation of financial assets	49	19	41	25
5. Other	352	382	1,343	14,714
XI. Financial costs	19,657	24,778	5,159	10,867
1. Interest	1,036	1,748	806	1,505
- from related parties	148	286	176	356
2. Revaluation of investments	11,894	11,894	-	-
3. Loss on disposal of financial assets	-	-	-	-
4. Other	6,727	11,136	4,353	9,362
XII. Profit (loss) on business activities	12,461	10,467	6,205	20,664
XIII. Gross profit (loss)	12,461	10,467	6,205	20,664
XIV. Income tax	436	1,483	184	2,995
XV. Net profit (loss)	12,025	8,984	6,021	17,669
Net profit (loss) (annualised)		30,653		43,717
Weighted average number of shares		8,133,349		8,133,349
01.07.2017 – 30.06.2018				
Earnings (losses) per single share (PLN)		3.77		5.38
Diluted weighted average number of shares		8,133,349		8,133,349
01.07.2017 – 30.06.2018				
Diluted earnings (losses) per single share (PLN)		3.77		5.38

*) Data for the second quarter of 2017 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2017 from the data for the first half of 2017 (reviewed).

III. Statement of Changes in Equity

	6 months ended 30 June 2018	12 months ended 31 December 2017	6 months ended 30 June 2017
I. Opening balance of equity	796,984	771,742	771,742
a) changes to adopted accounting principles (policies)	-	-	-
I.a Opening balance of equity after adjustments	796,984	771,742	771,742
1. Opening balance of share capital	8,133	8,133	8,133
1.1 Changes in share capital	-	-	-
a) increases (due to)	-	-	-
- shares issue	-	-	-
1.2 Closing balance of share capital	8,133	8,133	8,133
2. opening balance of supplementary capital	653,363	619,975	619,975
2.1 Changes in supplementary capital	27,138	33,388	33,388
a) increases (due to)	27,138	33,388	33,388
- profit-sharing for the previous years	27,138	33,388	33,388
2.2 Closing balance of supplementary capital	680,501	653,363	653,363
3. Opening balance of revaluation reserve	95,405	97,301	97,301
3.1 Changes in revaluation reserve	(424)	(1,896)	2,860
a) increases (due to)	99	445	3,530
- provision for deferred income tax due to certificates valuation	99	445	-
- balance sheet valuation of investment certificates	-	-	3,530
b) decreases (due to)	523	2,341	670
- balance sheet valuation of investment certificates	523	2,341	-
- A provision for deferred income tax related to valuation of investment certificates	-	-	670
3.2 Closing balance of revaluation reserve	94,981	95,405	100,161
4. Opening balance of capital from merger	-	-	-
4.1. Closing balance of capital from merger	-	-	-
5. Opening balance of other reserve capitals	745	745	745
5.1 Closing balance of other reserve capitals	745	745	745
6. Opening balance of previous years' profit	39,338	45,588	45,588
a) changes to adopted accounting principles (policies)	-	-	-
6.1 Opening balance of previous years' profit after adjustments	39,338	45,588	45,588
a) decreases (due to)	39,338	45,588	45,588
- transferring the result from the previous years to supplementary capital	27,138	33,388	33,388
- payment of dividend	12,200	12,200	12,200
6.2 Closing balance of previous years' profit	-	-	-
7. Net result	8,984	39,338	17,699
7.1 Net profit	8,984	39,338	17,669
II. Closing balance of equity	793,344	796,984	780,071
III. Equity including proposed profit-sharing (loss coverage)	793,344	796,984	780,071

IV. Cash Flow Statement

For the 6 months ended 30 June 2018 and the 6 months ended 30 June 2017	6 months ended 30 June 2018	6 months ended 30 June 2017
A. Cash flows from operating activities		
I. Net profit (loss)	8,984	17,669
II. Total adjustments	(31,513)	(13,129)
1. Depreciation	21,176	18,174
2. Profit (loss) from foreign exchange differences	(257)	118
3. Interest and profit sharing (dividends)	(1,577)	1,033
4. Profit (loss) on investing activities	12,024	(29)
5. Change in provisions	(5,714)	(23,407)
6. Change in inventories	(15,175)	(19,616)
7. Change in receivables	(28,708)	46,579
8. Change in current liabilities, excluding credits and loans	28,541	(16,849)
9. Change in prepayments and accruals	(41,823)	(16,343)
10. Zmiana stanu przychodów przyszłych okresów	-	(2,789)
10. Other adjustments	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	(22,529)	4,540
B. Cash flows from investing activities		
I. Inflows	8,213	23,349
1. Proceeds from sale of property, plant, equipment and intangible assets	1,222	606
2. Proceeds from financial assets, including:	6,991	22,743
a) in related parties	3,241	17,270
- repaid loans	161	5,301
- received loans	49	11,746
- repaid interests on loans	-	116
- received dividends	3,031	107
b) in other entities	3,750	5,473
- Other proceeds from financial assets	3,750	5,473
3. Other investment proceeds	-	-
II. Outflows	(37,003)	(55,477)
1. Purchase of property, plant and equipment and intangible assets	(27,354)	(48,492)
2. Expenses for investment in real estates	(2)	-
3. Expenses for purchase of financial assets, including:	(9,647)	(6,985)
a) in related parties	(9,647)	(6,985)
- purchase of financial assets	-	(5,013)
- granted non-current loans	(9,647)	(347)
- repayment of loans	-	(1,625)
b) in other entities	-	-
4. Other investment expenses	-	-
III. Net cash used in investing activities (I-II)	(28,790)	(32,128)
C. Cash flows from financing activities		
I. Inflows	33,103	31,006

1. Credits and loans	32,669	30,598
2. Proceeds from issuance of the shares and other instruments, as well as additional payment to capital	-	-
3. Loans repaid	410	-
4. Interest received on loan repayments	24	-
5. Other financial proceeds (received subsidies)	-	408
II. Outflows	(15,748)	(11,418)
1. Dividends and other payments to owners	-	-
2. Repayment of loans and credits	(13,868)	(10,162)
3. Interest	(1,880)	(1,256)
4. Other financial expenses	-	-
III. Net cash (used in)/generated from financing activities (I-II)	17,355	19,588
D. Total net cash flow (A.III+/- B.III+/-C.III)	(33,964)	(8,000)
E. Balance sheet change in cash and cash equivalents, including:	(33,642)	(8,148)
- change in cash and cash equivalents due to exchange differences	322	(148)
F. Cash and cash equivalents opening balance	48,520	53,781
G. Closing balance of cash and cash equivalents (F+/- E), including:	14,878	45,633
- limited disposal	1,498	1,712

V. Supplementary information

1. Adopted Accounting Policies

This financial statement was prepared according to the Act passed on the 29th of September, 1994, on Accounting (unified text - Journal of Laws 2018, pos. 395 and subsequent changes) and the requirements specified in the Regulation issued by the Minister of Finance on the 29th of March, 2018, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (unified text - Journal of Laws, 2018, No. 757).

A complete description of the adopted accounting principles was presented in the last annual financial statement, i.e. for the period from the 1st of January, 2017, until the 31st of December, 2017. If this financial statement for the 6 months ended the 30th of June, 2018, was prepared according to IFRS, the financial results would amount to PLN 8,198 thousand.

Profit according to the Act on Accounting	8,984
Depreciation of perpetual usufruct	(47)
Asset due to activity in the SEZ	(1,283)
Correction of revenue from the title of IFRS 15	544
Profit according to IFRS	8,198

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

Comarch S.A. created write-offs that revaluated goods and materials in the amount PLN 70 thousand as at the 30th of June, 2018. The Company resolved write-offs, which had been created in the previous years in the amount of PLN 5 thousand.

No hedges were made on inventories owned by the Company.

As at the 30th of June, 2018, due to payments of receivables, Comarch S.A. resolved revaluating write-offs, which had been created in the previous years and were worth PLN 1,832 thousand and created write-offs worth PLN 3,823 thousand that revaluated bad debts.

Due to the fact that the Company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In 2018, an asset due to temporary differences in income tax worth PLN 409 thousand was created, a provision for deferred tax due to temporary differences was resolved in the amount of PLN 1,953 thousand. The total effect of these operations on the result of the first half of 2018 amounted to plus PLN 2,362 thousand.

A provision for deferred income tax related to valuation of investment certificates in CCF FIZ was decreased by PLN 99 thousand. This provision as well as certificates valuation are settled with revaluation reserve.

As at the 30th of June, 2018, Comarch S.A. created write-offs due the loss of value of shares in subsidiaries in the total amount of PLN 11,894 thousand, of which PLN 9,600 thousand is related to the shares in Comarch Pointshub, Inc. (due to revaluation of the shares held by Comarch Pointshub, Inc. in Thank Again LLC to the level of the probable sales value) and the amount of PLN 2,294 thousand in Comarch Software Spain SLU.

3. Selected Notes to the Summary Financial Statement

3.1. Non-current Financial Assets

	30 June 2018	31 December 2017	30 June 2017
a) in related parties	363,105	356,182	362,901
- interest or shares	221,962	233,622	234,304
- granted loans	12,736	3,242	3,403
- other securities	118,824	119,347	125,218
- other non-current financial assets, including:	(17)	(29)	(24)
- interest on granted loans	(17)	(29)	(24)
b) in other entities in which the Company holds equity interests	150	280	420
- interests or shares	150	150	150
- granted loans	-	130	270
c) in other entities	333	2,837	3,900
- other non-current financial assets (by type)	333	2,837	3,900

- Forward contracts	333	2,837	3,900
Total non-current financial assets	353,988	359,299	367,221

3.2. Changes in Non-current Financial Assets (Types)

	6 months ended 30 June 2018	6 months ended 30 June 2017
a) Opening balance	359,299	360,783
- interests or shares	233,772	229,861
- granted loans	3,372	8,763
- other securities	119,347	121,688
- other non-current assets (interest on granted loans)	(29)	(21)
- others	2,837	492
b) increases (due to)	10,016	12,158
- purchases of shares in subsidiaries	-	5,014
- loans granted to subsidiaries	9,647	-
- change of the nature of loans on long-term from entities in which the Company holds equity interests	-	140
- interest to long-term loans	65	66
- balance sheet valuation of investment certificates	-	3,530
- balance sheet valuation long-term loans	58	-
- balance sheet and adjusted valuation of interest on long-term loans	12	-
- valuation of forward contracts	-	3,408
- balance sheet valuation if shares	234	-
c) decreases (due to)	15,327	5,720
- repayment of subsidiaries' loans	161	4,959
- repayment of other entities' loans	130	-
- repayment of interest on subsidiaries' loans	50	55
- balance sheet valuation of loans	-	240
- balance sheet and adjusted valuation of interests on loans	-	5
- valuation of participation units in CCF FIZ	523	-
- valuation of forwards	2,509	-
- balance sheet valuation of shares	-	421
- revaluation of shares	11,894	-
- creating write-offs revaluating loans	10	9
- creating write-offs revaluating interest on loans	50	(49)
- change of the nature of loans on short-term	-	-
- change of the nature of loans on short-term from entities in which the Company holds equity interests	-	80
d) Closing balance	353,988	367,221

3.3. Current Financial Assets

	30 June 2018	31 December 2017	30 June 2017
a) in related parties	322	322	322
- granted loans	322	322	322
- other financial assets	-	-	-
b) in other entities in which the Company holds equity interests	5	303	159
- granted loans	-	280	140
- other financial assets	5	23	19
c) in other entities	3,548	8,516	8,634
- interest or shares	-	-	1
- granted loans	373	-	-
- other current financial assets, including:	3,175	8,516	8,633
- forward contracts	3,175	8,516	8,633
d) cash and cash equivalents	14,876	48,529	45,638
- cash in hand and at banks	14,875	48,520	45,633
- other monetary assets	1	9	5
Total current financial assets	18,751	57,670	54,753

4. Brief Description of Significant Achievements or Failures of the Issuer during the Period Covered by the Report, Including a List of the Most Significant Events Related to Such Achievements or Failures

In the first half of 2018, Comarch S.A. achieved very good financial results. Revenue from sales were PLN 74 million higher than in the previous year (PLN 418.6 million compared to PLN 344.6 million). Net sales of products constituted 90.4% of the total Company's sales and were higher by PLN 58 million than those from the previous year. In the first half of 2018, the Company generated operating profit in the amount of PLN 27.9 million and net profit was PLN 9 million. EBIT margin reached level of 6.7% and net margin was 2.1%

In the second quarter of 2018, Comarch S.A. achieved PLN 236.1 million from sales (an increase of PLN 63.4 million, i.e. 36.7% compared to the second quarter of 2017). Net revenue from sales of products constituted 86.5% of the total Company's sales and increased from PLN 163.7 million in Q2 2017 to PLN 204.1 million in Q2 2018. The Company's operating profit in the second quarter of 2018 amounted PLN 27.5 million and net profit was PLN 12 million. EBIT margin amounted to 11.6% and net margin was 5.1%.

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

Except for the ones described in [point 2](#) of this financial statement, currency exchange rate differences and financial instruments based on exchange rates have influence on the financial results. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of June, 2018, increased revenue and operating profit of Comarch S.A. by PLN 7,437 thousand (while in 6 months of 2017 decreased by PLN 11,320 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 7,055 thousand (while in 6 months of 2017 increased by PLN 2,067 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Company's result by PLN 5,101 thousand (while in the corresponding period of 2017 increased it by PLN 18,001 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch S.A.

in 6 months of 2018 amounted to minus PLN 4,719 thousand (plus PLN 8,748 thousand in 6 months of 2017).

As at the 30th of June, 2018, Comarch S.A. created write-offs due the loss of value of shares in subsidiaries in the total amount of PLN 11,894 thousand, of which PLN 9,600 thousand is related to the shares in Comarch Pointshub, Inc. (due to revaluation of the shares held by Comarch Pointshub, Inc. in Thank Again LLC to the level of the probable sales value) and the amount of PLN 2,294 thousand in Comarch Software Spain SLU.

6. Discussion of Seasonality (Cyclical Nature) of the Issuer's Business in the Period Presented

Over 2017, Comarch S.A. revenue structure was as follows: 23% of annual sales were achieved in the first quarter, 23% in the second quarter, 21% in the third quarter and 33% in the fourth quarter.

Over 2018, the Company expects the distribution of sales revenue similar to that of 2017.

7. Information about Write-Offs that Revaluated Inventories at the Net Realizable Value and Reversal Referred to Them

As at the 30th of June, 2018, Comarch S.A. created write-offs that revaluated goods and materials in the amount PLN 70 thousand. The Company resolved write-offs, which had been created in the previous years in the amount of PLN 5 thousand.

8. Information about Revaluating Write-Offs in Relation to Impairment of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and about Reversal Referred to Them

Revaluating write-offs in relation to impairment	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
Balance at 1 January 2017	82,612	-	-	-	82,612
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
Balance at 30 June 2017	82,612	-	-	-	82,612
Balance at 1 January 2017	82,612	-	-	-	82,612
Change:	7,596	-	-	-	7,596
- creation	7,596	-	-	-	7,596
- dissolution	-	-	-	-	-
Balance at 31 December 2017	90,208	-	-	-	90,208
Balance at 1 January 2018	90,208	-	-	-	90,208
Change:	11,894	-	-	-	11,894
- creation	11,894	-	-	-	11,894
- dissolution	-	-	-	-	-
Balance at 30 June 2018	102,102	-	-	-	102,102

9. Information about Creation, Increasing, Using and Dissolution of Provisions

Current	Provisions for contracts costs	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for cash rewards	Total
Balance at 1 January 2017	12,290	9,508	18,473	60,545	100,816
Change:	2,150	7	5,205	(32,930)	(25,568)
- creation	6,581	7	8,632	18,688	33,908
- dissolution	(4,431)	-	(3,427)	(51,618)	(59,476)
Balance at 30 June 2017	14,440	9,515	23,678	27,615	75,248
Balance at 1 January 2017	12,290	9,508	18,473	60,545	100,816
Change:	(2,533)	452	2,353	(3,642)	(3,370)
- creation	9,935	1,148	13,326	69,551	93,960
- dissolution	(12,468)	(696)	(10,973)	(73,193)	(97,330)
Balance at 31 December 2017	9,757,	9,960,	20,826,	56,903,	97,446,
Balance at 1 January 2018	9,757,	9,960,	20,826,	56,903,	97,446,
Change:	2,150	(2,544)	4,939	(26,404)	(21,859)
- creation	6,275	589	8,938	19,162	34,964
- dissolution	(4,125)	(3,133)	(3,999)	(45,566)	(56,823)
Balance at 30 June 2018	11,907	7,416	25,765	30,499	75,587

All provisions were calculated based on credible estimate as of the balance sheet date.

10. Information about Provisions and Assets in Reference to Deferred Income Tax

	Asset due to deferred income tax	Provision due to deferred income tax
Balance at 1 January 2017	6,510	23,830
Creation in H1 2017	670	2,855
Dissolution in H1 2017	(1,482)	(24)
Balance at 30 June 2017	5,698	26,661
Balance at 1 January 2017	6,510	23,830
Creation in 2017	744	1,921
Dissolution in 2017	(1,438)	(496)
Balance at 31 December 2017	5,816	25,255
Balance at 1 January 2018	5,816	25,255
Creation in H1 2018	409	-
Dissolution in H1 2018	-	(2,052)
Balance at 30 June 2018	6,225	23,203

11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment

In reporting period Comarch S.A. purchased computer hardware for amount of PLN 6,861 thousand, technical devices for the amount PLN 17,760 thousand and intangible assets for the amount of PLN 412 thousand. The Company incurred the expenditure on construction of office building in the amount of 5,182 thousand.

In the first half of 2018, revenue from sales of property, plant and equipment of office building in the amount of PLN 947 thousand.

12. Information about Liability in Relation to Purchase of Property, Plant and Equipment or Non-current Financial Assets

As at 30th of June, 2018, Comarch S.A. has investment liabilities in the amount of PLN 457 thousand related to the construction of an office building SSE7, liabilities due to purchase of computer hardware in the amount of PLN 6,308 thousand, liabilities due to purchase of car fleet in the amount of PLN 1,757 thousand as well as liabilities due to purchase of intangible assets in the amount of PLN 37 thousand.

Comarch S.A. has also liabilities due to acquisition of shares in increased share capital of subsidiary, Comarch Pointshub Inc., in the amount of PLN 3,332 thousand. Settlement of this liability is expected by the 31st of December, 2018.

13. Information about Significant Settlements in Reference to Court Proceedings

None present.

14. Correction of Mistakes from the Previous Periods

None present.

15. Information in Relation to Changes in Economic Situation and Conditions for Operation, which Have a Significant Effect on Fair Value of an Entity's Financial Assets and Financial Liabilities Regardless of whether the Assets and the Liabilities Are Recognised in Fair Value or in Adjusted Purchase Price (Depreciated Cost)

None present.

16. Information about Unpaid Credits or Loans, as well as Breach of Significant Provisions of the Credit or Loan Agreements which Were Not Subject to Corrective Measures as of the Reporting Period

None present.

17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if Individually or in Total are Significant and Concluded on Terms Different from Market Conditions

None present.

18. In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment

None present.

19. Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets

None present.

20. Information on any Issue, Repurchase or Repayment of Debt and Equity Securities

None present.

21. Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares

On the 21st of May, 2018, in current report no. [RB-7-2018](#) ([RB-7-2018ENG](#)) The Management Board of Comarch S.A. announced, that the Supervisory Board of Comarch S.A. gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2017 in financial year from 1st of January, 2017 to 31st of December, 2017 in the amount of PLN 39,338,096.57 (thirty-nine million, three hundred and thirty-eight thousand, ninety-six zlotys and 57/100) as follows:

1) part of the net profit in the amount of PLN 12,200,023.50 (twelve million two hundred thousand twenty three zlotys and 50/100) is allocated for the payment of dividends. Dividends in the amount of PLN 1.50 (one zloty 50/100) per one share will be received by persons who are shareholders of the Company on the 10th of August, 2018 (the dividend day). The number of shares covered by the dividend is 8,133,349 units. The dividend will be paid out on the 31st of August, 2018;

2) the remaining part of the net profit in the amount of PLN 27,138,073.07 (twenty seven million one hundred thirty eight thousand seventy three zlotys and 7/100) is transferred to supplementary capital.

On the 27th of June, 2018, the General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2017 - 31 December 2017 (current report no. [RB-11-2018](#) ([RB-7-2018ENG](#)) of the 27th of June, 2018). Dividend was paid on the 31st of August, 2018.

22. Events that Occurred after the Date of Condensed Quarterly Financial Statement, which Are Not Included in the Financial Statement but May Significantly Affect the Future Performance of the Issuer

None present.

23. Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year

As at the 30th of June, 2018, the value of bank guarantees and letters of credit issued by banks on order from Comarch S.A. in reference to executed agreements and participation in tender proceedings was PLN 94,678 thousand, whereas it was PLN 65,876 thousand as at the 31st of December, 2017.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 40,479 thousand of which PLN 6,049 thousand is covered by provisions included in the balance sheet at the 30th of June, 2018 (although provisions for claims related to the court proceedings created in 2018 is PLN 76 thousand). The Comarch S.A. is not a party to the matters in disputes, but not legal proceedings.

24. Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer

None present, except for the ones described in [point 2](#) of the financial statement.

Krakow, 31st of August, 2018.

SIGNATURES OF MANAGEMENT BOARD MEMBERS

Name and surname	Position	Signature
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Name and surname	Position	Signature
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Kraków



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www.comarch.com/investors

CAPITAL GROUP
in which the parent company is
Comarch S.A.
Al. Jana Pawła II 39A, 31-864 Kraków

**Report of an Independent Expert Auditor of the Review of
Condensed Interim Consolidated Financial Statement for Six Months
ended 30th of June, 2018**

Report of an Independent Expert Auditor of the Review of Condensed Interim Consolidated Financial Statement for Six Months ended 30th of June, 2018

for the General Meeting and the Supervisory Board of COMARCH S.A.

Introduction

We have audited the attached condensed interim consolidated financial statement of Comarch S.A.'s Capital Group, in which the parent company is Comarch S.A. with its registered office at Krakow, al. Jana Pawła II 39a, which consists of: condensed consolidated statement of financial situation prepared as at 30th of June, 2018, condensed consolidated total income statement, condensed consolidated statement of changes in equity and condensed cash flow statement for the period from 1st of January to June 30th, 2018 and additional information and commentaries ("condensed interim consolidated financial statement").

The head of the parent entity is responsible for preparing and presenting the condensed interim consolidated financial statements in accordance with the requirements of the International Accounting Standard 34 *Interim Financial Reporting*, announced in the form of regulations of the European Commission.

We are responsible for formulating the conclusion regarding to the condensed interim consolidated financial statement based on our review.

Scope of the review

The review was conducted in accordance with the National Standard 2410 Review in the wording of the International Standard for Review Services 2410 *Review of interim financial information carried out by the independent expert auditor of the unit* adopted by the Resolution No. 2041/37a/2018 of the National Council of Expert Auditors of 5th of March, 2018.

The review of financial statement consists in directing inquiries primarily to those responsible for financial and accounting matters, conducting analytical procedures and other review procedures.

The review has a significantly narrower scope than the audit conducted in accordance with the National Standards of Audit in the wording of the International Standards of Audit adopted by the Resolution No. 2041/37a/2018 of the National Council of Expert Auditors of 5th of March, 2018. As a result, the review is not sufficient to ensure that all relevant issues that would have been identified during the audit were disclosed. Therefore, we do not express an opinion on the audit of this condensed interim consolidated financial statement.

Conclusion

Based on the conducted review, we find that nothing has returned our attention, which would lead us to believe that the attached condensed interim consolidated financial statement has not been prepared in all important aspects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting*, announced in the form of regulations of the European Commission.

Kraków, 31st of August, 2018

Marcin Krupa
Expert Auditor
Reference number 11142

dr André Helin
Chairman of the Management Board
Expert Auditor
Reference number 90004

Acting on behalf of:

BDO spółka z ograniczoną odpowiedzialnością Sp. k. (dawniej BDO Sp. z o.o.)
ul. Postępu 12
02-676 Warszawa
Entity entered on the list of audit firms under reference number 3355



Comarch Capital Group Consolidated Financial Statement for the period from 1 January 2018 – 30 June 2018

**Statement in accordance with the International Financial Reporting
Standards**

Kraków, 31st of August 2018

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**PLN 35 million
of operating
profit**

**Presence in
over 60
countries on 6
continents**

**PLN 604
million of
revenue**

**Over
5,500
specialists
employed**

**53
subsidiaries
and branches
worldwide**

**PLN 1.22 billion
of market
capitalization of
Comarch S.A. on
WSE**

**PLN 0.53 of
earnings per
share**

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 6 MONTHS 2018

I. Consolidated Balance Sheet

ASSETS	Note	At 30 June 2018	At 31 December 2017*	At 1 January 2017*
NON-CURRENT ASSETS				
Property, plant and equipment	3.2	554,899	556,838	501,111
Investment real estates	3.3	30,233	15,357	15,626
Goodwill	3.4	42,197	42,197	40,735
Other intangible assets	3.5	60,542	63,319	61,343
Non-current prepayments		3,313	3,321	1,118
Investments in associates	3.6	9,222	11,233	14,395
Other assets at fair value – derivative financial instruments	3.7a	333	2,904	492
Other investments		112	112	106
Deferred income tax assets	3.8	34,141	31,237	35,007
Other receivables		6,791	5,392	3,914
		741,783	731,910	673,847
CURRENT ASSETS				
Inventories	3.9	132,503	114,967	76,555
Trade and other receivables	3.10	434,630	392,153	406,721
Current income tax receivables		2,788	2,222	5,210
Long-term contracts receivables	3.11	95,831	46,886	40,842
Available-for-sale financial assets	3.12	-	-	-
Other financial assets at fair value – derivative financial instruments	3.7a	3,175	8,516	1,149
Interest and shares		-	-	1
Cash and cash equivalents		169,050	207,937	235,834
		837,977	772,681	766,312
Assets available-for-sale		-	3,861	5,598
TOTAL ASSETS		1,579,760	1,508,452	1,445,757

LIABILITIES	Note	At 30 June 2018	At 31 December 2017	At 1 January 2017
EQUITY				
Capital and reserves attributable to the company's equity holders				
Share capital	3.13	8,133	8,133	8,133
Other capitals		143,041	143,041	143,041
Exchange differences		11,402	4,169	18,524
Net profit (loss) for the current period		4,300	42,036	73,034
Retained earnings		667,519	665,525	604,691
Changes in retained earnings due to IFRS 15		-	(27,842)	(50,432)
		834,395	835,062	796,991
Minority interest		19,321	16,128	14,641
TOTAL EQUITY		853,716	851,190	811,632
LIABILITIES				
Non-current liabilities				
Credit and loans	3.14	188,187	185,596	146,331
Other liabilities		5,156	6,928	5278
Financial liabilities at fair value – derivative financial instruments	3.7b	1,862	736	2,537
Other financial liabilities	3.15	388	446	631
Provision for deferred income tax	3.8	42,246	43,962	42,144
Provisions for other liabilities and charges	3.16	-	-	-
		237,839	237,668	196,921
Current liabilities				
Trade and other payables	3.17	195,984	177,320	154,493
Current income tax liabilities		7,282	4,942	16,800
Long-term contracts liabilities	3.11	93,389	65,133	91,358
Credit and loans	3.14	65,707	39,111	28,469
Financial liabilities at fair value – derivative financial instruments	3.7b	2,498	509	2,350
Other financial liabilities	3.15	12,357	165	6,530
Provisions for other liabilities and charges	3.16	110,988	132,414	137,204
		488,205	419,594	437,204
TOTAL LIABILITIES		726,044	657,262	634,125
TOTAL EQUITY AND LIABILITIES		1,579,760	1,508,452	1,445,757

*) Data for 1st of January, 2017 and 31st of December, 2017 were corrected due the rules resulting from application of IFRS 15

II. Consolidated Income Statement

	Note	Q2 2018*	6 months ended 30 June 2018	Q2 2017	6 months ended 30 June 2017
Revenue		332,019	604,008	251,536	507,157
Cost of sales		(245,884)	(461,331)	(200,142)	(400,510)
Gross profit		86,135	142,677	51,394	106,647
Other operating income		13,924	15,333	14,636	16,064
Sales and marketing costs		(34,289)	(61,682)	(31,361)	(63,238)
Administrative expenses		(21,095)	(43,109)	(24,107)	(44,332)
Other operating expenses		(10,244)	(18,220)	(872)	(3,351)
Operating profit / (loss)		34,431	34,999	9,690	11,790
Finance revenue / (costs) - net		(18,252)	(20,915)	4,052	24,941
Share of profit / (loss) of associates		(1,515)	(2,660)	(798)	(1,983)
Profit before income tax		14,664	11,424	12,944	34,748
Income tax expense		(429)	(3,931)	(1,410)	(5,682)
Net profit for the period		14,235	7,493	11,534	29,066
Attributable to:					
Shareholders of the parent company		10,540	4,300	8,667	26,871
<i>Interests not entitled to control</i>		<i>3,695</i>	<i>3,193</i>	<i>2,867</i>	<i>2,195</i>
Earnings per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)					
– basic			0.53		3.30
– diluted			0.53		3.30

III. Total Income Consolidated Statement

	Q2 2018*	6 months ended 30 June 2018	Q2 2017	6 months ended 30 June 2017**
Net profit for the period	14,235	7,493	11,534	29,066
Other total income				
Exchange differences from recalculation of subsidiaries	6,163	7,232	(598)	(10,062)
Total other total income	6,163	7,232	(598)	(10,062)
 Sum of total income for the period	 20,399	 14,726	 10,936	 19,004
Attributable to the parent company shareholders	16,705	11,533	8,068	16,807
Attributable to the interests not entitled to control	3,694	3,193	2,868	2,197

*) Data for the second quarter of 2018 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2018 from the data for the first half of 2018 (reviewed).

**) For comparative purposes, data for last 6 months of 2017 were converted due the rules resulting from application of IFRS 15.

IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the parent company					Capitals attributable to interests not entitled to control	Total equity
	Share capital	Share capital	Share capital	Share capital	Share capital		
Balance at 1 January 2017	8,133	143,041	18,524	73,034	604,691	14,641	862,064
Transferring result for 2016	-	-	-	(73,034)	73,034	-	-
Changes in retained earnings due to IFRS 15*	-	-	-	-	(50,432)	-	(50,432)
Dividend to paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	(10,064)	-	-	2	(10,062)
Profit (loss) for the period ⁽²⁾				26,871	-	2,195	29,066
Total income recognised in equity ⁽¹⁺²⁾	-	-	(10,064)	26,871	-	2,197	19,004
Balance at 30 June 2017	8,133	143,041	8,460	26,871	615,093	16,838	818,436
Balance at 1 January 2018.	8,133	143,041	4,169	42,036	665,525	16,128	879,032
Changes in retained earnings due to IFRS 15*	-	-	-	-	(27,842)	-	(27,842)
Balance at 1 January 2018 after the changes in retained earnings due to IFRS 15	8,133	143,041	4,169	42,036	637,683	16,128	851,190
Transferring result for 2017	-	-	-	(42,036)	42,036	-	-
Dividend to paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	7,233	-	-	-	7,233
Profit (loss) for the period ⁽²⁾				4,300	-	3,193	7,493
Total income recognised in equity ⁽¹⁺²⁾	-	-	7,233	4,300	-	3,193	14,726
Balance at 30 June 2018	8,133	143,041	11,402	4,300	667,519	19,321	853,716

Pursuant to the resolution of the Comarch S.A. Annual General Meeting hold at the 27th of June, 2018, the net profit for 2017 in the amount of PLN 12,200,023.50 was allocated for dividend for shareholders outside the Group. The dividend was paid at the 31st of August, 2018. As at the 30th of June, 2018, in subsidiaries of the Group, there is no reason to make dividend payments for 2017 to entities outside the Group.

*) From the 1st of January, 2018, the Group started to apply the principles resulting from IFRS 15. In connection with the above, the difference between revenues from previous years calculated in accordance with the principles applied previously and revenues from previous years calculated in accordance with the principles resulting from IFRS 15 was determined (recognized as a correction of the result for previous years in connection with interim settlement of revenues from long-term contracts). The following methodology was used to calculate the difference: contracts during the implementation as at the 31st of December, 2017, was identified, and revenues from these contracts were converted according to IFRS 15 for the entire period of their implementation, i.e. from the starting date to the 31st of December, 2017. The impact of the described changes on the net profit in H1 2017 amounted to PLN 16,092 thousand.

V. Consolidated Cash Flow Statement

	6 months ended 30 June 2018	6 months ended 30 June 2017
Cash flows from operating activities		
Net profit	7,493	29,066
Total adjustments	(4,826)	22,092
Share in profits (losses) of subsidiaries valued using the equity method	2,660	1,983
Depreciation	36,411	31,745
Profit (loss) from foreign exchange differences	(835)	(1,035)
Interest and profit sharing (dividends)	1,563	1,368
Profit (loss) on investing activities	(11,297)	(9,636)
Change in inventories	(15,006)	(22,709)
Change in receivables	(30,095)	69,873
Change in liabilities and provisions excluding credits and loans	11,616	(49,561)
Other adjustments	157	64
Net profit less total adjustments	2,667	51,158
Income tax paid	(8,891)	(10,790)
Net cash generated (used) in operating activities	(6,224)	40,368
Cash flows from investing activities		
Purchases of property, plant and equipment	(36,700)	(69,962)
Proceeds from sale of property, plant and equipment	1,406	9,647
Purchases of intangible assets	(10,868)	(9,799)
Proceeds from disposal of investment in real estate and intangible assets	3	2
Expenses for investment in real estates	(430)	(739)
Expenses for purchase of financial assets	-	(6,305)
Paid loans	(11,150)	(374)
Proceeds from paid loans	9,100	30
Interest	214	144
Other expenses for financial assets	-	-
Other proceeds from financial assets	3,750	5,473
Other investment proceeds	-	-
Other investment expenses	(89)	(138)
Net cash generated (used) in investing activities	(44,764)	(72,021)
Cash flows from financing activities		
Proceeds from issuance of the shares	-	-
Proceeds from credits and loans	33,153	56,155
Repayments of credits and loans	(23,685)	(19,180)
Interest on credit	(1,876)	(1,464)
Interest on loans	-	(83)
Granted loans	(1,123)	-
Proceeds from paid loans	733	-
Proceeds from interest on loans	42	-
Other interest and expenses	(303)	(218)
Payment of liabilities under finance lease agreements	(91)	(85)
Other financial proceeds	314	408
Other financial expenses	-	-
Net cash generated (used) in financing activities	7,164	35,533
Net change in cash, cash equivalents and bank overdrafts	(43,824)	3,880

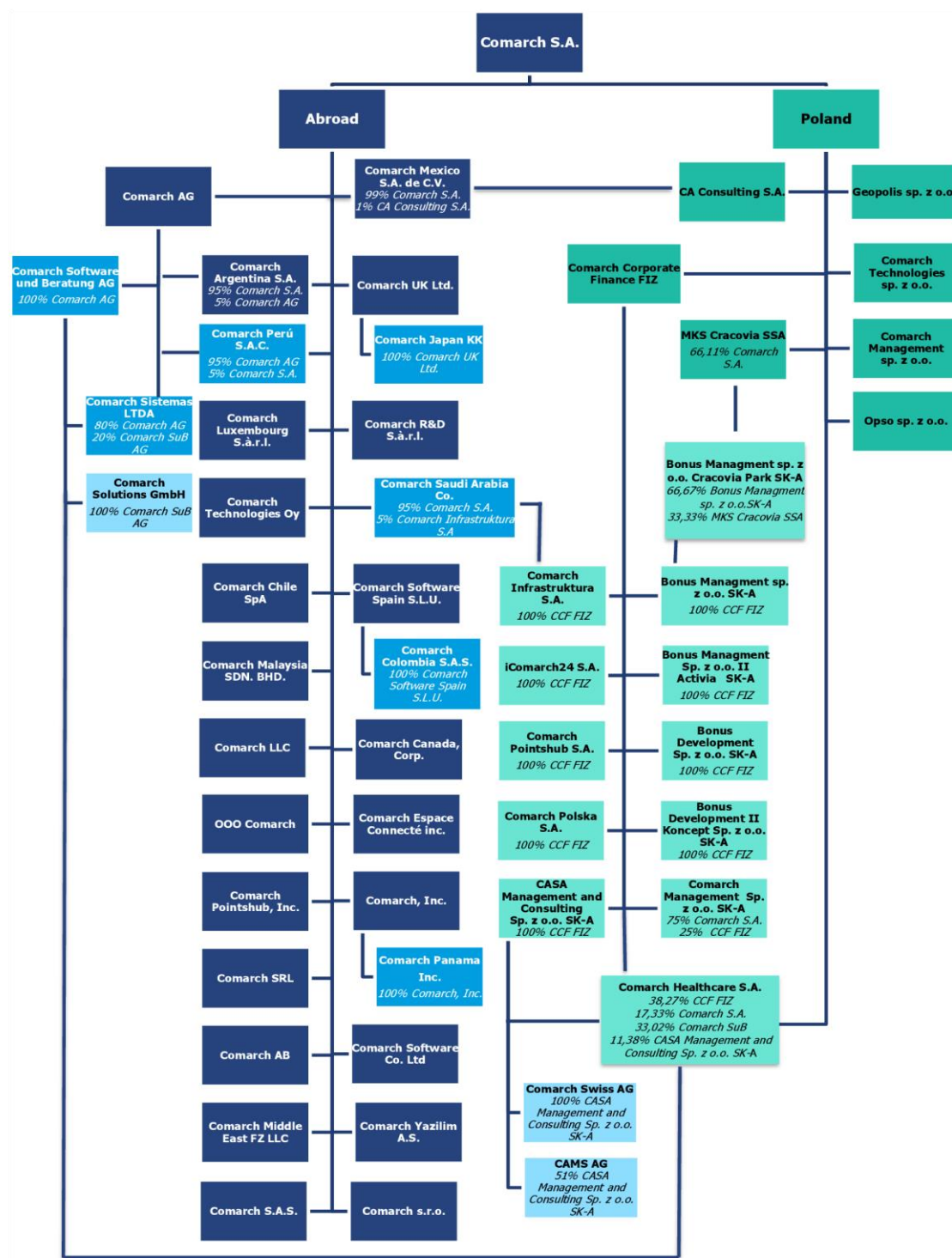
Cash, cash equivalents and bank overdrafts at beginning of the period	207,925	235,825
Positive (negative) exchange differences in cash and bank overdrafts	4,938	(9,867)
Cash, cash equivalents and bank overdrafts at end of the period	169,039	229,838
- including limited disposal	4,165	3,550

VI. Supplementary information

1. Information about Group Structure and Activities

The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is the parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, The Eleventh Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the parent company is not limited.

1.1. Organizational Structure of Comarch Group



- 100% Comarch S.A., unless otherwise indicated.

On the 30th of June, 2018, associates of the parent company were:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% held by Bonus Management sp. z o.o. Activia SK-A),
- Metrum Capital S.A. (15.79% votes held by Comarch S.A., 31.58% votes held by CAMS AG),
- Thanks Again LLC with its registered office in Tyrone, GA, USA (42.5% votes held by Comarch Pointshub, Inc.).

The associated companies are not consolidated. Shares are valued with equity method.

1.2. Activities Structure in the Comarch Group

The structure of activities of the Comarch Group is as follows:

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them,
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V. and Comarch Software (Shanghai) Co. Ltd acquire IT contracts in foreign markets and execute them in their entirety or in part,
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG,
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part,
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software,
- CA Consulting S.A. specialises in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor,
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market,
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A and Bonus Management sp. z o.o. II Activia SK-A, Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT,
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates,
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector,
- Comarch Pointshub S.A. produces and implements loyalty software for the customers and software related to Smart City,
- Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing,
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group,
- Geopolis sp. z o.o. produces and implements integrated GIS systems in public administration units,
- MKS Cracovia SSA is a sport joint stock company,

- „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation,
- Opso sp. z o.o. provides catering services,
- Comarch s.r.o. company is currently not operating.

1.3. Changes in Ownership and Organisational Structure in H1 2017

On the 22th of March, 2018, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share.

On the 11th of May, 2018, has been registered the capital increase in Comarch Management Sp. z o.o. in amount PLN 100 thousand, i.e. from PLN 300 thousand to PLN 400 thousand.

On the 13th of April, 2018, a subsidiary company Comarch Mexico S.A. de C.V. was registered. The share capital of the company amounts to MXN 500 thousand and consists of 500 shares with nominal value of MXN 1,000 each. Comarch S.A. owns 495 shares i.e. 99% in share capital and votes of Comarch Mexico S.A. de S.V. while CA Consulting S.A. owns 5 shares i.e. 1% in share capital and votes of company.

1.4. Changes in Ownership and Organisational Structure after the Balance Sheet

On the 6th of July, 2018 has been registered the capital increase in Comarch Healthcare S.A. in amount PLN 2 million, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG has acquired and paid in full a new share issue, i.e. 2 million shares with nominal value of PLN 1.00.

On the 2nd of July, 2018, the Extraordinary General Meeting of Comarch Japan KK has adopted a resolution about the increase of the share capital by JPY 10,000 thousand, i.e. from JPY 5,000 thousand to JPY 15,000 thousand. Until the date of publication of this report, the above capital increase has not been registered.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 6 months ended the 30th of June, 2018 and comparable data (the "Interim Consolidated Financial Statement") are prepared in accordance with International Accounting Standard ("IAS") 34 and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the date of preparing the Condensed Interim Consolidated Financial Statement.

This Interim Consolidated Financial Statement for the 6 months ended the 30th of June, 2018 does not include all information and disclosures that are obligatory in annual financial statements, therefore should be read in conjunction with the audited Comarch Capital Group IFRS Consolidated Financial Statement for the period from the 1st of January, 2017 until the 31st of December, 2017 ("the IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the 6 months ended the 30th of June, 2018 does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the period from the 1st of January, 2017 until the 31st of December, 2017 (the notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2017).

The Interim Consolidated Financial Statement for the period from 1st of January, 2018 until the 30th of June, 2018 includes the consolidated balance sheet, consolidated income statement, total income consolidated statement, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the interim financial statement, only if it would also be appropriate to anticipate or defer such costs at the end of the year.

This Interim Consolidated Financial Statement for the period from 1st of January, 2018 until the 30th of June, 2018 is prepared in thousands of Polish zloty ("PLN") and was authorised for issuance by the Management Board on the 31st of August, 2018.

Standards and interpretations applied in 2018 for the first time

- **IFRS 15 „Revenue from Contracts with Customers”** and subsequent changes **to IFRS 15 „Date of entry into force IFRS 15”** - approved by the UE on 22nd of September, 2016 (effective for annual periods beginning on or after 1st of January, 2018).

The Comarch Group applied IFRS 15 for the first time in preparing the financial report for the first quarter of 2018. Corrections in result for 2017 and for the previous years, resulting from the adoption of IFRS 15, were presented in the balance sheet as at the 31st of December, 2017, changes in equity and note [3.11](#). For comparative purposes, financial data as at the 30th of June, 2017, were converted in accordance with IFRS 15.

The effects of IFRS 15 changes	At 1 January 2017	At 31 March 2017	At 30 June 2017	At 31 December 2017
Assets				
Long-term contracts receivables	882	3,805	4,312	6,537
Total	882	3,805	4,312	6,537
Liabilities				
Retained earnings	(50,432)	(50,432)	(50,432)	(50,432)
Long-term contracts liabilities	51,314	40,852	38,652	34,379
Net profit for the current period (Revenue - position in the income statement)	-	13,385	16,092	22,590
Total	882	3,805	4,312	6,537

On the 8th of December, 2016, a slight improvements have been made to the following 3 standards, as a result of the review of IFRS:

- **IFRS 1 "First-time Adoption of International Financial Reporting Standards"** – deleted a few short-term exemptions, because they have now served their intended purpose,
- **IFRS 12 "Disclosure of Interests in Other Entities"** - specified the disclosure requirements in the standard regarding to interests, regardless of they are classified as held for sale, paid as a dividend or discontinued operation,
- **IAS 28 "Investments in Associates and Joint Ventures"** – regarding to the moments, in which an investment entities (i.e. venture capital) can decide about the election to measure at fair value method of valuation of interests in associates or joint venture (not equity method).

They apply for annual periods beginning on or after 1st of January, 2018, (exception of amendments to IFRS 12, which are effective for annual periods beginning on or after 1st of January, 2017).

- **IFRS 9 "Financial Instruments"** - approved by the UE on 22nd of November, 2016 (effective for annual periods beginning on or after the 1st of January, 2018),

The Comarch Group applied IFRS 9 for the first time in preparing the financial report for the first quarter of 2018. The impact of applying IFRS 9 to the consolidated financial statements of the company after the analysis is negligible.

- **Amendments to IFRS 2 "Share-based Payments"** - published on 20th of June, 2016, and is effective for annual periods beginning on or after 1st of January, 2018. The purpose of amendments to the standard was classification and measurement of share-based payment transactions.
- **Amendments to IFRS 4 "Insurance Contracts"** - Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Instruments" was published on 12th of September, 2016, and is effective for annual periods beginning on or after 1st of January, 2018.
- **Amendments to IAS 40 Transfer of investment properties** – published on 8th of December, 2016, and is effective for annual periods beginning on or after 1st of January, 2018.

The above mentioned amendments to standards did not have any material effect on the Group's financial report for H1 2018.

Standards and Interpretations published by IASB and approved by the EU, but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- **IFRS 16 "Leasing"** – published on the 13th of January, 2016, and is effective for annual periods beginning on or after 1st of January, 2019, with earlier adoption permitted (if IFRS 15 has also been applied),

The Group has not decided to apply these standards and interpretations earlier. The Management Board of the Parent Company informs that application of IFRS 16 will, in the future, impact the amounts and recognitions presented in the consolidated financial statement of the Capital Group. There is currently still no possibility of providing reliable estimates of the impact of IFRS 16 on the financial statement.

Standards and Interpretations adopted by IASB but not yet approved by the EU

The scope of the IFRS approved by the European Union does not differ significantly from the regulations of the International Accounting Standards Board, excluding the below-mentioned

standards, changes to standards and the interpretations which were not applied by the EU as at the date of publication of this report:

- **IFRS 14 "Deferred Balances from Regulated Activity"** (effective for annual periods beginning on or after 1st of January, 2016) - European Commission has decided not to initiate the process of approving this provisional standard for use within the EU until the final version of IFRS 14,
- **IFRS 17 "Insurance Contract"** – published on the 18th of May, 2017,
- **Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between an investor and an associate or a joint venture** was published on the 11th of September, 2014 (the adoption of the change has been halted),
- **IFRIC 22 "Transactions in foreign currencies and advanced payments"** – published on the 8th of December, 2016,
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – published on the 7th of June, 2017,
- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**, published on the 12th of October, 2017,
- **Amendments to IFRS 28: Long-term Interests in Associates and Joint Ventures**, published on the 12th of October, 2017,
- **Amendments to various standards adopted within the frame of annual improvements process to IFRS "Annual Improvements (period 2015-2017)"**, published on the 12th of December, 2017,
- **Amendments to IAS 19: Change, limitation and settlement of the program**, published on the 7th of February, 2018.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities have not been adopted by the EU. According to the Parent Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

The consolidated financial statement of the Comarch Group for the 6 months ended the 30th of June, 2018, comprises the financial statements of the following companies:

Company name	Relationship	Consolidation method	% held by Comarch S.A. in a subsidiary's share capital
Comarch S.A.	Parent company	Full	
Comarch AG	Subsidiary	Full	100%
Comarch Sistemas LTDA	Subsidiary	Full	80% held by Comarch AG, 20% held by Comarch Software und Beratung AG
Comarch Peru S.A.C.	Subsidiary	Full	95% held by Comarch AG, 5% held by Comarch S.A.
Comarch Software und Beratung AG	Subsidiary	Full	100% held by Comarch AG
Comarch Solutions GmbH	Subsidiary	Full	100% held by Comarch Software und Beratung AG
Comarch S.A.S.	Subsidiary	Full	100%
Comarch R&D S.à r.l.	Subsidiary	Full	100%
Comarch Luxembourg S.à r.l.	Subsidiary	Full	100%
Comarch Inc.	Subsidiary	Full	100%
Comarch Panama Inc.	Subsidiary	Full	100% held by Comarch Inc.

Comarch Canada, Corp.	Subsidiary	Full	100%
Comarch Espace Connecté Inc.	Subsidiary	Full	100%
Comarch Middle East FZ-LLC	Subsidiary	Full	100%
Comarch LLC	Subsidiary	Full	100%
OOO Comarch	Subsidiary	Full	100%
Comarch Software (Shanghai) Co. Ltd.	Subsidiary	Full	100%
Comarch Technologies Oy	Subsidiary	Full	100%
Comarch UK Ltd.	Subsidiary	Full	100%
Comarch Japan KK	Subsidiary	Full	100% held by Comarch UK Ltd.
Comarch Chile SpA	Subsidiary	Full	100%
Comarch Software Spain S.L.U.	Subsidiary	Full	100%
Comarch Colombia S.A.S.	Subsidiary	Full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	Subsidiary	Full	100%
Comarch SRL	Subsidiary	Full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	Full	100%
Comarch s.r.o.	Subsidiary	Full	100%
Comarch Pointshub, Inc.	Subsidiary	Full	100%
Comarch AB	Subsidiary	Full	100%
Comarch Argentina S.A.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Mexico S.A. de C.V.	Subsidiary	Full	99% held by Comarch S.A., 1% held by CA Consulting S.A.
Comarch Technologies sp. z o.o.	Subsidiary	Full	100%
CA Consulting S.A.	Subsidiary	Full	100%
Geopolis sp. z o.o.	Subsidiary	Full	100%
Comarch Management sp. z o.o.	Subsidiary	Full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	Full	100% of total number of investment certificates
Comarch Management sp. z o.o. SK-A	Subsidiary	Full	26.45% held by Comarch S.A., 8.82% held by CCF FIZ, 64.73% purchased by Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	Subsidiary	Full	50% held by Bonus Management sp. z o.o. SK-A,

			50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SK-A	Subsidiary	Full	100% held by CCF FIZ
Comarch Healthcare S.A.	Subsidiary	Full	45.84% held by CCF FIZ, 20.76% held by CASA, 19.77% held by Comarch Software und Beratung AG, 13.63% held by CASA Management and Consulting sp. z o.o. SK-A
Comarch Polska S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Pointshub S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	Full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	Full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Comarch Swiss AG	Subsidiary	Full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	Subsidiary	Full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	Subsidiary	Full	100%
MKS Cracovia SSA	Subsidiary	Full	66.11%

3. Notes to the Consolidated Financial Statement

3.1. Segment Information

In the Comarch Group, the business segments are basic type of operating segments, and geographical segments are the supplementary type of operating segments. The operations of Comarch's subsidiary units comprise the following types of activities:

- the sale of IT systems and services, including production of software for medicine sector, as well as sales of IT hardware (hereinafter referred to as the "IT segment"),
- professional sports (hereinafter referred to as the "Sport segment"; MKS Cracovia SSA,
- investment activity on capital market and activity in relation with real estate investment, (hereinafter referred to as the "Investment segment"),
- activity in relation to medical services (hereinafter referred to as the "Medical segment").

IT segment has a dominant share in sales revenue, profits and assets. IT segment is divided into the DACH (Germany, Austria and Switzerland) market, Polish market and other markets according to the specific character of the activity in the segment.

Due to the geographical distribution of its activities, the Comarch Group has defined the following market segments: "Poland", "DACH" (Germany, Austria and Switzerland), "Other countries". The "Sport Segment", the "Investment Segment" and the "Medicine Segment" operate solely within the territory of Poland. Due to the fact that only the IT segment operates abroad and at the same time the costs incurred in the IT segment are largely common for export and domestic sales, defining separate results for export and domestic activities is futile.

Comarch Group is highly diversified and not dependant on one single contractor. During the 6 months of 2018, the share of none of the customer exceeded 10% of the sale in Comarch Group's sales.

Over 2017, Comarch Group revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 22% in the second quarter, 24% in the third quarter and 32% in the fourth quarter. In 2017, the Company expects the distribution of sales revenue similar to that in 2017.

The Company notes that the comparative data for the first six months of 2018 have been modified in connection with adoption of principles of IFRS 15 as at the 1st of January, 2018.

6 months ended 30 June 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination s	Total
	Polish market	DACH market	Other markets					
Revenue per segment- sales to external clients	282,241	128,254	108,394	3,280	19,969	6,024	-	548,162
<i>including:</i>								
Revenue from sales	261,209	125,642	105,614	280	9,547	4,865	-	507,157
<i>To customers in Telecommunication, Media, IT sector</i>	58,334	34,200	23,684	-	-	-	-	116,218
<i>To customers in Finance and Banking sector</i>	65,202	17,222	8,121	-	-	-	-	90,545
<i>To customers in Trade and services sector</i>	26,072	7,492	56,427	-	-	-	-	89,991
<i>To customers in Industry & Utilities</i>	38,467	13,049	15,675	-	-	-	-	67,191
<i>To customers in Public sector</i>	17,861	3,459	1,698	-	-	-	-	23,018
<i>To customers in small and medium enterprises sector</i>	52,337	50,220	-	-	-	-	-	102,557
<i>To customers in Medicine sector</i>	1,820	-	-	-	-	4,865	-	6,685
<i>To other customers</i>	1,116	-	9	280	9,547	-	-	10,952
<i>Other operating revenue</i>	35	2,406	2,024	775	10,480	344	-	16,064
<i>Finance revenue</i>	20,997	206	756	2,225	(58)	815	-	24,941
Revenue per segment - sales to other segments	103,445	17,366	14,435	3,270	4,413	964	(143,893)	-
Revenue per segment - total*	385,686	145,620	122,829	6,550	24,382	6,988	(143,893)	548,162
Costs per segment relating to sales to external clients	251,724	124,957	114,699	36	13,237	6,778	-	511,431
Costs per segment relating to sales to other segments	103,444	17,366	14,435	3,271	4,413	964	(143,893)	-
Costs per segment - total*	355,168	142,323	129,134	3,307	17,650	7,742	(143,893)	511,431
Current taxes	(78)	(1,756)	(2,961)	(55)	(1,235)	-	-	(6,085)
Assets for the tax due to investment allowances and other tax relief	(3,359)	3,757	(947)	3	949	-	-	403
Share of segment in the result of parties valued using the equity method of accounting	122	-	(2,105)	-	-	-	-	(1,983)
Net result	27,203	5,298	(12,318)	3,191	6,446	(754)	-	29,066
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	27,203	5,298	(12,318)	3,180	4,262	(754)	-	26,871
<i>Result attributable to minority interest</i>	-	-	-	11	2,184	-	-	2,195

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

Sales between specific segments are calculated based on market conditions.

The following table presents the assets and liabilities of particular segments as at the 30th of June, 2017, as well as investment expenditures and depreciation in during 6 months of 2017.

30 June 2017 / 6 months ended 30 June 2017

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH Region	Other countries				
Assets	798,361	194,097	224,993	147,149	61,548	12,079	1,438,227
Liabilities	395,432	79,881	88,114	36,043	16,580	3741	619,791
Investment expenditures	49,203	11,999	24,130	1675	297	13	87,317
Depreciation	19,188	7,245	1,400	775	1,747	1,390	31,745

6 months ended 30 June 2018	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenue per segment- sales to external clients	325,863	131,951	108,232	3,358	24,111	4,911	-	598,426
<i>including:</i>								
Revenue from sales	339,758	131,206	110,840	4,936	11,668	5,600	-	604,008
<i>To customers in Telecommunication, Media, IT sector</i>	53,608	36,172	38,720	-	-	-	-	128,500
<i>To customers in Finance and Banking sector</i>	69,983	17,333	7,757	-	-	-	-	95,073
<i>To customers in Trade and services sector</i>	25,376	16,152	50,884	-	-	-	-	92,412
<i>To customers in Industry & Utilities</i>	36,858	11,578	11,766	4,728	-	-	-	64,930
<i>To customers in Public sector</i>	73,281	4,540	1,700	-	-	-	-	79,521
<i>To customers in small and medium enterprises sector</i>	69,301	45,430	-	-	-	-	-	114,731
<i>To customers in Medicine sector</i>	8,933	-	-	-	-	5,600	-	14,533
<i>To other customers</i>	2,418	-	13	208	11,668	-	-	14,308
<i>Other operating revenue</i>	1,469	943	564	30	12,164	163	-	15,333
<i>Finance revenue</i>	(15,364)	(198)	(3,172)	(1,608)	279	-852	-	(20,915)
Revenue per segment - sales to other segments	173,850	17,409	15,180	3,776	4,357	1,052	(215,624)	-
Revenue per segment - total*	499,713	149,360	123,412	7,134	28,468	5,963	(215,624)	598,426
Costs per segment relating to sales to external clients	305,636	127,729	123,972	4,029	15,194	7,782	-	584,342
Costs per segment relating to sales to other segments	173,851	17,409	15,180	3,776	4,357	1,051	(215,624)	-
Costs per segment - total*	479,487	145,138	139,152	7,805	19,551	8,833	(215,624)	584,342
Current taxes	(4,109)	(2,239)	(1,931)	(272)	-	-	-	(8,551)
Assets for the tax due to investment allowances and other tax relief	1,100	1,579	1,415	55	471	-	-	4,620
Share of segment in the result of parties valued using the equity method of accounting	(333)	-	(2,327)	-	-	-	-	(2,660)
Net result	16,884	3,562	(18,583)	(888)	9,388	(2,870)	-	7,493
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	16,884	3,562	(18,583)	(886)	6,193	(2,870)	-	4,300
<i>Result attributable to minority interest</i>	-	-	-	(2)	3,195	-	-	3,193

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 30th of June, 2018, as well as investment expenditures and depreciation in during 6 months of 2018.

30 June 2018 / 6 months ended 30 June 2018

	IT Segment			Investment Segment	Sport Segment	Medicine Segment Poland	Total DACH region
	Poland	DACH region	Other countries				
Assets	917,351	205,387	239,469	138,242	71,117	8,194	1,579,760
Liabilities	479,959	84,524	105,032	34,271	20,416	1,842	726,044
Investment expenditures	31,377	7,384	5,116	11,889	3,009	462	59,237
Depreciation	22,142	7,967	1,658	957	2,264	1,423	36,411

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

Revenue from basic sales - activities location

	6 months ended 30 June 2018		6 months ended 30 June 2017	
		%		%
Poland	361,962	59.9	275,901	54.4
DACH region	131,206	21.7	125,642	24.8
Other countries	110,840	18.4	105,614	20.8
Total	604,008	100.0	507,157	100.0

Assets - activities location

	30 June 2018		31 December 2017	
		%		%
Poland	1,134,882	71.8	1,048,264	69.5
DACH region	205,387	13.0	202,412	13.4
Other countries	239,491	15.2	257,776	17.1
Total	1,579,760	100.0	1,508,452	100.0

Investment expenditures – activities location

	6 months ended 30 June 2018	%	12 months ended 31 December 2017	%	6 months ended 30 June 2017	%
Poland	46,737	78.9	111,187	72.4	50,570	57.9
DACH region	7,384	12.5	16,157	10.5	11,999	13.7
Other countries	5,116	8.6	26,384	17.1	24,748	28.4
Total	59,237	100.0	153,728	100.0	87,317	100.0

3.2. Property, Plant and Equipment

	30 June 2018	31 December 2017
Lands and buildings	392,691	324,518
Means of transport and machinery	126,845	109,000
Property, plant and equipment under construction	22,765	110,381
Others	12,510	12,760
Advance money for property, plant and equipment under construction	88	179
Total	554,899	556,838

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of December, 2018, the Group's property are seven office buildings in the Special Economic Zone in Krakow ("SEZ") at 83,500 square metres of the total space, two office buildings in Warsaw at 2,582 square metres of the total space and office buildings in Łódź (including office building at 9,906.20 square metres of the total space, opened for use in 2017), one office building and data centre opened for use in H1 2018 in Lille, and an office building and data centre in Dresden. The Group owns also lands in the Special Economic Zone in Krakow at approx. 2.01 ha of the total area. As at the 30th of June, 2018, property, plant and equipment under construction comprise mostly expenditures related to an investments in the Special Economic Zone in Krakow, involving the additional works in office building SSE7 (an amount of PLN 5,182 thousand), expenditures related to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA (an amount of PLN 5,577 thousand) and expenditures related to purchased but did put into use hardware.

In Comarch Healthcare S.A. began to conduct the diagnostic and medical activity (Medical Centre iMed24) in the first quarter of 2012 and commenced use of the diagnostic and medical equipment purchased in 2011. As at the 30th June, 2018, the book value of this equipment amounted to PLN 1,860 thousand.

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². On the 30th of October, 2017, amendments to the aforementioned agreement were signed

(current report no. [RB-20-2017](#), ENG: [RB-20-2017](#)), where completion date was extended to 31st of December, 2017. Works covered by the initial scope of the agreement were performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed (current report no. [RB-3-2018](#), ENG: [RB-3-2018](#)), which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721 thousand up to PLN 69,999 thousand. Additional work will be completed in the third quarter of 2018. The office building that was purchased by Comarch S.A.S. in Lille is the new office of the company. On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract is the alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data centre. The value of this agreement amounts to EUR 7,553 thousand net, i.e. PLN 32,943 thousand (exchange rate at the 30th of June, 2018). The works were completed in the second quarter of 2018.

3.3. Investment Real Estate

	30 June 2018	31 December 2017
Lands	3,234	2,875
Buildings	26,999	12,482
Total	30,233	15,357

As at the 30th of June, 2018, investment real estate comprise plots developed, placed in Krakow and used for lease to the entities outside Group and lands located in Krakow, purchased in order to construct buildings dedicated for lease to the entities outside Group, as well as a real estate located in Kostrzyń leased to the entities outside Group.

3.4. Goodwill

Goodwill comprises Company's value established at purchases of shares in the following companies:

	30 June 2018	31 December 2017
Comarch Kraków	99	99
CDN Comarch	1,227	1,227
Comarch AG	1,900	1,900
Comarch, Inc.	58	58
Comarch Software und Beratung AG	29,038	29,038
Comarch Swiss AG	8,413	8,413
Geopolis sp. z o.o.	1,462	1,462
Total	42,197	42,197

On the 31st of December, 2017, the Comarch Group ran a test for loss in value regarding goodwill. The methodology was described in detail in the financial statement for 2017. The lost in value was not identified.

3.5. Other Intangible Assets

	30 June 2018	31 December 2017
Costs of finished development works	239	335
Perpetual usufruct right	38,617	39,312
Licences and software	15,274	15,355
Other	6,412	8,317
Advance money for intangible assets	-	-
Total	60,542	63,319

Other intangibles include valuation of assets, classified as intangible assets, related to the right to use MKS Cracovia SSA players' cards in the amount of PLN 6,412 thousand.

The perpetual usufruct right for land related to MKS Cracovia SSA that is worth PLN 31,650 thousand is considered the intangible asset with unspecified period of use and is not depreciated. The Company expects renewal of perpetual usufruct right which will occur without incurring any major costs, as the Company is not obliged to meet any conditions, which would decide about extension of this right. The Company does not expect incurring any major costs when renewal of perpetual usufruct right, having in mind current activities of the co-owner of the sports club, i.e. Krakow commune.

3.6. Investment in Associates

As at the 30th of June, 2018, the had shares in associates

At 1 January 2017	14,395
Share in profit of Sointeractive S.A.	125
Share in profit of Metrum Capital S.A.	(4)
Granting and Repayment of loan by SoInteractive S.A.	222
Share in profit of Thanks Again LLC	(2,104)
At 30 June 2017	12,634
At 1 January 2017	14,395
Share in profit of Sointeractive S.A.	(111)
Acquiring shares in and share in profit of Metrum Capital S.A.	(14)
Repayment of loan by SoInteractive S.A.	(80)
Acquiring shares in and share in profit of Thanks Again LLC	(2,957)
At 31 December 2017	11,233
At 1 January 2018	11,233
Share in profit of Sointeractive S.A.	(331)
Share in profit of Metrum Capital S.A.	(2)
Granting and Repayment of loan by SoInteractive S.A.	640
Share in profit of Thanks Again LLC	(2,318)
At 30 June 2018	9,222

As at the 30th of June, 2018 investment in associates includes interest and shares of SoInteractive S.A. acquired by CCF FIZ and Bonus Management sp. z o.o. II Activia SK-A. They constitute 42.98% of shares in the company (27.37% of votes), shares of Metrum Capital S.A. in which Comarch S.A. holds 21.43% of share capital (15.79% of votes) and CAMS AG holds 42.86% of share capital (31.58% of votes) with the total value of PLN 0. Shares in Thanks Again LLC, in which Comarch Pointshub, Inc. holds 42.50% of share capital (42.50% of votes at the AGM) with total value of PLN 8,452 thousand (the nominal value of acquired shares PLN 30,831 thousand reduced by participation in 2015, 2016, 2017 and 2018 financial result and update of the value of shares), as well as loans granted to SoInteractive S.A. by Comarch Infrastruktura S.A. and Comarch S.A. in the amount of PLN 770 thousand.

3.7. Derivative Financial Instruments

a) Assets

	30 June 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	3,508	11,316
Transaction on change of IRS	-	104
	3,508	11,420
<i>Current portion</i>	<i>3,175</i>	<i>8,516</i>
<i>Non-current portion</i>	<i>333</i>	<i>2,904</i>

a) Liabilities

	30 June 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	3,298	426
Transaction on change of IRS	1,062	819
	4,360	1,245
<i>Current portion</i>	<i>2,498</i>	<i>509</i>
<i>Non-current portion</i>	<i>1,862</i>	<i>736</i>

Group held forward contracts to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk, and to secure cash flows on account of an investment credit granted in Euro. As at the 30th of June, 2018, the above-mentioned instruments were valued at fair value according to market price and changes in valuation were referred into the results from financial operations. Total net value of forward contracts that were open as at the 30th of June, 2018, amounted to EUR 46,800 thousand and USD 12,200 thousand.

On the 24th of October, 2013, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 30th of September, 2013, from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 31st of October, 2018. As at the 30th of June, 2018, valuation of the IRS transaction amounted to minus PLN 37 thousand.

On the 27th of June, 2014, Comarch S.A. concluded a transaction on change of IRS for nonrevealing credit taken on the 4th of January, 2013, from Bank Zachodni WBK S.A. with its registered office in Wrocław. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 28th of June, 2019. As at the 30th of June, 2018, valuation of IRS transaction amounted to minus PLN 60 thousand.

On the 9th of July, 2014, Comarch S.A. concluded a transaction on change of IRS for investment credit taken in June 2006 from BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29th of July, 2024. As at the 30th of June, 2018, valuation of the IRS transaction amounted to minus PLN 427 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30th of November, 2023. As at the 30th of June, 2018, valuation of the IRS transaction amounted to minus PLN 283 thousand.

On the 20th of February, 2017, Comarch S.A. concluded a transaction on change of IRS for a long-term credit granted in May 2016 by the Bank Handlowy with its registered office in Warsaw. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 30th of September, 2019. As at the 30th of June, 2018, valuation of the IRS transaction amounted to minus PLN 5 thousand.

On the 20th of February, 2017, Comarch S.A. concluded a transaction on change of IRS for an investment credit granted in May 2016 by the Bank Handlowy with its registered office in Warsaw. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 29th of February, 2028. As at the 30th of June, 2018, valuation of the IRS transaction amounted to PLN 217 thousand.

On the 27th of November, 2017, Bonus Development Sp. z o.o. SKA concluded a transaction on change of IRS for an investment credit taken on the 29th of June, 2015, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 31st of May, 2030. As at the 30th of June, 2018, valuation of the IRS transaction amounted to PLN 33 thousand.

3.8. Deferred Income Tax

	30 June 2018	31 December 2018
Deferred income tax assets		
Temporary differences	16,495	12,591
Asset due to a tax loss	10,066	9,783
Asset due to activities in Special Economic Zone ("SEZ")	7,580	8,863
Total	34,141	31,237
<i>Charged to financial result</i>	<i>34,141</i>	<i>31,237</i>

In the first half of 2018, the Group dissolved an asset due to activities in the SEZ that was worth PLN 1,872 thousand and established as at the 31st of December, 2017, in proportion to the generated tax-exempt income in this period. This asset will be gradually dissolved within 2018 in proportion to the generated tax-exempt income in this period.

Comarch S.A. has four permits to operate in the Special Economic Zone in Krakow:

- obtained in 2007, at first with a period of validity until the 31st of December, 2017, at present, pursuant to the Decision of the 18th of October, 2017, of the Ministry of Development and Finance, its validity term has not been specified;
- obtained in 2013, its validity term has not been specified;
- obtained in February 2016, its validity term has not been specified;
- obtained in March 2016, its validity term has not been specified.

The Company also notes that on the 23rd of July, 2013, The Council of Ministers adopted a regulation extending the term of functioning of special economic zones in Poland to 2026.

Pursuant to IAS 12, unused tax relief as at the 30th of June, 2018, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 16,275 thousand as at the 30th of June, 2018 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 30th of June, 2018 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,759 thousand as at the 30th of June, 2018 (after discounting at the permit date).

During the first half of 2018, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2017, and worth PLN 1,721 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 5,625 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 283 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 2,904 thousand.

	30 June 2018	31 December 2017
Provision for deferred income tax		
Temporary differences	14,536	16,152
Provision due to fair value valuation of assets recognised as a result of acquisition of the Comarch SuB, ESAProjekt sp. z o.o. and A-MEA Informatik AG and due to valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	22,280	22,380
Total	42,246	43,962
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>36,816</i>	<i>38,532</i>

Due to valuation of net assets of CCF FIZ, in 2018, the Group decreased a deferred tax provision, which was recognised in the previous years and was worth PLN 100 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 8,684 thousand and dissolved in the amount of PLN 4,300 thousand. The total effect of the all above-mentioned operations on the net result of 6 months of 2018 was PLN 1,716 thousand.

Total changes in the deferred income tax resulted in an increase in result of PLN 4.620 thousand.

In relation to Comarch Healthcare S.A., despite of the fact that the tax loss existed, a deferred tax asset was not created due to the lack of possibility to make the reliable estimates of the income tax allowing the use of existing tax loss from previous years. In relation to MKS Cracovia SSA, due to the fact of existence of taxable profit, within the current tax settlements, limit of tax losses from the previous years, attributable to the reporting period, was used. However, there was no asset

recognised here due to the lack of possibility to make the reliable estimates whether it would be possible to use in the future the remaining part of the limit of the tax loss from previous years.

3.9. Inventories

	30 June 2018	31 December 2018
Raw materials	1,543	1,273
Work in progress	100,845	87,838
Goods	27,522	25,078
Finished products	1,758	150
Advance due to finished products	835	628
Total	132,503	114,967

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 221,866 thousand (6 months ended the 30th of June, 2018), PLN 333,918 thousand (12 months ended the 31st of December, 2017), PLN 158,257 thousand (6 months ended the 30th of June, 2017).

Over the first six months of 2018, Comarch Group has not created write-offs that revaluated goods, materials and finished products. The Group has not resolved write-offs which had been created in the previous years.

3.10. Trade and Other Receivables

	30 June 2018	31 December 2018
Trade receivables - net	360,376	347,254
<i>Trade receivables</i>	<i>397,431</i>	<i>376,110</i>
<i>Write-off revaluating receivables</i>	<i>(37,055)</i>	<i>(28,856)</i>
Other receivables	42,934	19,687
Short-term prepayments	16,588	13,593
Other prepayments	3,191	452
Loans	10,049	7,541
Trade receivables and other receivables from related parties - net	1,492	3,626
<i>Trade receivables and other receivables from related parties</i>	<i>6,682</i>	<i>6,511</i>
<i>Write-off revaluating receivables</i>	<i>(5,190)</i>	<i>(2,885)</i>
Total	434,630	392,153
<i>Current portion</i>	<i>434,630</i>	<i>392,153</i>

The fair value of trade and other receivables is close to their balance sheet value presented above. There is no concentration of credit risk with respect to trade receivables as Group has a large number of customers. Over 6 months of 2018, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 12,866 thousand and dissolved previously created write-offs worth PLN

2,372 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenue, respectively.

3.11. Long-term Contracts

	6 months ended 30 June 2018	6 months ended 30 June 2017
Revenues from completed contracts recognized in the reporting period	16,537	25,946
Revenues from contracts not completed recognized in the reporting period	128,540	79,280
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IFRS 11	20,689	51,828
Revenues due to long-term contracts recognized in the reporting period	165,766	157,054

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognized results corresponds to revenue.

At the end of the reporting period, long-term contracts were evaluated in accordance with the degree of work progress. Changes in settlements due to long-term contracts recognized in assets and liabilities between the 30th of June, 2017, and the 30th of June, 2018, are presented below:

	30 June 2018	30 June 2017
Long-term contracts revenue included to the balance sheet date - determined according to the progress of work	842,115	510,969
Issued invoices	(839,673)	(509,657)
Total	2,442	1,312

	Long-term contracts receivables	Long-term contracts liabilities	Net
Revenues from long-term contracts included in the reporting period			
Value at 1 January 2017	39,960	(40,044)	(84)
Correction of the value at 1 January 2017 due to IFRS 15	882	(51,314)	(50,432)
Value at 1 January 2017 after adjustment due to IFRS 15	40,842	(91,358)	(50,516)
Correction of the current period due to IFRS 15 (reversal of the correction recognised in the opening balance sheet as at 1	-	25,738	25,738

January 2017)

Correction of the current period	22,441	3,649	26,090
Value at 30 June 2017	63,283	(61,971)	1,312
Change	22,441	29,387	51,828
Value at 1 January 2018 before adjustment due to IFRS 15	40,349	(30,754)	9,595
Correction of the value at 1 January 2018 due to IFRS 15	6,537	(34,379)	(27,842)
Value at 1 January 2018 after adjustment due to IFRS 15	46,886	(65,133)	(18,247)
Correction of the current period due to IFRS 15 (reversal of the correction recognised in the opening balance sheet as at 1 January 2018)	(4,552)	3,898	(654)
Correction of the current period	53,497	(32,154)	21,343
Value at 30 June 2018	95,831	(93,389)	2,442
Change	48,945	(28,256)	20,689

3.12. Available for-Sale Financial Assets

Within the 6 months of 2018, as well as in the comparative period, the Group had no financial assets available for sale.

3.13. Share capital

	Number of shares	Ordinary and preference shares	Own shares	Total
At 1 January 2017	8,133,349	8,133,349	-	8,133,349
At 30 June 2017	8,133,349	8,133,349	-	8,133,349
At 31 December 2017	8,133,349	8,133,349	-	8,133,349
At 30 June 2018	8,133,349	8,133,349	-	8,133,349

The nominal value of one share is PLN 1.

The share capital of Comarch S.A. consists of:

- 1) 864,800 series A registered preference shares,
- 2) 75,200 series A ordinary bearer shares,
- 3) 883,600 series B registered preference shares,
- 4) 56,400 series B ordinary bearer shares,
- 5) 3,008,000 series C ordinary bearer shares,
- 6) 1,200,000 series D ordinary bearer shares,
- 7) 638,600 series E ordinary bearer shares,
- 8) 125,787 series G ordinary bearer shares,

- 9) 102,708 series G3 ordinary bearer shares,
- 10) 563,675 series H ordinary bearer shares,
- 11) 441,826 series I2 ordinary bearer shares,
- 12) 91,041 series J2 ordinary bearer shares,
- 13) 73,953 series K3 ordinary bearer shares,
- 14) 7,759 series L1 ordinary bearer shares.

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:

- a) disposal for the benefit of persons who were shareholders of the company on the 18th of March, 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession.
- d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing Shareholder") or (jointly) controlled only by the Contributing Shareholder's relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above ("Related Person or Related Persons") and the Contributing Shareholder jointly ("Controlled Structure") and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure." (current report no. [RB-13-2017](#) ([RB-13-2017ENG](#)) dated the 27th of June, 2017).

To disposal of registered shares, the consent of the Management Board of Comarch S.A. in written form is required. Disposal of shares without mentioned consent is possible under the terms of the Article of Association of the Comarch S.A.

Bearer share corresponds with 1 votes at the General Meeting. The conversion of bearer shares into registered shares is not allowed.

3.13.1.Changes in Share Capital in H1 2018

On the 12th of March, 2018, the Management Board of Comarch S.A. received from Paweł Prokop, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 8th of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50. The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#) (ENG: [RB-5-2018](#) and [RB-5-2018/K](#)) dated the 12th of March, 2018.

On the 27th of June, 2018, the Management Board of Comarch S.A. received from Paweł Prokop, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transactions concerned a purchase on the 2nd of March, 2018, of 63 ordinary bearer shares on regulated market at the weighted average price of PLN 155.00 per 1 share and purchase on the 27th of June, 2018, of 300 ordinary bearer shares on regulated market at the weighted average price of PLN 144.00 per 1 share. The total value of the transactions amounted to PLN 52,956.00. The Company announced details in current report no. [RB-13-2018](#) (ENG: [RB-13-2018](#)) dated the 27th of June, 2018.

3.13.2.Changes in Share Capital after the Balance Sheet Date

None present.

3.14. Credit and Loans

	30 June 2018	31 December 2017
Non-current		
Non-revolving credits	179,231	177,920
Revolving credits	-	-
Loans	8,956	7,676
	188,187	185,596
Current		
Non-revolving credits	34,603	33,739
Revolving credits	9,993	3,018
Loans	21,111	2,354
	65,707	39,111
Total credits and loans	253,894	224,707

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

In the first half of 2018, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 33,153 thousand (it was only non-revolving credits and loans), the value of paid principal instalments of bank credits and loans from entities outside the Group amounted to PLN 23,685 thousand. As at the balance sheet date, the Comarch Group used overdraft facility in the amount of PLN 9,993 thousand.

Within reporting period, there were neither overdue payments nor interest payments on credits and loans. Comarch did not breach of any provisions of the credit or loan agreements that could entitle the creditor to claim earlier repayment of the credit or loan.

The maturity of bank credits and loans	6 months or less	6-12 months	1-5 years	Over 5 years	Total
At 31 December 2017					
Credits and loans	18,636	20,969	118,365	67,231	225,201
Interest	(494)	-	-	-	(494)
Total	18,142	20,969	118,365	67,231	224,707
At 30 June 2018					
Credits and loans	46,995	19,144	126,211	61,976	254,326
Interest	(432)	-	-	-	(432)
Total	46,563	19,144	126,211	61,976	253,894

The maturity of non-current bank credits, loans and financial liabilities	30 June 2018	31 December 2017
Between 1 and 2 years	35,116	33,701
Between 2 and 5 years	91,095	84,664
Over 5 years	61,976	67,231
	188,187	185,596

Currency structure of the balance sheet values of credits, loans and financial liabilities	30 June 2018	31 December 2017
In Polish currency (PLN)	41,186	12,484
In EUR (equivalence in PLN)	212,708	212,223
	253,894	224,707

Effective interest rates at the balance sheet date	30 June 2018	31 December 2017
Bank credits	1,67%	1,64%
Loans	2,08%	3,66%

3.14.1. Non-Revolving Credits

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A.	office buildings SSE4 in Krakow	44,000	PLN	3,873 (4,182 as at the 31 st of December, 2017)	EUR	16,891 (17,444 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	1,719 (1,977 as at the 31 st of December, 2017)	EUR	7,498 (8,246 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 31 st of October, 2018	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A.	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	2,467 (2,944 as at the 31 st of December, 2017)	EUR	10,759 (12,280 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement

Comarch S.A.	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	9,021 (9,854 as at the 31 st of December, 2017)	EUR	39,346 (41,098 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch S.A.	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	13,333 (11,286 as at the 31 st of December, 2017)	EUR	58,152 (47,075 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	15 th of May, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch S.A.	Bank Handlowy w Warszawie S.A.	Nonrevealing, long-term credit	2,508	EUR	1,980 (2,508 as at the 31 st of December, 2017)	EUR	8,636 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	Power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch S.A.	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	1,955 (2,130 as at the 31 st of December, 2017)	EUR	8,527 (8,885 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement
Comarch Healthcare S.A.	Bank Polska Kasa Opieki S.A.	Non-current assets - medical equipment for Medical Centre iMed24 in Krakow	15,889	PLN			1,135 (2,459 as at the 31 st of December, 2017)	PLN	WIBOR1M + bank margin	31 st of December, 2018	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, surety granted by Comarch S.A., power of attorney to manage Comarch Healthcare S.A. and Comarch S.A. bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to

											enforcement
Comarch AG	BGŻ BNP Paribas Bank Polska S.A.	Office building in Dresden - refinancing	6,000	EUR	0 (621 as at the 31 st of December, 2017)	EUR	0 (2,589 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	15 th of May, 2018	The mortgage and cession of rights in the office building in Dresden insurance policy, Surety granted by Comarch S.A., Comarch S.A. declaration of submission to enforcement
Bonus Development Sp. z o.o. SK-A	Bank Polska Kasa Opieki S.A.	Office building in Lodz	9,262	EUR	7,667 (8,043 as at the 31 st of December, 2017)	EUR	33,442 (33,545 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	31 st of May, 2030	The mortgage on the office building in Lodz, power of attorney to manage Bonus Development Sp. z o.o. SK-A bank accounts in the Bank Polska Kasa Opieki S.A., Bonus Development Sp. z o.o. SK-A declaration of submission to enforcement, cession of rights in the building insurance policy cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., surety granted by Comarch S.A. together with a declaration of submission to execution and power of attorney to accounts of Comarch S.A. conducted by PEKAO S.A.
Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A.	Data centre in Lille in France	8,000	EUR	6,872 (6,734 as at the 31 st of December, 2017)	EUR	29,974 (28,085 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	The conventional mortgage established on the second place on the property belonging to Comarch S.A. located at ul. prof. Michała Życzkowskiego 23, Cracow (the SSEIV building), a statement of Comarch S.A. of submission to enforcement, power of attorney to accounts of Comarch S.A. maintained in bank BGŻ BNP Paribas S.A., cession of rights in the insurance policy of SSEIV building

Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	12,980	PLN		8,944 (9,983 as at the 31 st of December, 2017)	PLN	fixed	1 st of March, 2022	-
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	17,691	PLN		17,691 (0 as at the 31 st of December, 2017)	PLN	fixed	31 st of January, 2019	-
Comarch Polska S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	3 475	PLN		3 338 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	Guarantee by Comarch S.A.

3.14.2. Current Credit Lines

The companies of the Comarch Group have the following credits limits in current account:

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20 000	PLN	0	PLN	WIBOR1M + bank margin	12 th of December, 2018	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	Financing operating activities	30 000	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2019	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement
Comarch S.A.	mBank S.A.	Financing operating activities	10 000	PLN	9 993	PLN	WIBOR O/N + bank margin	14 th of March, 2019	An authorisation to manage Comarch S.A.'s accounts in bank mBank S.A. and a declaration of submission to enforcement

	30 June 2018	31 December 2017
Credit lines in the current account and revolving credits, including:	60,000	55,422
Used at the balance sheet date	9,993	3,018
Available at the balance sheet date	50,007	52,404

3.15. Other Financial Liabilities

	30 June 2018	31 December 2017
Liabilities due to finance lease	545	611
<i>Current portion</i>	157	165
<i>Non-current portion</i>	388	446
Liabilities due to dividend	12,200	-
<i>Current portion</i>	12,200	-
<i>Non-current portion</i>	-	-
Liabilities for fees for acquired shares	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Total	12,745	611

Liabilities due to the Comarch Group's finance lease (excluding lease agreements between the companies in the Group) comprise liabilities of MKS Cracovia SSA, a subsidiaries of Comarch S.A., due to finance lease agreements for cars. As at the 30th of June, 2018 value of these liabilities amounted to PLN 545 thousand. The dividend was paid out on 31th of August, 2018 to shareholders form outside the Group

3.16. Provisions for Other Liabilities and Charges

	Costs related to current period that will be incurred in future	Provisions for costs of contracts	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for premiums	Total
At 1 January 2017	4,380	13,407	20,776	26,751	71,890	137,204
Change:	(453)	348	(1,119)	2,222	(5,788)	(4,790)
<i>Provisions created</i>	20,506	24,109	4,909	19,608	81,407	150,539
<i>Provisions used and dissolved</i>	(20,959)	(23,761)	(6,028)	(17,386)	(87,195)	(155,329)
At 31 December 2017	3,927	13,755	19,657	28,973	66,102	132,414
At 1 January 2017	3,927	13,755	19,657	28,973	66,102	132,414
Change:	4,605	(2,248)	(902)	6,760	(29,641)	(21,426)
<i>Provisions created</i>	16,091	12,785	6,702	15,884	24,174	75,636
<i>Provisions used and dissolved</i>	(11,486)	(15,033)	(7,604)	(9,124)	(53,815)	(97,062)
At 30 June 2018	8,532	11,507	18,755	35,733	36,461	110,988

All provisions were calculated based on credible estimate as of the balance sheet date.

3.17. Trade and Other Payables

	30 June 2018	31 December 2017
Trade payables	64,749	75,071
Advance payments received due to services	2,635	986
Trade payables and other liabilities to related parties	310	1,323
Liabilities due to social insurance and other tax charges	40,131	38,906
Investments liabilities	9,124	11,542
Liabilities due to remuneration	27,626	24,107
Revenues from the future periods	45,479	21,176
Other payables	3,149	2,365
Special funds (Social Services Fund and Residential Fund)	2,781	1,844
Total	195,984	177,320

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

3.18. Liabilities due to Operating Lease

	Up to 1 year	Up to 5 years	Total
At 31 December 2017			
Liabilities due to lease of usable space	21,718	45,097	66,815
Liabilities due to lease agreements for electronic equipment and means of transport	1,407	955	2,362
Total	23,125	46,052	69,177
At 30 June 2018			
Liabilities due to lease of usable space	21,285	39,985	61,270
Liabilities due to lease agreements for electronic equipment and means of transport	1,250	500	1,750
Total	22,535	40,485	63,020

Presented above, liabilities due to lease agreements for usage places comprise Group's liabilities, including those between Comarch Group's companies and related to leases of office spaces and company flats. Agreements including the given expiration date were directly recorded to the liabilities within 1 year or less, or within 5 years or less, respectively. However, most of the agreements have been concluded for an indefinite period, therefore the amounts of the liabilities were established by multiplying the amount of monthly rent by 12 months (column: 1 year or less) or by 60 months (column: 5 years or less).

As at the 30th of June, 2018, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 2,011 thousand (PLN 1,750 thousand as at the 31st of December, 2017).

3.19. Contingent Liabilities

On the 30th of June, 2018, the value of bank guarantees and letters of credit issued by banks on order from Comarch S.A. in reference to executed agreements and participation in tender proceedings was PLN 94,678 thousand, whereas it was PLN 65,876 thousand on the 31st of December, 2017.

On the 30th of June, 2018, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 82 thousand, whereas it was PLN 82 thousand on the 31st of December, 2017.

On the 30th of June, 2018, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,709 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,634 thousand on the 31st of December, 2017.

On the 30th of June, 2018, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 70 thousand, whereas it was EUR 16 thousand, i.e. PLN 67 thousand on the 31st of December, 2017.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: Comarch Healthcare S.A. (valid till the 30th of June, 2019), Comarch Malaysia SDN. BHD. (valid till the 31st of December, 2018 and for an indefinite period), Comarch Argentina S.A. (valid for an indefinite period) and Comarch R&D S.à r.l. (valid for an indefinite period).

	30 June 2018	31 December 2017
Granted credit lines for financing of current activities		
(guarantees, letters of credit, credit lines in current account)		
Credit lines*	229,323	190,450
	229,323	190,450

* They comprise credit lines at current account that are described in point [3.14.2](#)

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 50,158 thousand. Provisions for part of these claims were presented in the balance sheet as of 30th of June, 2018 and are worth PLN 7,738 thousand. They include provisions for claims recognised in 2018 and worth PLN 142 thousand. They include provisions for claims recognized in 2017 and worth PLN 142 thousand. The Comarch Group is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 11,379 thousand. Provisions for these claims presented in the balance sheet as at the 30th of June, 2018 are worth PLN 0. They include provisions for claims recognized in 2018 and worth PLN 0. In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for the rest of the claims in legal proceedings or matters in disputes but not legal proceedings.

Due to legal proceedings in 2018 the Comarch Group created write-offs that revalue receivables in amount PLN 189 thousand. Due to the matters in disputes, in 2018 the Comarch Group did not create write-offs that revalue receivables.

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

None present.

3.21. Related-Party Transactions**3.21.1. Revenue from Sales of Goods and Services**

	6 months ended 30 June 2018	6 months ended 30 June 2017
Revenue from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenue from sales of services		
SoInteractive S.A.	235	395
Thanks Again LLC	250	555
Metrum Capital	-	1
	485	951
	485	951

Price for services is determined depending on the type of transaction, according to one of three methods:

- 1) comparable market price,
- 2) cost - plus basis (margin from 2% to 3% for goods, 5% for services),
- 3) margin on sales of services (from 10% to 40%).

3.21.2. Purchase of Goods and Services

	6 months ended 30 June 2018	6 months ended 30 June 2017
Purchases of goods		
SoInteractive S.A.	-	188
Thanks Again LLC	-	-
	-	188
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	719	2,772
<i>Included in other costs</i>	1,389	1,502
	2,108	4,274
Thanks Again LLC		
<i>Included in generation costs</i>	32	3,355
<i>Included in other costs</i>	-	-
	32	3,355
Total	2,140	7,817

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

	30 June 2018	31 December 2017
Receivables from related parties		
SoInteractive S.A.	395	775
Thanks Again LLC	269	3 937
	664	4 712
Payables from related parties		
SoInteractive S.A.	272	1 322
Thanks Again LLC	1	1
	273	1 323

3.21.4. Transactions with Associates and Personally Related Entities

	6 months ended 30 June 2018	6 months ended 30 June 2017
Purchases from personally related entities	891	1,208
Sales to personally related entities	77	77
Loans and interest on loans repaid by personally related entities	9,242	35
Loans and interest on loans granted to personally related entities	11,503*	-
Purchases from associates	2,140	7,817
Sales to associates	485	951
Loans and interest on loans repaid by associates	776	-
Loans and interest on loans granted to associates	770	14

*) The item contains a loan in the amount of PLN 2,000 thousand granted to the Chairman of the Supervisory Board of Comarch S.A. by Bonus Management sp. z o.o II Activia SK-A. Until the publication of the report, this loan was fully repaid. The item contains also a loan in the amount of PLN 353 thousand granted to the President of the Management Board of Comarch S.A. by Comarch S.A.

3.21.5. Balances of Settlements with Personally Related Entities at Balance Sheet Date

	30 June 2018	31 December 2017
Trade receivables from personally related parties	46	15
Loans receivables from personally related parties	9,503	7,012
Trade payables to personally related parties	415	792
Liabilities due to loans from personally related parties	-	-

4. Additional Notes

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

4.1.1. Deferred Income Tax Assets and Provisions

In H1 2018, the Group dissolved in part an asset due to activities in the SEZ that was worth PLN 1,283 thousand and established as at the 31st of December, 2017, in proportion to the generated tax-exempt income in this period. This asset will be gradually dissolved within 2018 in proportion to the generated tax-exempt income in this period. The Group settled in part deferred tax assets due to temporary differences in the amount of PLN 1,721 thousand and created the deferred tax assets due to temporary differences in the amount of PLN 5,625 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 283 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 2,904 thousand. Due to valuation of net assets of CCF FIZ, in H1 2018, the Group decreased a deferred tax provision, which was recognised in the previous years and was worth PLN 100 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 2,648 thousand and dissolved in the amount of PLN 4,300 thousand. The total effect of the all above-mentioned operations on the net result of H1 2018 was plus PLN 1,716 thousand. Total changes in deferred tax resulted in an increase in net profit by PLN 4,620 thousand.

Details are described in point [3.8](#).

4.1.2. Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of June, 2018, increased revenue and operating profit of Comarch Group by PLN 5,315 thousand (while in 6 months of 2017 decreased by PLN 13,718 thousand). Exchange rate differences from other activities increased the result of Comarch Group by PLN 11,964 thousand (while in 6 months of 2017 increased by PLN 4,918 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Group's result by PLN 5,437 thousand (while in the corresponding period of 2017 increased by PLN 18,027 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 6 months of 2018 amounted to minus PLN 12,086 thousand (plus PLN 9,227 thousand in 6 months of 2017).

4.2. Events after the Balance Sheet Date

4.2.1. Forward Contracts Concluded after the Balance Sheet Statement

Between the 1st of July, 2018 and the 31st of August, 2018, Comarch S.A. concluded forward contracts for the sales of EUR 8,175 thousand. The total net value of open forward contracts as of the 31st of August, 2018 amounted to EUR 50,940 thousand and USD 10,400 thousand. The open forward contracts as of the 31st of August, 2018 were valued at approx. PLN 5,600 thousand. The contracts will be settled within 30 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

4.3. Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by the Issuer

None present.

Krakow, 31st of August, 2018

SIGNATURES OF MANAGEMENT BOARD MEMBERS

Name and surname	Position	Signature
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Name and surname	Position	Signature
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Kraków



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www.comarch.com/investors



REPORT OF COMARCH S.A.'s MANAGEMENT BOARD REGARDING THE ACTIVITIES OF THE CAPITAL GROUP IN H1 2018

KRAKOW, 31ST OF AUGUST, 2018

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1. Information about the Company

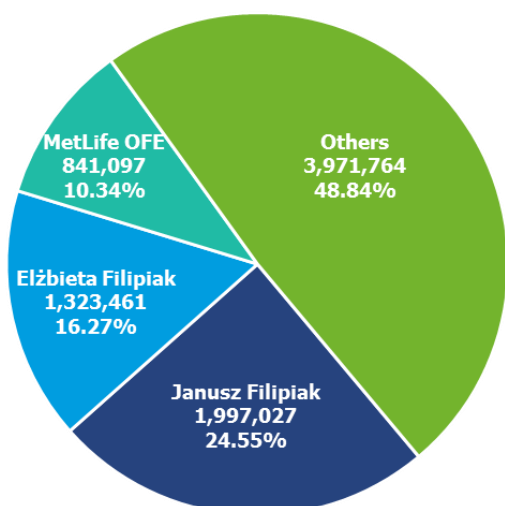
The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

1.1. Shareholding Structure

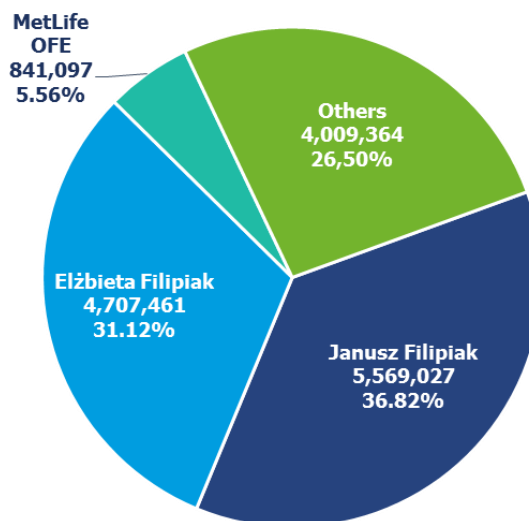
1.1.1.A Shareholders who Directly or Indirectly through Subsidiary Entities Hold at least 5% of the Total Number of Votes at Comarch S.A. General Meeting as at the 31st of August, 2018

Comarch S.A.'s share capital consists of 8,133,349 shares at total nominal value of PLN 8,133,349. According to the information possessed by Comarch S.A., as at 31st of August, 2018, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak and MetLife OFE.

Shareholders by number of shares



Shareholders by number of votes



1.1.2. Changes in Significant Holdings of Comarch S.A. Shares from the Publication of the Last Periodical report, i.e. from 18th of May, 2018

Entity	At 31 st of August 2018				At 18 th of May 2018			
	Shares	% in share capital	Number of votes	% in votes	Shares	% in share capital	Number of votes	% in votes
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12	1,323,461	16.27	4,707,461	31.12
MetLife OFE	841,097	10.34	841,097	5.56	841,097	10.34	841,097	5.56

1.1.3. Shareholding Structure of Managing and Supervising Entities as at the Date of Preparing the Financial Report

Shareholders	Position	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	Chairman of the Supervisory Board	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	1,323,461	16.27	4,707,461	31.12
Marcin Dąbrowski	Vice-President of the Management Board	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	30,000	0.37	67,600	0.45
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	33,230	0.41	33,230	0.22
Konrad Tarański	Vice-President of the Management Board	10,608	0.13	10,608	0.07
Marcin Warwas	Vice-President of the Management Board	10,608	0.13	10,608	0.07
Total		8,133,349	100.00	8,133,349	100.00

To the knowledge of the Company, only Elżbieta Filipiak, amongst members of the Supervisory Board of Comarch S.A., holds Company shares.

1.1.4. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Entities the Publication of the Last Quarterly Report

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the consolidated report for Q1 2017 was published, i.e. on the 18th of May, 2018, and on the 31st of August, 2018, pursuant to the information possessed by the Company.

Shareholders	Position	At 31 st of August 2018		At 18 th of May 2018	
		Shares	(%) in votes at AGM	Shares	(%) in votes at AGM
Janusz Filipiak	Chairman of the Supervisory Board	1,997,027	36.82	1,997,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	1,323,461	31.12	1,323,461	31.12
Marcin Dąbrowski	Vice-President of the Management Board	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	30,000	0.45	30,000	0.45
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	33,230	0.22	32,930	0.22
Konrad Tarański	Vice-President of the Management Board	10,608	0.07	10,608	0.07
Marcin Warwas	Vice-President of the Management Board	10,608	0.07	10,608	0.07
Total		8,133,349	100.00	8,133,349	100.00

1.1.5. Registered Preference Comarch S.A. Shares

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. Janusz Filipiak, the President of the Comarch S.A. Management Board, holds 470,000 series A registered preference shares, which give 2,350,000 votes at the annual general meeting and 423,000 series B registered preference shares, which give 2,115,000 votes at the annual general meeting. Paweł Prokop, the Vice-President of the Management Board holds 9,400 series A registered preference shares, which give 47,000 votes at the annual general meeting. Elżbieta Filipiak, Chairman of the Comarch S.A. Supervisory Board, holds 385,400 series A registered preference shares, which give 1,927,000 votes at the annual general meeting and 460,600 series B registered preference shares, which give 2,303,000 votes at the annual general meeting.

The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:

- disposal for the benefit of persons who were shareholders of the company on the 18th of March, 1998,
- disposal for the benefit of descendants of a disposer,
- conveying property of a registered share as a result of succession,
- disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing Shareholder") or (jointly) controlled only by the Contributing Shareholder's relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned

above ("Related Person or Related Persons") and the Contributing Shareholder jointly ("Controlled Structure") and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure.

To disposal of registered shares, the consent of the Management Board of Comarch S.A. in written form is required. Disposal of shares without mentioned consent is possible under the terms of the Article of Association of the Comarch S.A.

Bearer share corresponds with 1 vote at the General Meeting. The conversion of bearer shares into registered shares is not allowed.

2. Basic Economics and Financial Values

2.1. Selected Consolidated Financial Data

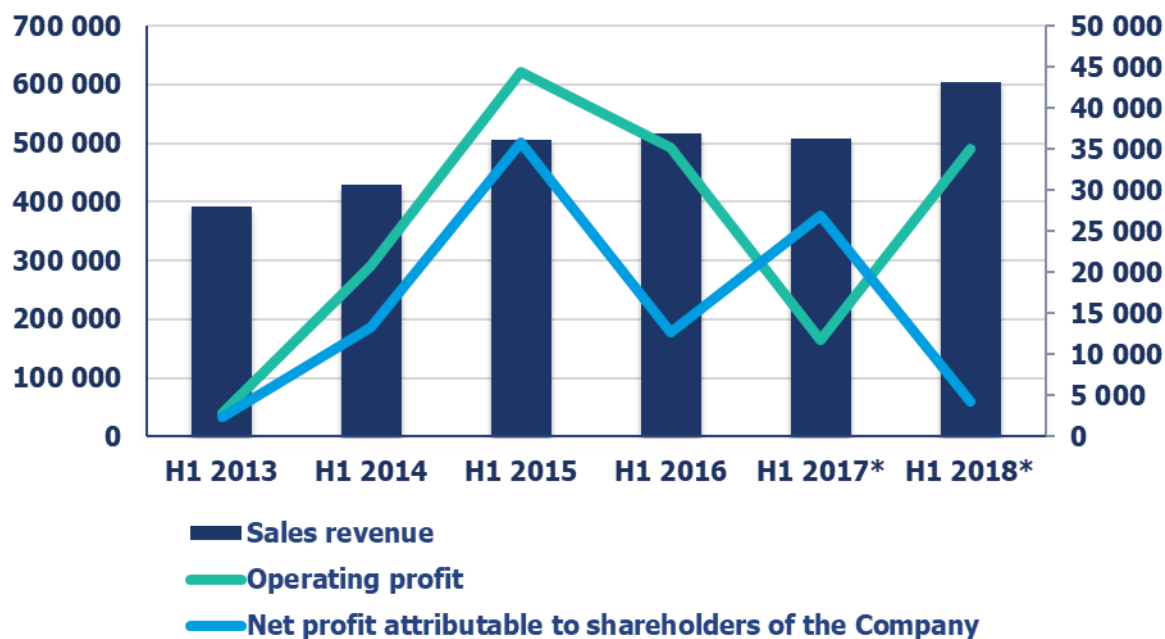
	H1 2018*	H1 2017*	H1 2016	H1 2015	H1 2014
Revenue from sales	604,008	507,157	516,425	505,441	429,677
Revenue from sales of proprietary IT solutions	540,864	473,663	482,784	434,671	382,870
Operating profit	34,999	11,790	35,209	44,340	20,823
EBITDA**	71,410	43,535	67,786	69,497	47,335
Net profit	11,424	34,748	26,599	43,987	20,100
Net profit attributable to shareholders of the parent company	4,300	26,871	12,756	35,782	13,353
Profit per share (in PLN)	0.53	3.30	1.57	4.4	1.65
Assets	1,579,760	1,438,227	1,267,164	1,177,068	1,099,922
Equity	853,716	818,437	803,934	736,475	640,722

In H1 2018, revenue from sales of the Comarch Group were lower by PLN 96.9 million, i.e. 19.1% compared to the previous year. Operating result amounted to PLN 35 million and was higher by 196% than in H1 2017. Net profit attributable to the shareholders of the parent company was lower by PLN 22.6 million and amounted to PLN 4.3 million, compared to H1 2017. As at the 30th of June, 2018, the Comarch Group hired 5,616 persons, i.e. 75 persons less than as at the 31st of December, 2017.

As at the end of June, 2018, assets of the Comarch Group increased by PLN 141.5 million, i.e. 9.8% compared to the end of June, 2017, while equity increased by PLN 35.3 million, i.e. 4.3%.

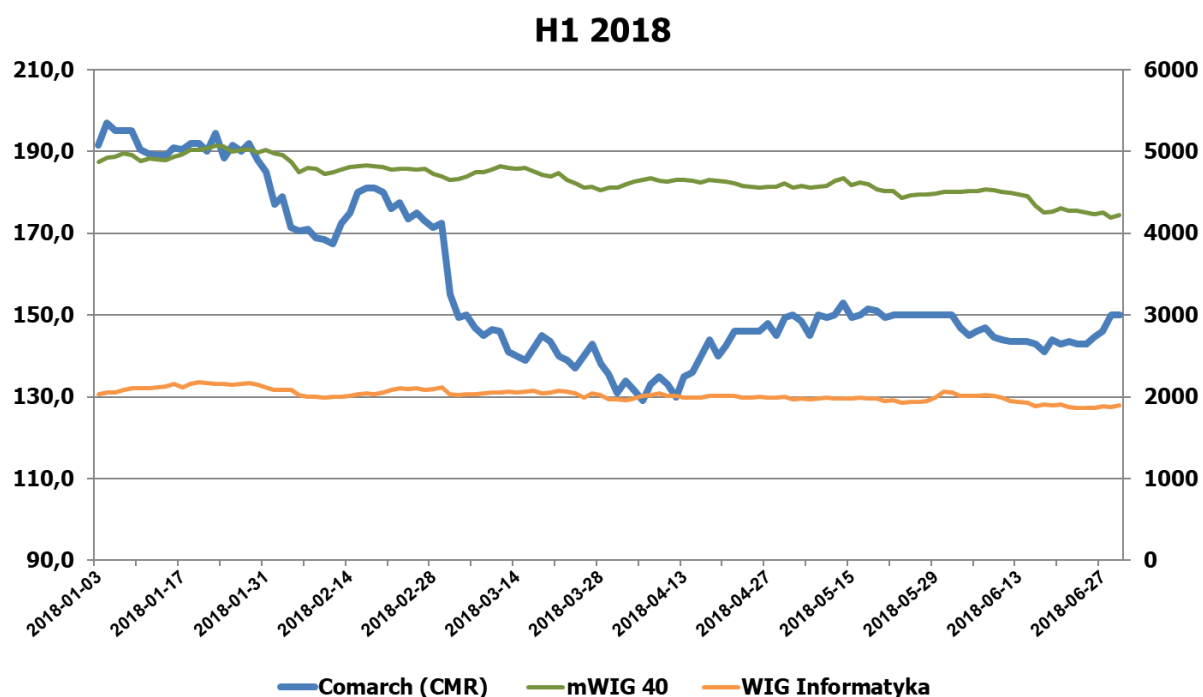
*) From 1st of January 2018, the Group started using the principles resulting from IFRS 15 for sales revenue. For comparative purposes, the transformation of data for the first and the second quarter of 2017 was made in accordance with IFRS 15.

**) Operating profit + Depreciation



*) From 1st of January 2018, the Group started using the principles resulting from IFRS 15 for sales revenue. For comparative purposes, the transformation of data for the first and the second quarter of 2017 was made in accordance with IFRS 15.

2.2. Comarch S.A. Stock Price Performance (in PLN)



Period	The highest	The lowest
Q1 2018	197.00	135.50
Q2 2018	153.00	129.00

The closing rate of Comarch S.A. shares between the 1st of January, 2018, and 30th of June, 2018, decreased from PLN 190.00 to PLN 150.00 i.e. 21.1%. During the first six months, the maximum closing rate amounted to PLN 197.00. The closing rate of Comarch S.A. shares between the 30th of June, 2017, and 30th of June, 2018, decreased from PLN 213.30 to PLN 150.00, i.e. by 29.7%.

<i>Data in PLN</i>	6 months ended 30 June 2018 / 30 June 2018	6 months ended 30 June 2017 / 30 June 2017
Average price during the reporting period	157.35	211.99
MIN price during the reporting period	129.00	169.80
MAX price during the reporting period	197.00	239.00
Average volume during the reporting period	3,362	4,715
Capitalization at the balance sheet date	1,220,002,350	1,734,843,342
Ratios for consolidated data		
P/E at the balance sheet date	283.72	64.56
P/BV at the balance sheet date	1.46	2.12
P/S at the balance sheet date	2.02	3.42

3. 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 Comarch Group, 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 Comarch products are addressed to specific groups of customers, while IT services are of universal nature and are offered to all groups of customers. The Comarch offer is dedicated to both Polish and foreign customers. Since many years, the Comarch strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe, South and North America and Asia. Sale in the Comarch Capital Group is highly diversified, with no dependency on one major client. In H1 2018, the share of sale to none of the customer exceeded 10% of the Comarch Capital Group sales.

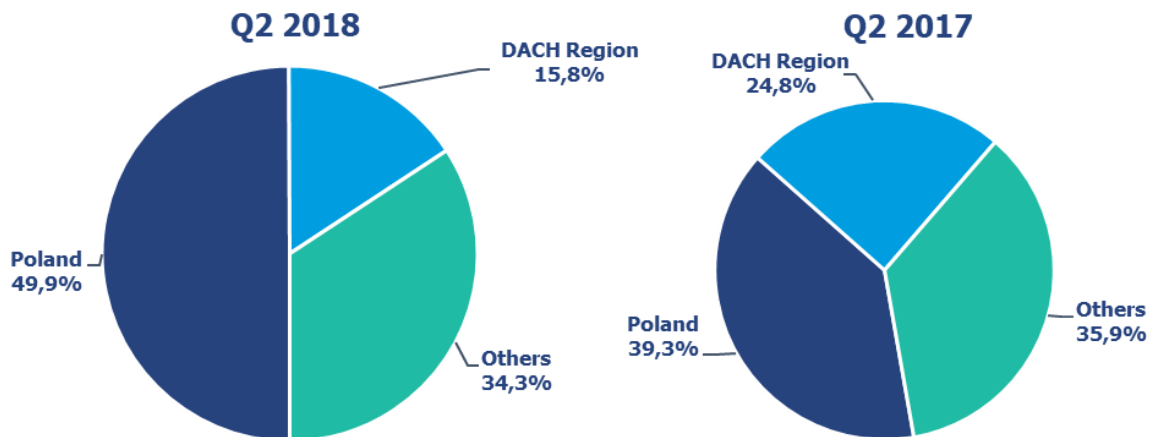
Due to the specific nature of the industry, in which Comarch manages its operations, international concerns, which are producers of computer systems and programmer's tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In H1 2018, share of none of the product provider exceeded 10% of the value of Comarch sales.

4. Sales Structure

4.1. Revenue from Sales- Geographical Structure (in thousands of PLN)

Geographical Sales Structure	Q2 2018	%	Q2 2017	%	Change (in PLN)	Change %
Domestic	165,780	49.9%	98,910	39.3%	66,870	67.6%
Export	166,239	50.1%	152,626	60.7%	13,613	8.9%
Total	332,019	100.0%	251,536	100.0%	80,483	32.0%

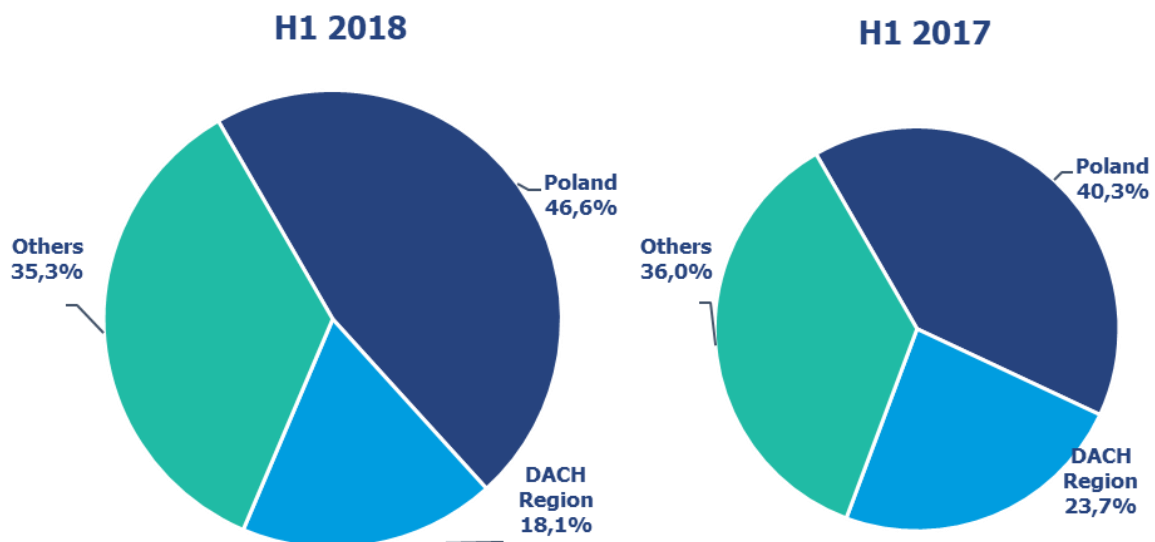
In Q2 2017, domestic sales of the Comarch Group decreased by PLN 66.9 million, i.e. by 67.6% compared to achieved in Q2 2017 and amounted to PLN 165.8 million. Dynamic growth in domestic sales resulted from the implementation of a large contract for Public sector and good sales for SME segment. Export sales in Q2 2018 amounted PLN 166.2 million and was higher by PLN 13.6 million (i.e. 8.9%). In Q2 2018, export sales accounted for 50.1% of the total sales of the Group.



Geographical Sales Structure	6 months ended 30 June 2018	%	6 months ended 30 June 2017	%	Change (in PLN)	Change (%)
Domestic	281,490	46.6%	204,443	40.3%	77,047	37.7%
Export	322,518	53.4%	302,714	59.7%	19,804	6.5%
Total	604,008	100.0%	507,157	100.0%	96,851	19.1%

In the first half of 2018, the Comarch Group reached domestic sales revenue at PLN 281.5 million (an increase of PLN 77.0 million, i.e. 37.7% compared to H1 2017) due to the increase in sales to clients from the Public sector and SME sector. Export sales in first half of 2018 amounted to PLN 322.5 million and was higher by PLN 19.8 million (i.e. 6.5%) than in H1 2017. In H1 2018, export sales accounted for 53.4% of the total sales of the Group.

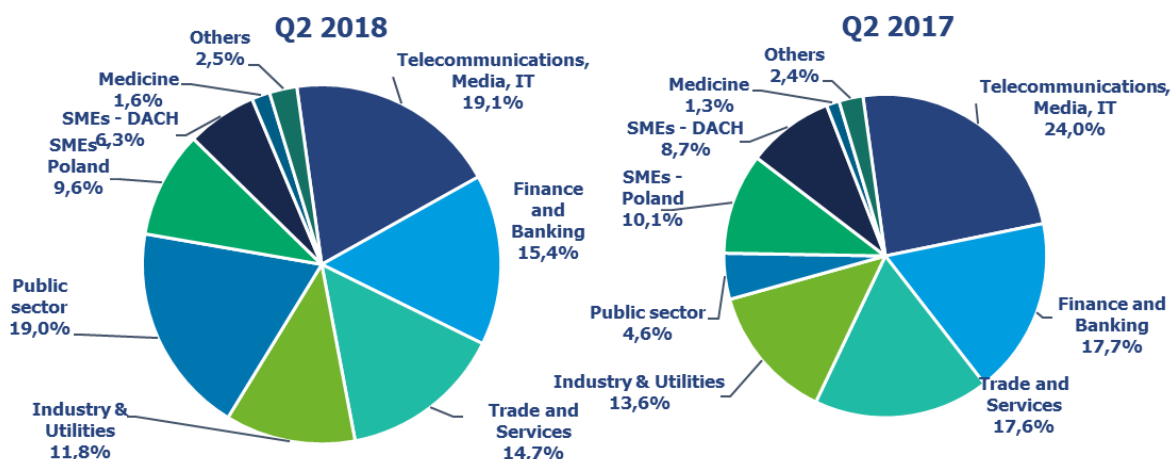
Revenue from sales according to geographical segments (according to market locations):



4.2. Revenue from Sales – Market Structure (in thousands of PLN)

Market Sales Structure	Q2 2018	%	Q2 2017	%	Change (in PLN)	Change (%)
Telecommunication, Media, IT	63,444	19.1%	60,371	24.0%	3,073	5.1%
Finance and Banking	51,034	15.4%	44,610	17.7%	6,424	14.4%
Trade and Services	48,956	14.7%	44,340	17.6%	4,616	10.4%
Industry & Utilities	39,025	11.8%	34,204	13.6%	4,821	14.1%
Public Sector	62,996	19.0%	11,416	4.6%	51,580	451.8%
Small and Medium Enterprises - Poland	31,858	9.6%	25,474	10.1%	6,384	25.1%
Small and Medium Enterprises - DACH	21,018	6.3%	21,851	8.7%	-833	-3.8%
Medical Sector	5,439	1.6%	3,322	1.3%	2,117	63.7%
Others	8,249	2.5%	5,948	2.4%	2,301	38.7%
Total	332,019	100.0%	251,536	100.0%	80,483	32.0%

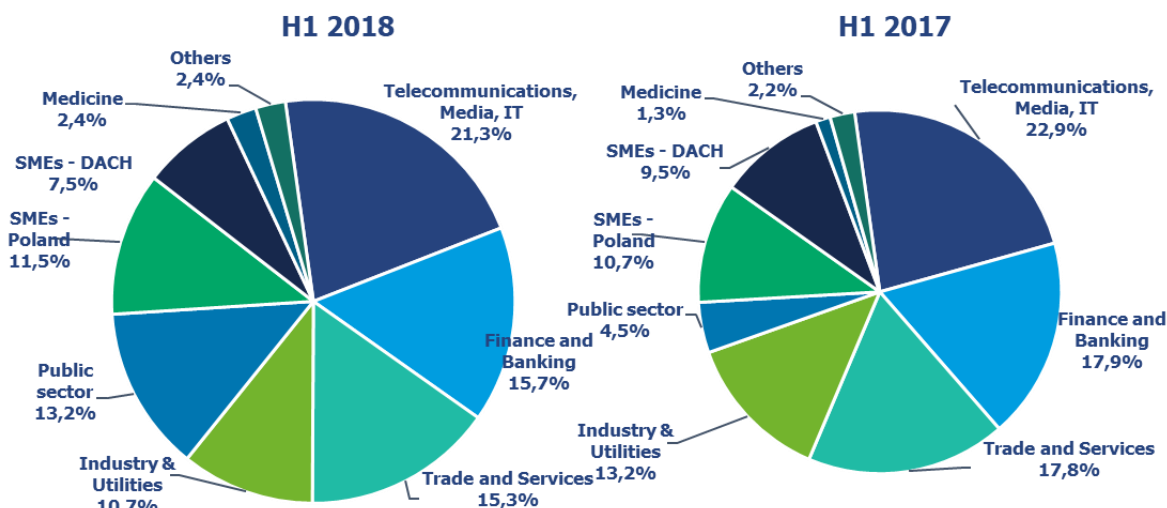
In Q2 2018, customers from the TMT sector purchased products and services worth PLN 63.4 million, i.e. 5.1% more than in the corresponding period of the previous year. Revenue from sales to customers from Finance and Banking sector increased by PLN 6.4 million, i.e. 14.4% and revenue from sales to customers from Trade and Services sector increased by PLN 4.6 million, i.e. 10.4%. Sales to customers from the industrial sector increased by PLN 4.8 million, i.e. 14.1%. In Q2 2018, a significant increase was recorded in sales to clients from the Public sector, i.e. by PLN 51.6 million (by 451.8%), due to the partial implementation of the contract for the supply and implementation of a digital system for registering court proceedings in common courts. Next quarter in a row, the sales to customers from SME-Poland sector significantly increased by PLN 6.4 million, i.e. 25.1%. Due to implementation of new contracts for computerisation of hospitals, revenue from sales to clients from the Medical sector increased by PLN 2.1 million, i.e. 63.7%. Revenue from sales to Other customers increased by PLN 2.3 million, i.e. by 38.7%. In case of sales to customers from SME-DACH sector, there was a decrease of PLN 0.8 million, i.e. 3.8%.



Market Sales Structure	6 months ended 30 June 2018	%	3 months ended 30 June 2017	%	Change (in PLN)	Change (%)
Telecommunication, Media, IT	128,500	21.3%	116,218	22.9%	12,282	10.6%
Finance and Banking	95,073	15.7%	90,545	17.9%	4,529	5.0%
Trade and Services	92,412	15.3%	89,991	17.8%	2,420	2.7%
Industry & Utilities	64,930	10.7%	67,191	13.2%	-2,261	-3.4%
Public Sector	79,521	13.2%	23,018	4.5%	56,503	245.5%
Small and Medium Enterprises - Poland	69,301	11.5%	54,315	10.7%	14,986	27.6%
Small and Medium Enterprises - DACH	45,430	7.5%	48,242	9.5%	-2,812	-5.8%
Medical Sector	14,533	2.4%	6,685	1.3%	7,848	117.4%
Others	14,308	2.4%	10,952	2.2%	3,356	30.6%
Total	604,008	100.0%	507,157	100.0%	96,851	19.1%

In H1 2018 the sales to customers from TMT sector increased by PLN 128.5 million, which means an increase of PLN 12.3 million (i.e. 10.6%) compared to H1 2017. The customers from the Finance and Banking sector purchased products and services worth PLN 95.1 million, higher than those achieved in the same period of the previous year by PLN 4.5 million, i.e. 5.0%. The increase was also recorded in sales to customers from Trade and Services sector (an increase of PLN 2.4 million, i.e. 2.7%). Due to good sales in Q2, sales revenue of the Comarch Group increased rapidly by PLN 56.5 million, i.e. 245.5%. Increase also occurred in the case of sales to Medical sector (increase of PLN 7.8 million, i.e. 117.4%) and also sales to Others sectors (an increase of PLN 3.4 million, i.e. 30.6%). The customers from the SME-Poland sector purchased products and services worth PLN 15.0 million, i.e. 27.6% more than in the corresponding period of the previous year. Sales to customers in the Industry & Utilities sector decreased by PLN 2.3 million in the same period of the previous year, i.e. by 3.4%. The decrease was also recorded in sales to customers from the SME-DACH sector (of PLN 2.8 million, i.e. 5.8%).

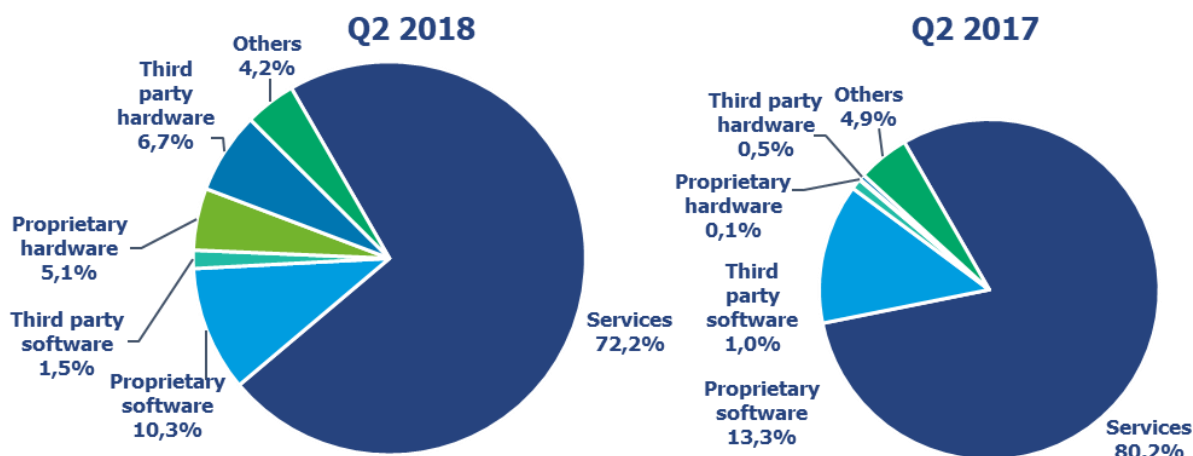
The business situation in H1 2018 confirmed, the Comarch Group has secured the opportunity to sustain stable business development, due to maintaining the diversification of revenue sources and offer.



4.3. Revenue from Sales – Products Structure (in thousands of PLN)

Products Sales Structure	Q2 2018	%	Q2 2017	%	Change (in PLN)	Change (%)
IT Services	239,595	72.2%	201,370	80.2%	38,225	19.0%
Proprietary Software	34,361	10.3%	33,544	13.3%	817	2.4%
Third Party Software	4,900	1.5%	2,637	1.0%	2,263	85.8%
Proprietary Hardware	16,814	5.1%	281	0.1%	16,533	5883.6%
Third Party Hardware	22,290	6.7%	1,335	0.5%	20,955	1569.7%
Others	14,059	4.2%	12,369	4.9%	1,690	13.7%
Total	332,019	100.00%	251,536	100.00%	80,483	32.0%

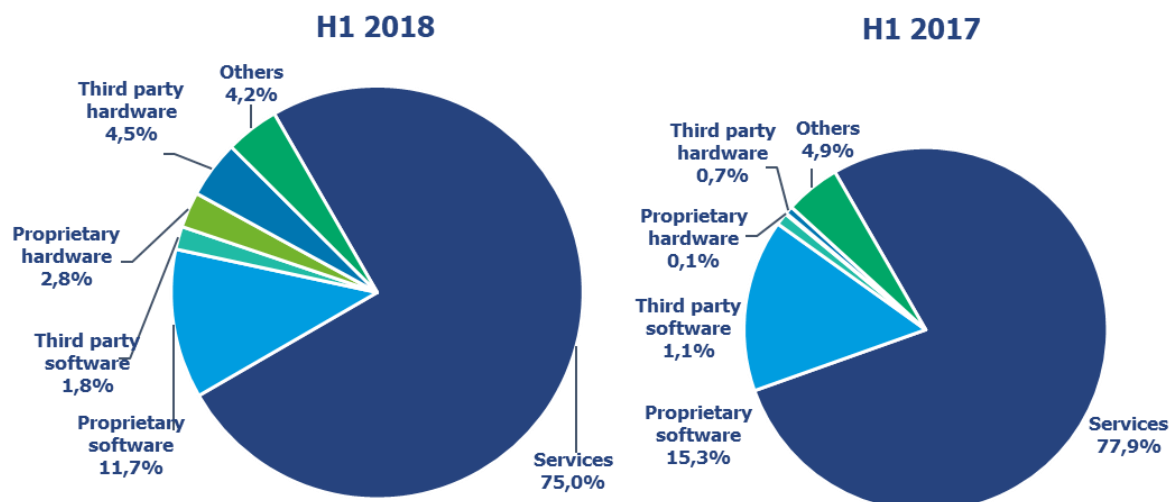
In Q2 2018, products sales structure changed significantly compared to the structure characteristic for the second quarter of 2017. Revenue from sales of IT services increased by PLN 38.2 million, i.e. 19.0%. Revenue from sales of proprietary software amounted to PLN 34.4 million and were higher by PLN 0.8 million (i.e. 2.4%) compared to Q2 2017. Sales of proprietary hardware had a high growth rate (of 5883.6%) and amounted to PLN 16.8 million. Sales of third party hardware increased significantly by 1569.7% up to PLN 22.3 million. The increases in sales in both categories were the result of the implementation of a contract for the supply and implementation of a digital system for registering court proceedings in common courts. Revenue from sales of third party software increased approx. by PLN 2.3 million, i.e. 85.8%. In Q2 2018 other sales increased by PLN 1.7 million, i.e. 13.7%, which is a result of the continuing growth in sales of medical and sports services.



Products Sales Structure	6 months ended 30 June 2018	%	3 months ended 30 June 2017	%	Change (in PLN)	Change (%)
IT Services	453,276	75.0%	395,267	77.9%	58,009	14.7%
Proprietary Software	70,756	11.7%	77,799	15.3%	-7,043	-9.1%
Third Party Software	10,555	1.8%	5,545	1.1%	5,010	90.4%
Proprietary Hardware	16,832	2.8%	597	0.1%	16,235	2719.4%
Third Party Hardware	27,006	4.5%	3,361	0.7%	23,645	703.5%
Others	25,583	4.2%	24,588	4.9%	995	4.0%
Total	604,008	100.0%	507,157	100.0%	96,851	19.1%

In the first half of 2018, products sales structure changed significantly compared to the structure characteristic for the first half of 2017. Revenue from sales of IT services increased by PLN 58.0 million, i.e. 14.7%. Revenue from sales of proprietary software amounted to PLN 70.8 million and was lower by PLN 7.0 million (i.e. 9.1%) compared to H1 2017. Sales of proprietary hardware increased by PLN 16.2

million, i.e. 2719.4% compared to the previous year. Similarly, sales of third party solutions increased by PLN 23.6 million, i.e. 703.5%. Revenue from sales of third party software increased by PLN 5.0 million, i.e. 90.4%. In H1 2018 other sale increased by PLN 1.0 million, i.e. 4.0%.



5. Factors Essential for Development of the Comarch Group

5.1. Internal Factors

- Steady increase in export sales and significance of foreign 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 Company;
- Increasing awareness of the Comarch brand among prospective clients by promotion managed through marketing campaigns, including sports marketing (MKS Cracovia SSA);
- Necessity of continuous investment in human resources to maintain the Company's competitive edge in following years;
- High levels of investment expenditure designated for research and development activity and development of new products and IT services;
- High level of investment expenditure designated for the development of production sources in Poland (material investment) and for expansion on foreign markets (capital investment).

5.2. 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 S.A., which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- Increased significance of mobile technologies broadly used in IT solutions for all groups of customers;
- Change in business models in many branches as well as change in business strategies of many companies related to technological progress and economic growth, which shape the demand for

new IT systems, broadening software sales in the cloud computing model means an increase in capital and resources requirements for IT companies;

- d) An access of Polish companies to resources from structural funds related to Polish membership in European Union that will be dedicated in part to develop IT systems and finance research and development works;
- e) Growing competition, causing decrease in achieved margins; competition between IT companies;
- f) Continued pressure on increase in remuneration in IT sector; number of graduates from technical universities having IT skills decreases;
- g) Growing competition on the local labour market in IT sector in Krakow and other locations where the Company conducts its business;
- h) The international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services;
- i) Exchange rate levels fluctuations, especially EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN, which affect the profitability of export sales;
- j) The international political situation, including increasing risk of terrorist attacks in places of project management complicates their implementation, as well as the plan of restrictions on the freedom to delegate employees to other countries in the European Union.

6. Other Significant Factors, including Risks and Threats

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

6.1. Credit Risk

The Parent Company establishes the financial credibility of potential clients before signing contracts for the supply of IT systems and adjusts the conditions of each contract to the potential risk depending on its assessment of the financial standing of the client. Concentration of credit risk is limited due to diversification of the Comarch sales to a significant number of customers in different branch of economy, in different world's regions.

6.2. Risk of Change in Interest Rates

The Comarch Group is exposed to the risk of changes in interest rates related to cash and cash equivalents, as well as long-term investment credits to finance the construction of new production buildings in the Special Economic Zone in Krakow. These are credits at variable interest rates based on the WIBOR and EURIBOR index. The group has been hedging this interest rate risk using IRS contracts and it continuously monitors market situation in this scope. The influence of interest rate changes on the amount of interest on credit paid is partly compensated for by a change in the amount of interest received on cash and cash equivalents.

6.3. Risk of Fluctuation in the Exchange Rates

The Comarch Group is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN. At the same time, part of Group's costs are also expressed in, or related to exchange rates for foreign currencies. In individual cases, the Parent Company hedges future payments with forward contracts, as well as tries to use natural hedging through adjusting structures of assets, liabilities and equity denominated in foreign currencies (for example through a change of credit's currency from PLN to EUR performed lately). The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

6.4. Financial Liquidity Risk

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

7. Perspectives of Development in the Company and Anticipated Financial Situation in 2018

In the first half of 2018, demand for the Comarch Group's services and IT solutions increased compared to the previous year. The Group has observed a continuous dynamic increase in demand for IT solution generated by clients from Public and Medical sectors and ERP solutions on Polish market. Due to acquisition of new, large projects, the Group in the first half of 2018 used its full productive capacity. The Group's backlog will also ensure full use of productive capacity in several subsequent periods. Acquiring contracts which are large and requiring a considerable amount of work, as well as costs related to the development of new IT solutions and rapidly growing labour costs will have a significant impact on the financial result of the Comarch Group in H2 2018. Thanks to consistently executed strategy of positioning itself on the market as a technological and product-based company, Comarch offer is very well diversified. Customer base is constantly expanding and a considerable part of them are international companies, what allows to continue the development of the Company. Dynamically developing activity of Comarch Group in international markets additionally increases sales volume and enhance the image of Comarch among international corporations, thus strengthening the competitive position of Comarch. It also means the need to make numerous capital investment abroad Poland (principally through the establishment of foreign subsidiaries). Execution of Comarch strategy largely depends on macroeconomic conditions, beyond the Comarch, especially on the level of IT investments by medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector and labour market becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. An opportunity for the Group is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch Group thanks to the wide range of its own products, owned infrastructure and human and capital resources can flexibly adapt to business models expected by customers.

The most important risk related to the Company's operations include risks associated with R&D works (production of proprietary software products):

- risks related to implementation of long-term contracts;
- risks related to failure to meet contract terms and conditions and contractors taking advantage of the provided performance guarantees, important especially in the case of large contracts executed on the public procurement market;
- risk of foreign legal and political environment related to execution of export contracts;
- the credit risk related to the sale with deferred payment, and frequently with a long period of execution of contracts;
- risk of employees' rotation, and risk of a lack of possibility to hire the appropriate number of qualified employees, the risk of increased labour costs;
- the risk of fluctuations in exchange rates and interest rates;
- risks related to international terrorism, impeding the posting of employees in business travel in some regions of the world.

The Company does not expect any significant changes in its financial situation or in terms of the risk associated with its activities.

8. Financial Analysis

Balance Sheet	30 June 2018	%	31 December 2017	%	Change (in PLN)	Change (%)
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	554,899	35.1%	556,838	37.1%	-1,939	-0.3%
Investment real estates	30,233	1.9%	15,357	1.0%	14,876	96.9%
Goodwill	42,197	2.7%	42,197	2.8%	0	0.0%
Other intangible assets	60,542	3.8%	63,319	4.2%	-2,777	-4.4%
Non-current prepayments	3,313	0.2%	3,321	0.2%	-8	-0.2%
Investment in associates	9,222	0.6%	11,233	0.7%	-2,011	-17.9%
Other assets at fair value	333	0.0%	2,904	0.2%	-2571	-88.5%
Other investment	112	0.0%	112	0.0%	0	0.0%
Deferred income tax assets	34,141	2.2%	31,237	2.1%	2,904	9.3%
Other receivables	6,791	0.4%	5,392	0.4%	1,399	25.9%
	741,783	47.0%	731,910	48.7%	9,873	1.3%
CURRENT ASSETS						
Inventories	132,503	8.4%	114,967	7.7%	17,536	15.3%
Trade and other receivables	434,630	27.5%	392,153	26.1%	42,477	10.8%
Current income tax receivables	2,788	0.2%	2,222	0.1%	566	25.5%
Long-term contracts receivables	95,831	6.1%	46,886	2.7%	48,945	104.4%
Available-for-sale financial assets	-	-	-	-	-	-
Other financial assets at fair value – derivative financial instruments	3,175	0.2%	8,516	0.6%	-5,341	-62.7%
Stock or shares	-	-	-	-	-	-
Cash and cash equivalents	169,050	10.7%	207,937	13.8%	-38,887	-18.7%
	837,977	53.0%	772,681	51.0%	65,296	8.5%
Available-for-sale financial assets	-	-	3,861	0.30%	-3,861	-100.0%
Total assets	1,579,760	100.0%	1,508,452	100.0%	71,308	4.7%

As at the end of June, 2018, the value of the Comarch Group's assets increased by PLN 71.3 million, i.e. 4.7% and amounted to PLN 1,580 million, which is mainly due to the increase in the value of current assets to PLN 838 million, as compared to PLN 772.7 million as at the end of 2017. This increase is a result of, among others, higher level of PLN 42.5 million, i.e. 10.8% of trade receivables as at 30th of June, 2018, as compared to 31st of December, 2017, and of higher income due to long-term contracts, whose value increased by PLN 48.9 million, i.e. by 104.4%. There was also an increase in inventories (from PLN 115 million to PLN 132.5 million as a result of realization of the current clients' orders and software and hardware production cycle). As a part of current assets, the value of cash decreased: to PLN 169.1 million compared to PLN 207.9 million as at the end of 2017 and derivative instruments: to PLN 3.2 million compared to PLN 8.5 million at the end of the previous year. Value of non-current assets increased by PLN 9.9 million, i.e. 1.3% compared to the previous year and this is mostly a consequence of increase in value of investment real estates from PLN 15.4 million to 30.2 million (an increase of 96.9% occurred as a result of the reclassification of one of the office buildings in Krakow to this group of assets). The value and share of other non-current assets remained at the level of the end of 2017.

EQUITY	30 June 2017	%	31 December 2016	%	Change (in PLN)	Change (%)
CAPITAL ATTRIBUTABLE TO THE COMPANY SHAREHOLDERS						
Share capital	8,133	0.5%	8,133	0.5%	0	0.0%
Other capital	143,041	9.1%	143,041	9.5%	0	0.0%
Exchange differences	11,402	0.7%	4,169	0.3%	7,233	173.5%
Net profit for the current period	4,300	0.3%	42,036	2.8%	-37,736	-89.8%
Retained earnings	667,519	42.3%	665,525	44.1%	1,994	0.3%
Changes in the retained earnings due to the application of IFRS 15	-	-	-27,842	-1.8%	27,842	-100.0%
	834,395	52.8%	835,062	55.4%	-667	-0.1%
Minority interest	19,321	1.2%	16,128	1.0%	3,193	19.8%
Total	853,716	54.0%	851,190	56.4%	2,526	0.3%
LIABILITIES						
Non-current liabilities						
Credit and loans	188,187	11.9%	185,596	12.3%	2,591	1.4%
Other liabilities	5,156	0.3%	6,928	0.5%	-1,772	-25.6%
Financial liabilities at fair value – derivative financial instruments	1,862	0.1%	736	0.1%	1,126	153.0%
Other financial liabilities	388	0.0%	446	0.0%	-58	-13.0%
Provision for deferred income tax	42,246	2.7%	43,962	2.9%	-1,716	-3.9%
Provisions for other liabilities and charges	12	0.0%	-	-	12	-
	237,839	15.1%	237,668	15.8%	171	0.1%
Current liabilities						
Trade and other liabilities	195,984	12.4%	177,320	11.8%	18,664	10.5%
Current income tax liabilities	7,282	0.5%	4,942	0.3%	2,340	47.3%
Long-term contracts liabilities	93,389	5.9%	65,133	4.3%	28,256	43.4%
Credit and loans	65,707	4.2%	39,111	2.6%	26,596	68.0%
Financial liabilities at fair value – derivative financial instruments	2,498	0.2%	509	0.0%	1,989	390.8%
Other financial liabilities	12,357	0.8%	165	0.0%	12,192	7389.1%
Provisions for other liabilities and charges	110,988	7.0%	132,414	8.8%	-21,426	-16.2%
	488,205	30.9%	419,594	27.8%	68,611	16.4%
Total liabilities and charges	726,044	46.0%	657,262	43.6%	68,782	10.5%
Total equity and liabilities	1,579,760	100.0%	1,508,452	100.0%	71,308	4.7%

An increase in total equity and liabilities of PLN 71.3 million, i.e. 4.7% compared to the end of 2017, most of all, is a result of an increase in current liabilities (PLN 488.2 million versus PLN 419.6 million as at the 30th of June 2017), mainly related to long-term contracts liabilities (their value increased by PLN 28.3 million, i.e. 43.4% and their share increased from 4.3% to 5.9%), credits and loans (their value increased by PLN 26.6 million, i.e. 68.0% and their share increased from 2.6% to 4.2% as a result of infrastructure investments carried out by the Group) and trade liabilities (their value increased by PLN 18.7 million, i.e. 10.5%). Increase in value also took place in the case of other financial liabilities, mainly as a result of the liability for the payment of the dividend for 2017 (an increase of PLN 12.2 million, i.e. by 7389.1%). There was a decrease in value of other financial liabilities, mainly as a result of payment

of bonus in H1 2018). The structure of non-current liabilities and other items of current liabilities did not change significantly. The value of equity in the first half of 2018 increased slightly - by PLN 2.5 million, i.e. by 0.3%. The increase in the value of equity was also influenced by an increase in the value of exchange rate differences of PLN 7.2 million, i.e. 173.5%. The share of equity in the value of liabilities decreased slightly (54% compared to 56.4% at the end of 2017).

Debt analysis	30 June 2018	31 December 2017
Debt ratio	16.1%	14.90%
Debt/equity ratio	30.4%	26.91%

In H1 2018, debt ratios increased compared to the previous year as a result of intensive investments in real estate. 54% of the Group's funds come from internal financing and 46% come from outside financing.

	6 months ended 30 June 2017	%	6 months ended 30 June 2016	%	Change (in PLN)	Change (%)
Revenue	604,008	100.0%	507,157	100.0%	96,851	19.1%
Cost of sales	-461,331	-76.4%	-400,510	-79.0%	-60,821	15.2%
Gross profit	142,677	23.6%	106,647	21.0%	36,030	33.8%
Other operating income	15,333	2.5%	16,064	3.2%	-731	-4.6%
Sales and marketing costs	-61,682	-10.2%	-63,238	-12.5%	1,556	-2.5%
Administrative expenses	-43,109	-7.1%	-44,332	-8.7%	1,223	-2.8%
Other operating expenses	-18,220	-3.0%	-3,351	-0.7%	-14,869	443.7%
Operating result	34,999	5.8%	11,790	2.3%	23,209	196.9%
Finance revenue -net	-20,915	-3.5%	24,941	4.9%	-45,856	-183.9%
Share of profit / (loss) of associates	-2,660	-0.4%	-1,983	-0.4%	-677	34.1%
Profit before income tax	11,424	1.9%	34,748	6.9%	-23,324	-67.1%
Income tax expense	-3,931	-0.7%	-5,682	-1.1%	1,751	-30.8%
Net profit for the period	7,493	1.2%	29,066	5.7%	-21,573	-74.2%
Attributable to:						
Shareholders of the Parent Company	4,300	0.7%	26,871	5.3%	-22,571	-84.0%
<i>Interests not entitled to control</i>	<i>3,193</i>	<i>0.5%</i>	<i>2,195</i>	<i>0.4%</i>	<i>998</i>	<i>45.5%</i>

In H1 2017, the Group revenue from sales was higher by PLN 96.9 million, i.e. 19.1% compared to the previous year. Operating result achieved value of PLN 35 million and was almost three times higher than in the first half of 2017. Realized exchange differences and balance sheet valuation of exchange differences on receivables and liabilities as at the 30th of June, 2018 had noticeable influence on increase of Comarch revenue and operating result (an increase of PLN 5,315 thousand, while in the first half of 2017 they decreased revenue and operating result of the Comarch Group by PLN 13,718 thousand. In H1 2017, other operating income (as a result of, among others, the sales of intangible assets by MKS Cracovia SSA and the termination of write-downs on receivables) amounted to PLN 15,333 thousand and had positive influence on operating result. Similar operations took place in the first half of 2017, where operating income reached PLN 16,064 thousand. In the first half of the year, the Group recorded a loss on financial activity as a result of a negative change in the valuation of financial instruments

hedging the Group's exchange rate risk (minus PLN 11.3 million), negative change in the balance sheet valuation of cash, credits and loans presented in foreign currencies, including inside the Group (minus PLN 11.9 million), positive result on closed transactions in the period (PLN 3.75 million) and interests on drawn down loans. Net profit attributable to equity holders of the parent company in the first half of 2018 was lower than in the first half of the previous year by 84% and amounted to PLN 4.3 million.

Profitability Analysis	6 months ended 30 June 2018	6 months ended 30 June 2017
Margin on sales	23.62%	21.03%
EBIT margin	5.79%	2.32%
Gross margin	1.89%	6.85%
Net margin	0.71%	5.30%

In H1 2018, Comarch Group's activities were profitable. Margin on sales and EBIT margin were higher compared to first half of 2018, thanks to, among others, improved profitability of core operations and a positive impact of other operating activities. Gross margin was lower than achieved in the previous year, due to negative result from financial activity.

The financial results achieved by Comarch Group were affected by, among other things:

- occurrence of positive exchange rate differences on receivables and payables related to a significant weakening of PLN against foreign currencies in H1 2018, that increased the operating result of the first half of 2018 by PLN 5.3 million,
- negative result on financial activities in the amount of minus PLN 20.9 million, achieved mainly as a result of balance sheet valuation of the fair value of financial instruments hedging the exchange rate risk of the Group and credits and loans, and due to negative result achieved on the transactions closed during the reporting period,
- improvement of situation in the public procurement market, resulting in the higher level of revenue from sales to customers in the Public and Medical sectors in the first half of 2018,
- increase in revenue from domestic sales (by PLN 77 million, i.e. 37.7%), thanks to significantly higher sales in the Public sector and the SME sector,
- increase in revenue from export sales (by PLN 19.8 million, i.e. 6.5%), mainly due to higher sales to European countries outside the DACH region and the Americas,
- increase in operating costs, as a consequence of salary pressure in IT sector – in H1 2018 the fund of basic salaries in the Comarch Group increased by 7% compared to H1 2017.

The costs of new contracts, the situation on the public procurement market, costs related to the development of new IT solutions, as well as rapidly growing labour costs will have a significant impact on the financial result of the Comarch Group in subsequent periods.

In the first half of 2018, the employment in the Comarch Group increased by 1.4%. As at 30th of June, 2018, the Comarch Group employed 5,616 people, i.e. by 75 people more than on 31st of December, 2017.

The Comarch Group in the first half of 2018 has been actively looking for new sales markets (among others in South America and Asia), realized the acquired contracts and continued investments in new products and IT services. Due to the good financial results achieved in H1 2018, the financial situation of the Comarch Group remains very good and guarantees the safety of operations in the event of a changing macroeconomic situation in Poland and in the world. The Group consciously bears the costs of developing new products and new business segments, as well as developing operations on new foreign markets, investing in this way in building a competitive advantage for the future.

In subsequent periods Comarch Group intends to continue strategy assuming:

- sales of IT solutions, most of which are developed in-house,
- sales development on international markets, especially in Western Europe, Asia and both Americas,

- stable improvement of operational performance through the ongoing improvement of procedures and cost rationalization,
- development of new technologies and business areas, especially in the medicine sector and Internet of Things (IoT),
- growing share in sales of IT in services model,
- significant investments in human capital.

Liquidity analysis	30 June 2018	31 December 2017
Current ratio	1.7	1.8
Quick ratio	1.2	1.4
Cash to current liabilities ratio	0.3	0.5

In H1 2018, the Comarch Group had very good financial liquidity, as in the previous years. In the Management Board's opinion, Comarch Group has no problems with meeting contracted financial liabilities on time. Temporarily free funds are invested by the Group in safe financial instruments (such as bank deposits and shares in financial investment funds).

Turnover analysis	30 June 2018	31 December 2017
Current assets turnover ratio	0.7	1.5
Receivable turnover ratio (days)	130	126
Inventories turnover ratio (days)	111	162
Liabilities turnover ratio (days)	224	218
Liabilities turnover excluding liabilities due to investment credit ratio (days)	145	144

Turnover ratios confirm the effective use of Comarch Group's funds. In H1 2018, the inventories turnover ratio decreased as a result of a decrease in inventories as at 30th of June, 2018. Other ratios remained at a similar level to previous years.

Methods of Calculation of Financial Ratios

Debt Ratios

$$\text{Debt Ratio} = \frac{\text{Credits and Loans}}{\text{Total Assets}}$$

$$\text{Debt/Equity Ratio} = \frac{\text{Credits and Loans}}{\text{Equity attributable to Shareholders}}$$

Profitability Ratios

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

$$\text{EBIT Margin} = \frac{\text{Operating profit}}{\text{Revenue}}$$

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

$$\begin{array}{l} \text{Margin on Sales} \\ \text{(profit attributable to shareholders)} \end{array} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Revenue}}$$

Liquidity Ratios

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

$$\begin{array}{l} \text{Quick Ratio} \end{array} = \frac{\begin{array}{l} \text{Trade and Other Receivables+} \\ \text{+Cash and Cash Equivalents+} \\ \text{+Available-for-Sale Assets +} \\ \text{+Stock or Shares} \end{array}}{\text{Current Liabilities}}$$

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

Turnover Ratios

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

$$\text{Receivables Turnover Ratio (days)} = \frac{(\text{Trade and Other Receivables}) * 180}{\text{Revenue}}$$

$$\text{Inventories Turnover Ratio (days)} = \frac{(\text{Inventories - Work in progress}) * 180}{\text{Costs of Sold Goods and Materials}}$$

$$\begin{array}{l} \text{Liabilities Turnover Ratio (days)} \end{array} = \frac{\begin{array}{l} \text{Liabilities} \\ * 180 \end{array}}{\begin{array}{l} \text{Sales and Marketing Costs+} \\ \text{+Administrative Expenses+} \\ \text{+Other Operating Expenses +} \\ \text{+Costs of Sold Products,} \\ \text{Services, Goods and Materials} \end{array}}$$

Liabilities Turnover Ratio
excluding
Liabilities due to
Bonds and Investment Credit (days)

$$= \frac{(\text{Liabilities} - \text{Credits and Loans}) * 180}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

9. Credits, Loans, Suretyships, Bank Guarantees and Significant Off-balance Sheet positions

9.1. Non-Revolving Credits

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	BGŻ BNP Paribas Bank Polska S.A.	office buildings SSE4 in Krakow	44,000	PLN	3,873 (4,182 as at the 31 st of December, 2017)	EUR	16,891 (17,444 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	1,719 (1,977 as at the 31 st of December, 2017)	EUR	7,498 (8,246 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 31 st of October, 2018	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A.	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	2,467 (2,944 as at the 31 st of December, 2017)	EUR	10,759 (12,280 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS do 28-06-2019	31.12.2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	9,021 (9,854 as at the 31 st of December, 2017)	EUR	39,346 (41,098 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS do 30-11-2023	30.11.2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement

Comarch S.A.	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	13,333 (11,286 as at the 31 st of December, 2017)	EUR	58,152 (47,075 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	15 th of May, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch S.A.	Bank Handlowy w Warszawie S.A.	Nonrevolving, long-term credit	2,508	EUR	1,980 (2,508 as at the 31 st of December, 2017)	EUR	8,636 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	16 th of December, 2019	Power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch S.A.	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	1,955 (2,130 as at the 31 st of December, 2017)	EUR	8,527 (8,885 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement
Comarch Healthcare S.A.	Bank Polska Kasa Opieki S.A.	Non-current assets - medical equipment for Medical Centre iMed24 in Krakow	15,889	PLN			1,135 (2,459 as at the 31 st of December, 2017)	PLN	WIBOR1M + bank margin	31 st of December, 2018	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, surety granted by Comarch S.A., power of attorney to manage Comarch Healthcare S.A. and Comarch S.A. bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch AG	BGŻ BNP Paribas Bank Polska S.A	Office building in Dresden - refinancing	6,000	EUR	0 (621 as at the 31 st of December, 2017)	EUR	0 (2,589 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	15 th of May, 2018	The mortgage and cession of rights in the office building in Dresden insurance policy, Surety granted by Comarch S.A., Comarch S.A. declaration of submission to enforcement
Bonus Development Sp. z o.o. SK-A	Bank Polska Kasa Opieki S.A.	Office building in Łódź			7,667 (8,043 as at the 31 st of December, 2017)	EUR	33,442 (33 545 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	31 st of May, 2030	The mortgage on the office building in Łódź, power of attorney to manage Bonus Development Sp. z o.o. SK-A bank accounts in the Bank Polska Kasa Opieki S.A., Bonus Development Sp. z o.o. SK-A declaration of submission to enforcement, cession of rights in the building insurance policy cession of rights in the bank

											guarantee for contract good performance and for warranty obligations, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., surety granted by Comarch S.A. together with a declaration of submission to execution and power of attorney to accounts of Comarch S.A. conducted by PEKAO S.A.
Comarch S.A.S. Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A.	Data centre in Lille in France	8,000	EUR	6,872 (6,734 as at the 31 st of December, 2017)	EUR	29,974 (28 085 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	The conventional mortgage established on the second place on the property belonging to Comarch S.A. located at ul. prof. Michała Życzkowskiego 23, Cracow (the SSEIV building), a statement of Comarch S.A. of submission to enforcement, power of attorney to accounts of Comarch S.A. maintained in bank BGŻ BNP Paribas S.A., cession of rights in the insurance policy of SSEIV building
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	delivery of IT equipment in relation to the IT project performed by the Comarch Group	12,980	PLN			8,944 (9,983 as at the 31 st of December, 2017)	PLN	fixed	1 st of March, 2022	None
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	delivery of IT equipment in relation to the IT project performed by the Comarch Group	17,691	PLN			17 691 (0 as at the 31 st of December, 2017)	PLN	fixed	31 st of January, 2019	None
Comarch Polska S.A.	IBM Global Financing Polska Sp. z o.o.	delivery of IT equipment in relation to the IT project performed by the Comarch Group	3,475	PLN			3,338 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	Surety granted by Comarch S.A.

9.2. Revolving credits

Comarch S.A. has the following revolving credits in the current account:

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	- (as at the 31 st of December, 2017)	PLN	WIBOR1M + bank margin	12 th of December, 2018	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement

Comarch S.A.	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	- (as at the 31 st of December, 2017)	PLN	WIBOR1M + bank margin	30 th of June, 2018	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement
Comarch S.A.	mBank S.A.	Financing operating activities	10,000	PLN	-	PLN	WIBOR O/N + bank margin	14 th of March, 2019	Declaration of submission to enforcement, an authorization to manage Comarch S.A.'s accounts in bank mBank S.A.

	At 30 th of June, 2018	At 31 st of December, 2017
Credit lines in the current account and revolving credits, including:	60,000	55,422
Used as at the balance sheet date	9,993	3,018
Available as at the balance sheet date	50,007	52,404

9.3. Loans

9.3.1. Loans Granted to Members of the Management Board and Members of the Supervisory Board

In the first half of 2018 a loan in the amount of PLN 2,000 thousand was granted to the Chairman of the Supervisory Board of Comarch S.A. PLN through Bonus Management sp. o.o. II Activia SK-A. Until 31st of March, 2018, this loan has been fully repaid.

In the first half of 2018, a loan in the amount of PLN 353 thousand was also granted to the President of the Management Board of Comarch S.A. by Comarch S.A.. Until the date of publication of the report, the loan has not been repaid.

9.3.2. Loans Granted to Employees of Comarch Group

None present.

9.4. Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A.

granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.

- d) Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- e) Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,682 thousand and is valid for the whole term of the contract.
- f) Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- g) Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- h) Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- i) Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- j) Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- k) Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- l) Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- m) Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2019.
- n) Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of

Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.

- o) Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2019.
- p) Due to conclusion of a framework agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG. The surety was granted up to the amount of the agreement, i.e. EUR 3,241 thousand and is valid till the termination of the project.
- q) Due to conclusion of a contract for implementation of Comarch Loyalty Management for Airlines, Comarch Smart Analytics and Comarch Customer Engagement Platform-Gamification, as well as the maintenance and management of the system by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The surety was granted up to the amount of the signed agreement, i.e. USD 5,000 thousand and for a period of 5 years.
- r) Due to conclusion of a contract for implementation of Comarch Customer Engagement Platform by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The contract was concluded for five years. The surety is valid until fulfilment by Comarch Middle East FZ-LLC of all obligations under the contract and has been granted up to a maximum liability of the contract, i.e. USD 10,000 thousand.
- s) Due to conclusion of a contract for investment credit by Bonus Development Sp. z o.o. SK-A, a subsidiary of Comarch S.A., with Bank Pekao S.A. under which the bank grants Bonus Development Sp. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.
- t) Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 31st of October, 2019.
- u) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- v) Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- w) Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- x) Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety

was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.

- y) Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- z) Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- aa) Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- bb) Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- cc) Due to conclusion of a contract by Comarch SAS, a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch SAS was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- dd) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- ee) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.
- ff) Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the Billing System project, a surety for liabilities of Comarch Luxembourg S.a.R.L. was granted to the amount of EUR 7,240 thousand by Comarch S.A. and is valid for the duration of the contract.
- gg) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment to perform a contract with one of the clients, a surety for liabilities of Comarch Polska S.A. was granted to the amount of PLN 3,660 thousand by Comarch S.A. and is valid for the duration of the contract.
- hh) Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand by Comarch S.A. and is valid for the duration of the contract.

9.5. Bank Guarantees and Significant Off-balance Sheet Positions

On the 31st of December, 2018, the value of bank guarantees and letters of credit issued by banks on order from Comarch S.A. in reference to executed agreements and participation in tender proceedings was PLN 94,678 thousand, whereas it was PLN 65,876 thousand on 31st of December, 2017.

On the 30th of June, 2018, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 82 thousand, whereas it was PLN 82 thousand on 31st of December, 2017.

On the 30th of June, 2018, the value of bank guarantees issued by banks on order from Comarch Group Software und Beratung was EUR 392 thousand (i.e. PLN 1,709 thousand), whereas it was EUR 392 thousand (i.e. PLN 1,634 thousand) on 31st of December, 2017.

On the 30th of June, 2018, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (i.e. PLN 70 thousand), whereas it was EUR 16 thousand (i.e. PLN 67 thousand) on 31st of December, 2017.

Comarch S.A. granted letters of comfort for subsidiaries: Comarch Healthcare S.A. valid until 30th of June, 2019, Comarch Malaysia SDN. BHD. valid until 31st of December, 2018 and for an unlimited period, Comarch Argentina S.A. for an unlimited period and Comarch R & D S.à r.l. for an unlimited period.

10. The Most Important Events in H1 2018 and after the Balance-Sheet Date

10.1. Contracts Significant for Issuers' Activities

The most important contracts signed by Comarch Group in H1 2018 are:

10.1.1. Signing the Agreement for Support, Operation and Maintenance Services for Comprehensive IT System for ZUS

In relation to the current report no. [RB-17-2017](#) (ENG: [RB-17-2017](#)) dated the 12th of September, 2017, on opening the offers presented in the limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by Zakład Ubezpieczeń Społecznych w Warszawie (the Polish Social Insurance Institution in Warsaw; ZUS) and in relation to the current report no. [RB-21-2017](#) (ENG: [RB-21-2017](#)) dated the 14th of November, 2017, on the announcement of results of this tender, Comarch S.A.'s Management Board hereby informs in the current report no. [RB-4-2018](#) (ENG: [RB-4-2018](#)) that on the 2nd of March, 2018, the consortium of Comarch Polska S.A. with its registered office in Krakow and Comarch S.A. with its registered office in Krakow (hereinafter referred to as the "Consortium") signed the agreement with Zakład Ubezpieczeń Społecznych w Warszawie (hereinafter referred to as the "ZUS") on support, operation and maintenance services for Comprehensive IT System for ZUS (hereinafter referred to as the "Agreement"). Subject of this Agreement is providing the maintenance, integration and additional services by Consortium for KSI ZUS IT system within the scope and terms specified in the Agreement. The total amount of the remuneration due to Consortium shall not exceed the gross amount of PLN 242,033,004.00 (two hundred forty-two million thirty-three thousand and four zlotys), including net amount of PLN 196,774,800.00 (one hundred ninety-six million seven hundred seventy-four thousand eight hundred zlotys) and 23% VAT in the amount of PLN 45,258,204.00 (forty-five million two hundred fifty-eight thousand two hundred and four). Time for execution of this Agreement is 48 months, however it begins from the day of starting the services, that is not later than within 12 months from the date of concluding the Agreement, after previous written declaration by the Consortium about readiness to take over maintenance services and after signing by the parties the protocol of handing over the services, unless otherwise agreed in writing. The Agreement expires also at the moment of exhausting the limit of gross remuneration due to Consortium. Within the terms specified in the Agreement, ZUS has the right to charge Consortium with the contractual penalties due to improper performance of liabilities resulting from the Agreement. The total amount of contractual penalties due to reasons specified in the Agreement may not exceed 50% of the gross remuneration. The payment of a contractual penalty shall not exclude the compensation responsibility in accordance with the law, provided that responsibility of Consortium due to failure to perform or improper performance of the liabilities specified in the Agreement (excluding the contractual penalties and amounts diminishing the remuneration), shall not exceed 100% of the gross remuneration, provided that the limitation of responsibility is not related to compensation for damages caused intentionally, caused by disclosure of protected data, including personal data, caused to a person or tangible, or intangible assets, resulting from physical or legal defects in products delivered by the Consortium. None of the parties to the Agreement is responsible for the lost profits and damages not connected to their operations or operations of the third parties, for whom the party is responsible.

AFTER THE BALANCE SHEET DATE

None presented.

10.1.2. Investment Credit Agreement with CaixaBank S.A. Branch in Poland

The Management Board of Comarch S.A. hereby informed in the current report no. [RB-14-2018](#) (ENG: [RB-14-2018](#)), dated 21st of May, 2018 that on 24th of August, 2018 Comarch S.A. signed an investment credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance expenditures related to the implementation of modernization works on the Comarch S.A. office infrastructure. The credit amounts to EUR 3,500,000.00, i.e. PLN 14,980,350.00 according to the euro exchange rate as at the date of signing the agreement. The crediting period lasts until August 23, 2023, the interest rate on the credit is based on the variable rate. The credit should be used until August 23, 2019. The credit collateral is:

- a) power of attorney granted to the Bank by Comarch S.A. to dispose of funds on settlement accounts operated by the Bank;
- b) statement by Comarch S.A. on submission to enforcement up to 150% of the credit amount.

10.2. Other

10.2.1. Conclusion of a Settlement with the Agency for Restructuring and Modernization of Agriculture (ARMA)

With reference to current report no. [RB-14-2014](#) (ENG: [RB-14-2014](#)), dated 19th of May, 2014 (regarding receiving an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter: "ARMA") covering a contractual penalty in the amount of PLN 32,455,497.28 (in words: thirty two million four hundred fifty-five thousand four hundred ninety-seven 28/100) in connection with the implementation by Comarch S.A. of the agreement of 29th of April, 2013 ("OFSA Agreement") and current report no. [RB-4-2015](#) (ENG: [RB-4-2015](#)), dated 15th of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14th of January, 2015 for the payment of PLN 34,493,717.28 (in words: thirty-four million four hundred ninety-three thousand seven hundred seventeen 28/100) - brought against Comarch S.A. by ARMA to the District Court in Warsaw, 3rd Civil Department - for contractual penalties charged by ARMA. Comarch S.A.'s Management Board informed in the current report no. [RB-6-2018](#) (ENG: [RB-6-2018](#)), about the settlement between Comarch S.A. and ARMA in front of the court mediator. As part of this settlement - making mutual concessions - the Parties agreed that the contractual penalties due to ARMA due to improper performance by Comarch S.A. OFSA agreements amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three 60/100) and that they will be settled with due Comarch S.A. from ARMA compensation, the amount of which, as part of mutual concessions, was set at PLN 1,478,098.24 (in words: one million four hundred seventy eight thousand ninety eight 24/100) - due to lost profits resulting from ARMA's failure to consortium from Comarch S.A. and Comarch Polska S.A. contracts for "Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSplus, GIS, SIZ, PZSIPplus, PA)" ("the SIA Agreement") - as a result of concluding this agreement with another contractor. As a result of the settlement, the total value of the contractual penalty to be paid by Comarch S.A. will amount to PLN 2,000,375.36 (in words: two million three hundred and seventy-five 36/100), which is in the reserve established by Comarch S.A. in 2014 in the amount of PLN 2,276,882.40 (in words: two million two hundred seventy-six thousand eight hundred and eighty-two 40/100). At the same time, as part of the settlement, ARMA waived further claims arising from contractual penalties related to the performance of the OFSA Agreement, and Comarch S.A. waived all further claims related to the failure to sign the SIA Agreement. Comarch S.A.'s Management Board informs that he has taken action to approve the above-mentioned settlement by the competent court.

10.2.2. Conclusion of an Agreement with Tauron Dystrybucja S.A.

With reference to current report no. [RB-19-2017](#) (ENG: [RB-19-2017](#)), dated 24th of October, 2017 regarding receipt by Comarch S.A. as the Leader of the consortium comprising: Comarch S.A., Apator Rector sp. z o.o., Tukaj Mapping Central Europe sp. z o.o. and Eurosystem S.A. (the „Consortium”) received debit note issued by Tauron Dystrybucja S.A. (the “Tauron”) requesting payment of PLN 30,246,071.61 by the Consortium’s members. The Management Board of Comarch S.A. hereby informed in the current report no. [RB-9-2018](#), (ENG: [RB-9-2018](#)), dated 5th of June, 2018, as a result of mediation proceedings between the Consortium and Tauron, a settlement was reached. In accordance with the concluded settlement, Tauron verified the demand for payment of contractual penalties for delay in execution of Phase 2, Stage 3 and Passporting up to PLN 11,140,250.00, waiving further investigation of accrued contractual penalties from the above-mentioned agreements. In addition, as a result of Tauron's identification of the need to perform additional works and services, the Consortium will undertake the additional tasks for Tauron for PLN 23,950,250. Pursuant to the provisions of the settlement, the penalties from the settlement will be settled by contractual deduction with the receivables of the Consortium for the payment of remuneration for the implementation of the above-mentioned additional work and services. At the same time, on the 5th of June, 2018, Comarch S.A. concluded with Apator Rector sp. o.o. agreement in which Apator Rector sp. o.o. will release Comarch S.A. towards Tauron from commitment to pay the penalties, as well as surrendering to Comarch S.A. all claims. Apator Rector sp. o.o. has also committed itself in the concluded agreement to perform additional works and services resulting from the settlement concluded with Tauron.

10.2.3. Opinion of the Supervisory Board Regarding Dividend for 2017

The Management Board of Comarch S.A. hereby informed in the current report no. [RB-7-2018](#) (ENG: [RB-7-2018](#)), dated 21st of May, 2018 that the Supervisory Board of Comarch S.A. gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2017 in financial year from 1st of January, 2017 to 31st of December, 2017 in the amount of PLN 39 338 096,57 (thirty-nine million, three hundred and thirty-eight thousand, ninety-six zlotys and 57/100) as follows:

- 1) part of the net profit in the amount of PLN 12 200 023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) is allocated for the payment of dividends. Dividends in the amount of PLN 1.50 (one zloty 50/100) per one share will be received by persons who are shareholders of the Company on August 10, 2018 (the dividend day). The number of shares covered by the dividend is 8,133,349 units. The dividend will be paid out on August 31, 2018;
- 2) the remaining part of the net profit in the amount of PLN 27,138,073,07 (twenty-seven million one hundred thirty-eight thousand seventy-three zlotys and 7/100) is transferred to supplementary capital.

AFTER THE BALANCE SHEET DATE

None presented.

11. Major Domestic and Foreign Investment (Securities, Financial Instruments, Intangible Assets and Real Estate), including Capital Investment Made outside the Group of Related Parties, as well as a Description of their Financing, as well as an Appraisal of Ability for Executing Investment Plans, Including Capital Investment Compared to the Amount of Resources Owned

The Group 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,

especially in Western Europe. 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.

Within the following years, the Comarch Group will continue investment projects which will enable further expansion of the Company to new commercial areas and new markets. They will be financed with the means accorded by the companies at the Comarch Group, but also with bank credits.

11.1. Capital Investments

On the 22nd of March, 2018, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share.

On the 11st of May, the increase of capital in Comarch Management Sp. z o.o. was registered by PLN 100 thousand, i.e. from PLN 300 thousand to PLN 400 thousand.

On the 13th of April, 2018, a subsidiary company Comarch Mexico S.A. de C.V. was registered. The share capital amounts to MXN 500 thousand and consists of 500 shares with the nominal value MXN 1,000 each. Comarch S.A. holds 495 of shares, i.e. 99% of shares and votes in Comarch Mexico S.A. de S.V., while CA Consulting S.A. holds 5 of shares, i.e. 1% of shares and votes in the company.

AFTER THE BALANCE SHEET DATE

On the 6th of July, 2018, the increase of share capital in Comarch Healthcare S.A. was registered by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00.

On the 2nd of July, 2018, the Extraordinary General Meeting of Comarch Japan KK has adopted a resolution about the increase of the share capital by JPY 10,000 thousand, i.e. from JPY 5,000 thousand to JPY 15,000 thousand. Comarch UK acquired in its entirety a new share issue, i.e. 200 shares with a nominal value of JPY 50,000. Until the date of publication of this report, the above capital increase has not been registered.

11.2. Real Estates and Other Material Investment

Property, plant and equipment include mainly real estate and equipment owned by the Comarch Group. As at the 30th of June, 2018, the Group's property are seven office buildings in the Special Economic Zone in Krakow ("SEZ") at 83,5000 square metres of the total space, two office buildings in Warsaw at 2,582 square metres of the total space and office buildings in Łódź (including a modern office building at 9,906.20 square meters of the total space put into use in 2017), office building and commissioned for use in the first half of 2018 data center in Lille, and an office building and data centre in Dresden. The Group owns also lands in the Special Economic Zone in Krakow at 2.01 ha of the total area. Property, Plant and Equipment under Construction as at 30th of June, 2018, include mainly expenditures related to investments in the Special Economic Zone in Krakow, involving additional works in the SSE 7 office building (PLN 5,182 thousand), expenditures for modernization of buildings at Bonus Management sp. o.o. SKA in the amount of PLN 5,577 thousand and outlays for the purchase of computer equipment not yet adopted for use.

Comarch Healthcare S.A. began to conduct the diagnostic and medical activity (Medical Centre iMed24) in the first quarter of 2012 and commenced use of the diagnostic and medical equipment purchased in 2011. As at the 30th of June, 2018, the book value of this equipment amounted to PLN 1,860 thousand.

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical

infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². On the 30th of October, 2017, amendments to the aforementioned agreement were signed (current report no. [RB-20-2017](#), ENG: [RB-20-2017](#)), where completion date was extended to 31st of December, 2017. Works covered by the initial scope of the agreement were performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed (current report no. [RB-3-2018](#), ENG: [RB-3-2018](#)), which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721 thousand up to PLN 69,999 thousand. Additional works will be completed in the third quarter of 2018.

The office building that was purchased by Comarch S.A.S. in Lille has been adapted to the office function and is the seat of the company. On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract was the alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data centre. The value of this agreement amounts to EUR 7,553 thousand net, i.e. PLN 32,943 thousand (exchange rate at the 30th of June, 2018). The works were completed in the second quarter of 2018.

In the second quarter of 2018, there were no purchases of land properties.

12. Activities in Special Economic Zone

On the 22nd of March, 1999, Comarch S.A. obtained a permit for conducting activity in the Special Economic Zone in Krakow ("SEZ"). According to the regulation of the Council of Ministers of the 14th of October, 1997 on establishment of a Special Economic Zone in Krakow (Journal of Laws No. 135, item 912 and changes to this act), the entities, which invested in the Krakow special economic zone at least EUR 2 million obtained the allowance applicable for the income tax from legal entities from the income obtained from the activity specified in the permit. 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 cannot exceed 75% of the value of investment expenditures, which the company has incurred/shall incur since obtaining the permit, i.e. from the 22nd of March, 1999, to the 31st of December, 2006. Comarch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On the 1st of July, 2004, it received a decision from the Minister of the Economy dated the 24th of June, 2004, on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). At the same time, the period of time for which the permit for Comarch S.A. was issued was extended to the 31st of December, 2017, in the changed permit.

Comarch S.A. currently holds four permits for operating in the Krakow Special Economic Zone:

- issued in 2007, originally with a validity period until 31st of December, 2017, currently in accordance with the decision of the Ministry of Development and Finance from 18th of October, 2017, changed to an indefinite period of validity;
- issued in 2013, that permit do not specify their validity date;
- issued in February, 2016, that permit do not specify their validity date;
- issued in March, 2016, that permit do not specify their validity date.

At the same time the company emphasises that on the 23rd of July, 2013, the Council of Ministers adopted the regulation lengthening the period for existing of special economic zones in Poland till 2026.

The investment relief for the permit obtained in 1999 was used in total (its validity period expired on 31st of December, 2017). The value of the investment relief for the permit obtained in 2007 amounts to PLN 16,275 thousand as at 30th of June, 2018 PLN (after discounting as at the day of granting the permit). The value of the investment relief for the permit obtained in 2013 amounts to PLN 28,929 thousand as at 30th of June 30, 2018 (after discounting as at the day of granting the permit). The value of the investment relief for the permit obtained in March 2016 regarding the investment in the office building SSE7 in Krakow as at 30th of June, 2018, amounts to PLN 22,759 thousand (after discounting as at the day of granting the permit).

Deferred income tax assets are determined in the amount expected to be deducted from income tax in the future in connection with negative temporary differences and income tax relief in connection with conducting business activity in SEZ, which will result in a future reduction of the tax base for income tax calculation and deductible tax loss determined considering the precautionary principle. Due to the above principle, assets from operations in SEZ are set only in the annual time horizon taking as a base to determine the average income obtained from zonal activity from the period of 5 years (including the year for which the report is prepared).

In H1 2018, the Group dissolved in part an asset due to activities in the SEZ that was worth PLN 1,283 thousand and established as at the 31st of December, 2017, in proportion to the generated tax-exempt income in this period. This asset will be gradually dissolved within 2018 in proportion to the generated tax-exempt income in this period. The Group settled in part deferred tax assets due to temporary differences in the amount of PLN 1,721 thousand and created the deferred tax assets due to temporary differences in the amount of PLN 5,625 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 283 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 2,904 thousand.

13. Resolutions of the AGM and the Board of Supervisors

13.1. Corporate Governance Principles

Pursuant to the detailed principle number II.Z.10 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board conveyed in EBI current report [EBI 1/2018](#) (ENG: [EBI 1/2018](#)) the report on the activities of the Supervisory Board of Comarch S.A., an assessment of the Company situation in 2016 including assessment of the Company's internal system control and risk management in the Company, an assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles, as well as the report on the sponsorship or charity activities carry out of the Company.

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A. Management Board announced in EBI current report no. [EBI 2/2018](#) (ENG: [EBI 2/2018](#)) that Supervisory Board of Comarch S.A. passed the resolution no. 10/5/2018 in which projects of the resolutions at the AGM, to be held on the 27th of June, 2018, are given positive opinions.

13.2. Annual General Meeting – 27th of June, 2018

a) Convention of the AGM, Agenda of the Meeting and Information on Participation in the Company's General Meeting

On the 21st of May, 2018, pursuant to article 395, 399 § 1, article 402 with index 1 and 402 with index 2 of the Code of Commercial Companies and Partnerships, and pursuant to article 14 of the Company's Statute, the Management Board of Comarch S.A. convened the Annual General Shareholders' Meeting of Comarch S.A., to be held at 10:00 o'clock on the 27th of June, 2018, at ul. Prof. Michała Życzkowskiego 23 in Krakow, Poland. Agenda of the meeting and projects of resolutions to be presented on AGM, and their grounds, were also published on that day. Pursuant to art. 402 with index 2 of the Code of Commercial Companies and Partnerships, the Company's Management Board has presented information on participation in the Company's General Meeting, including:

- Shareholder's right to demand the inclusion of specific issues in the agenda of the nearest General Meeting,
- A shareholder's right to introduce projects of resolutions,
- Method of exercising the right to vote by proxy,
- The possibility and the method of participating in the General Meeting using means of electronic communication,

- The method of giving one's opinion during the General Meeting using means of electronic communication,
- The method of exercising a voting right in by correspondence or by using means of electronic communication,
- Date of registration for participation in the General Meeting: 11th of June, 2017,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address.

The Company announced details in current report [RB-8-2018](#) (ENG: [RB-8-2018](#)) dated the 21st of May, 2018.

b) Content of the Resolutions Passed at the AGM

The AGM passed the resolutions related to:

- election of Chairman of the General Meeting;
- removing from the agenda of the meeting the point regarding the election of the Returns Committee;
- passing the agenda of the meeting;
- approving the Company financial statement for the fiscal year 1.01.2017 - 31.12.2017;
- approving the report of the Management Board regarding the activities of the Company in 2017;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2017 - 31.12.2017;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2017;
- approving the reports of the Company's Board of Supervisors on the activities of the Board of Supervisors and the assessment of the Company's and Comarch Capital Group's situation, from the audit of the Comarch S.A.'s financial statement and report of Management Board regarding the activities of the Company in 2017 and from the audit of the consolidated financial statements and report of Management Board regarding the activities of capital group in 2017;
- distribution of the Company's net profit for the fiscal year 1.01.2017 - 31.12.2017;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2017 - 31.12.2017;

The full content of the resolutions were published on in the current report [RB-10-2018](#) (ENG: [RB-10-2018](#)) dated the 27th of June, 2018.

c) Resolution of the AGM Regarding Dividend for 2017

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2017 - 31 December 2017. The General Shareholder's Meeting decided that net profit in the amount of PLN 39,338,096.76 will be divided as follows:

1. PLN 12,200,023.50 will be paid as dividend. Persons who will be the company's shareholders at the 10th of August, 2018 (dividend day), will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. Dividend will be paid on 31th of August, 2018;
2. The remaining part of the net profit in the amount of PLN 27,138,073.07 will be passed to supplementary capital.

Dividend was paid at the 31th of August, 2018.

The Company announced details in current report [RB-11-2018](#) (ENG: [RB-11-2018](#)) dated the 27th of June, 2018.

d) The List of Shareholders Participating the Annual General Shareholders Meeting

Accordingly, to the list of shareholders participating the Annual General Meeting of Comarch S.A. on the 27th of June, 2018, Elżbieta Filipiak and Janusz Filipiak held at least 5% of the total number of votes represented at this Meeting:

- Janusz Filipiak – 893,000 shares which gave 4,465,000 votes at the AGM, which constituted 47.98% of the all votes at this AGM and which constituted 29.52% of the total number of votes;
- Elżbieta Filipiak – 846,000 shares which gave 4,230,000 votes at the AGM, which constituted 53.45% of the all votes at this AGM and which constituted 27.96% of the total number of votes.

The total number of votes from all issued Comarch S.A. shares is 15,126,949. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 27th of June, 2018 held shares giving 8,824,644 votes, which constituted 58.34% of the total number of votes. The Company announced details in current report [RB-12-2018](#) (ENG: [RB-12-2018](#)), dated the 27th of June, 2018.

14. Operations on Comarch S.A. Shares

14.1. Purchase/Disposal Transactions on Comarch S.A. Shares

On 12nd of March, 2018, Management Board of Comarch S.A. received from a person acting as a managing person a notification of transaction referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 8th of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50. The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#) (ENG: [RB-5-2018](#) and [RB-5-2018/K](#)) dated the 12th of March, 2018.

On 27th of June, 2018, Management Board of Comarch S.A. received from a person acting as a managing person a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. These transactions concerned a purchase on the 2nd of March, 2018, of 63 ordinary bearer shares on regulated market at the weighted average price of PLN 155.00 per 1 share and purchase on the 27th of June, 2018, of 300 ordinary bearer shares on regulated market at the weighted average price of PLN 144.00 per 1 share. The value of the transactions amounted to PLN 52,965.00. The Company announced details in current report no. [RB-13-2018](#) (ENG: [RB-13-2018](#)), dated the 27th of June, 2018.

AFTER THE BALANCE SHEET DATE

None present.

14.1. Managerial Option Program for Members of the Management Board

None present.

15. Operations on Shares of Subsidiaries and Related Parties

None were present, except for the operations described in point [19.4](#) of the financial statement.

AFTER THE BALANCE SHEET DATE

None were present, except for the operations described in point [19.5](#) of the financial statement.

16. Other Events in H1 2018 and after the Balance Sheet Date

16.1. Dates of Periodical Financial Reports in 2018

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report [RB-1-2018](#) (ENG: [RB-1-2018](#)) dated the 2nd of January, 2018, Comarch S.A. Management Board presented terms of periodical financial reports in 2018.

16.2. The Management Board Statement regarding the Corporate Governance Principles

Pursuant to § 29, section 5 of the Rules of the Warsaw Stock Exchange, the Management Board of Comarch S.A. presented report regarding the corporate governance principles in the Company in 2017 as attachment to the annual statement published on 27th of April, 2017.

16.3. Amendment to the agreement with Bank Pekao S.A for providing Comprehensive Comarch Internet Banking (CIB)

With reference to current report no. [RB-3-2017](#) (ENG: [RB-3-2017](#)), dated 24th of March, 2017, Comarch S.A.'s Management Board informed in the current report no. [RB-2-2018](#) (ENG: [RB-2-2018](#)), dated 5th of January, 2018, on receiving a signed amendment to the agreement for Comprehensive Comarch Internet Banking (CIB) (banking corporate) concluded with Bank Pekao S.A. and CA Consulting S.A., a subsidiary of Comarch S.A., on 23rd of December, 2005 (hereinafter: "Agreement"). As part of the amendment, a new scope and date of the service provision was established. The parties also stated that they have no claims against each other arising from non-performance or improper performance of the above-mentioned Agreements, which means no claim by Bank Pekao S.A. to CA Consulting S.A., about which Comarch S.A.'s Management Board informed in the current report no. [RB-3-2017](#) (ENG: [RB-3-2017](#)).

16.4. Amendment to the Contract with Budimex S.A. for the Realization of the Sixth Construction Stage of the Investment in the Special Economic Zone in Krakow (SSE7)

With reference to the current report no. [RB-3-2016](#) (ENG: [RB-3-2016](#)), dated the 18th of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, the Management Board of Comarch S.A. announced in the current report no. [RB-20-2017](#) (ENG: [RB-20-2017](#)), that on the 30th of October, 2017, they signed amendment to the above-mentioned contract. As a consequence, the planned completion date of this investment was performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed, which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018.

AFTER THE BALANCE SHEET DATE

16.5. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of July, 2018 and the 31st of August, 2018, Comarch Group concluded forward contracts for the sales of EUR 8,175 thousand. The total net value of open forward contracts as of the 31st of August, 2018 amounted to EUR 50,940 thousand and USD 10,400 thousand. The open forward contracts as of the 31st of August, 2018 were valued approx. PLN 5,600 thousand. The contracts will be settled within 30 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

17. Characteristic of Policy of the Development Direction in the Comarch Group

The strategic development directions in the Comarch Group are:

- development of international sales, especially focusing on mature markets in Western Europe (in particular in the DACH region) and both Americas and Asia,
- constant development of its own technologically advanced products, high expenses for R&D,
- development of products and IT services for medicine,
- development of sales of IT products and services as cloud computing,
- diversification of an offer through sales of products and services to customers in many economic sectors,
- continuation of development works within IT solutions for e-Health sector which should become one of the main sources of customers for the Comarch Group in the future,
- continuation of development works related to development of its own solutions within hardware and services based on it (Internet of Things),
- strict cooperation with global customers in international markets,
- constant investment in human resources, development of a modern production base in Poland and abroad.

18. Achievements within Research and Development

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. Expenses for research and development works amounted to PLN 179.3 million, thus reached 16.3% of revenue in 2017. Comarch allocated their internal funds as well as acquired actively European funds.

Comarch S.A.

In the first half of 2018, the implementation of the project "Developing " IoT Mesh " technology and supporting tools" was continued under the **Smart Growth Operational Programme 2014-2020** co-financed by the European Regional Development Fund. Measure 1.1.

The "Healthy City" Project was also implemented under Priority 1.1. Support for R&D Activities of Enterprises", Sub-priority 1.1.2 „R&D Work Related to Manufacturing a Pilot/Demonstration Installation”.



Fundusze Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



Under the **Horizon 2020** Program, a contract for financing the "LIVING INNOVATION - Implementing RRI through co-creation of smart futures with industry and citizens" - LIV.IN. project has been signed.



Komisja Europejska

Comarch Healthcare S.A.

In H1 2018, within the Strategic program of scientific research and development "Prevention and treatment of Civilization izeases" - **STRATEGMED II**, an agreement was signed for subsidizing the project "Non-invasive monitoring for early detection of atrial fibrillation (AF)" - NOMED-AF



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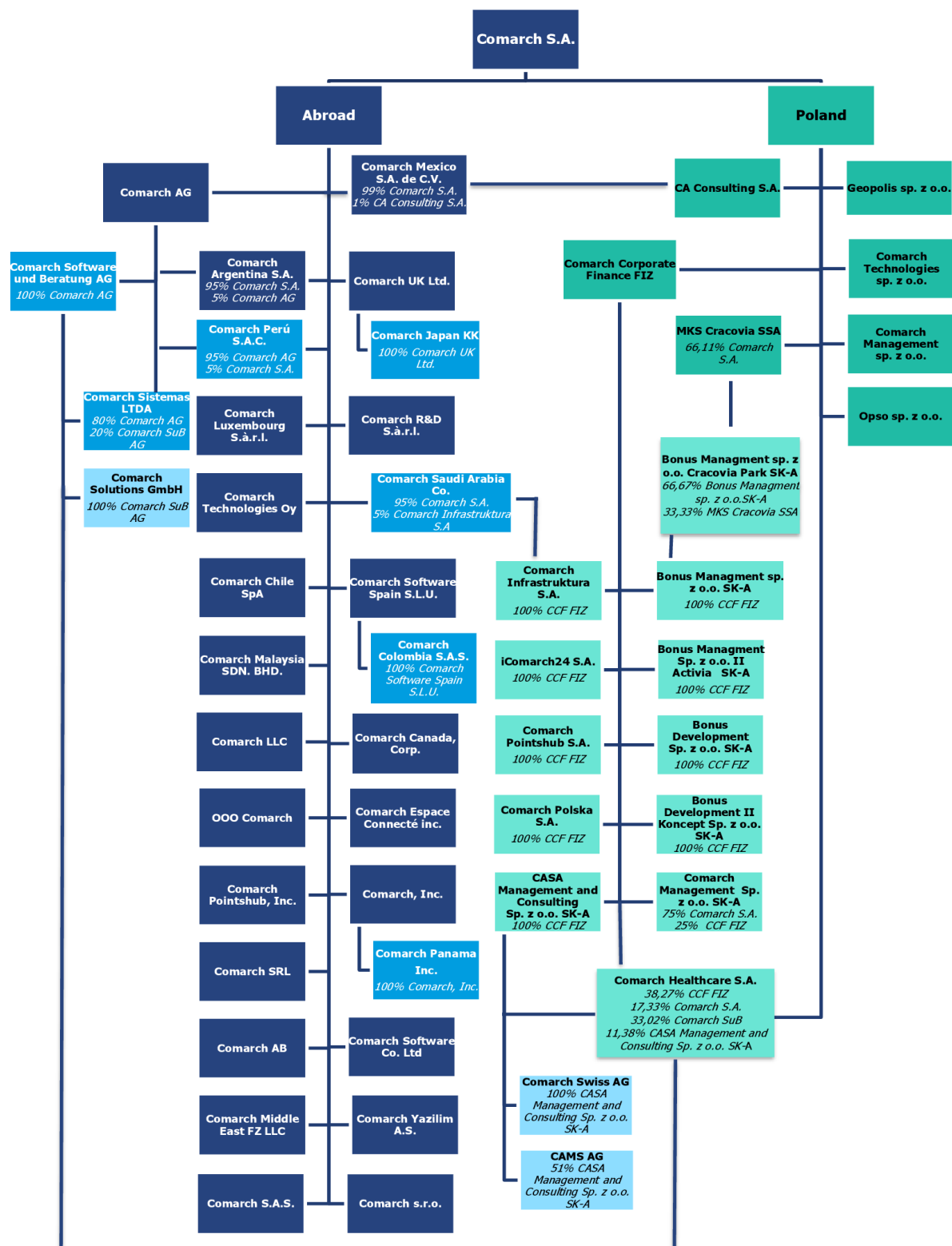
19. Capital Affiliations of the Issuer**19.1. Characteristics of Companies in the Comarch Group**

The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

The structure of activities of the Comarch Group is as follows:

- The Parent Company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch, Inc., Comarch Panama, Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., and Comarch Software (Shanghai) Co. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market;
- Comarch Polska S.A. acquires IT contracts in domestic market, mostly in public sector and executes them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for developing technologies related to design and production of electronic devices and related software;
- CA Consulting S.A. specialises in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor;
- Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty conducts investment activity (through its subsidiaries) in the scope of new technologies and services, as well as investment activities on capital market;
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A., Bonus Management sp. z o.o. II Activia SK-A and Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates;
- Comarch Healthcare S.A. manufactures and sells software related to medicine, medical devices, and provides medical and diagnostics services, as well as manufactures and delivers comprehensive IT solutions for medical sector;
- Comarch Pointshub S.A. produces and implements loyalty software within SmartCity;
- Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing;
- iComarch24 S.A. conducts IT projects related to e-accounting and e-commerce, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
- Geopolis sp. z o.o. produces and implements integrated GIS systems in public administration units;
- MKS Cracovia SSA is a sport joint stock company;
- „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A conducts investment activity in relation to sport, wellness and recreation;
- Opso sp. z o.o. provides catering services;
- Comarch s.r.o. is currently not operating.

19.2. Capital Structure of the Comarch Group



100% Comarch S.A., unless otherwise indicated.

On the 30th of June, 2018, associates of the parent company were:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% held by Bonus Management sp. z o.o. Activia SK-A),
- Metrum Capital S.A. (15.79% votes held by Comarch S.A., 31.58% votes held by CAMS AG),
- Thanks Again LLC with its registered office in Tyrone, GA, USA (42.5% votes held by Comarch Pointshub, Inc.).

The associated companies are not consolidated. Shares are valued with equity method.

19.3. Relationship

The consolidated financial statement of the Comarch Group for the 6 months ended the 30th of June, 2018, comprises the financial statements of the following companies:

Company	Relationship	Consolidation method	% held by Comarch S.A. in a subsidiary's share capital
Comarch S.A.	Parent Company	full	
Comarch AG	Subsidiary	full	100%
Comarch Sistemas LTDA	Subsidiary	full	80% held by Comarch AG, 20% held by Comarch Software und Beratung AG
Comarch Peru S.A.C.	Subsidiary	full	95% held by Comarch AG, 5% held by Comarch S.A.
Comarch Software und Beratung AG	Subsidiary	full	100% held by Comarch AG
Comarch Solutions GmbH	Subsidiary	full	100% held by Comarch Software und Beratung AG
Comarch S.A.S.	Subsidiary	full	100%
Comarch R&D S.à r.l.	Subsidiary	full	100%
Comarch Luxembourg S.à r.l.	Subsidiary	full	100%
Comarch Inc.	Subsidiary	full	100%
Comarch Panama Inc.	Subsidiary	full	100% held by Comarch Inc.
Comarch Canada. Corp.	Subsidiary	full	100%
Comarch Espace Connecté Inc.	Subsidiary	full	100%
Comarch Middle East FZ-LLC	Subsidiary	full	100%
Comarch LLC	Subsidiary	full	100%
OOO Comarch	Subsidiary	full	100%
Comarch Software (Shanghai) Co. Ltd.	Subsidiary	full	100%
Comarch Technologies Oy	Subsidiary	full	100%
Comarch UK Ltd.	Subsidiary	full	100%
Comarch Japan KK	Subsidiary	full	100% held by Comarch UK

Comarch Chile SpA	Subsidiary	full	100%
Comarch Software Spain S.L.U.	Subsidiary	full	100%
Comarch Colombia S.A.S.	Subsidiary	full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	Subsidiary	full	100%
Comarch SRL	Subsidiary	full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	full	100%
Comarch s.r.o.	Subsidiary	full	100%
Comarch Pointshub. Inc.	Subsidiary	full	100%
Comarch AB	Subsidiary	full	100%
Comarch Argentina S.A.	Subsidiary	full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Mexico S.A. de C.V.	Subsidiary	full	99% held Comarch S.A., 1% held CA Consulting S.A.
Comarch Technologies sp. z o.o.	Subsidiary	full	100%
CA Consulting S.A.	Subsidiary	full	100%
Geopolis sp. z o.o.	Subsidiary	full	100%
Comarch Management sp. z o.o.	Subsidiary	full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	full	100% in total number of investment certificates
Comarch Management sp. z o.o. SK-A	Subsidiary	full	26.45% held by Comarch S.A., 8.82% held by CCF FIZ, 64.73% purchased by Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	Subsidiary	full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SK-A	Subsidiary	full	100% held by CCF FIZ
Comarch Healthcare S.A.	Subsidiary	full	45.84% held by CCF FIZ 20.76% held by Comarch S.A. 19.77% held by Comarch Software und Beratung AG.

			13.63% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	Subsidiary	full	100% held by CCF FIZ
Comarch Pointshub S.A.	Subsidiary	full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Comarch Swiss AG	Subsidiary	full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	Subsidiary	full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	Subsidiary	full	100%
MKS Cracovia SSA	Subsidiary	full	66.11%

19.4. Changes in Ownership and Organisational Structure in H1 2018

On the 22nd of March, 2018, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share.

On the 11th of May, the increase of capital in Comarch Management Sp. z o.o. was registered by PLN 100 thousand, i.e. from PLN 300 thousand to PLN 400 thousand.

On the 13th of April, 2018, a subsidiary company Comarch Mexico S.A. de C.V. was registered. The share capital amounts to MXN 500 thousand and consists of 500 shares with the nominal value MXN 1,000 each. Comarch S.A. holds 495 of shares, i.e. 99% of shares and votes in Comarch Mexico S.A. de S.V., while CA Consulting S.A. holds 5 of shares, i.e. 1% of shares and votes in the company.

19.5. Changes in Ownership and Organisational Structure in Comarch Group after the Balance Sheet Date

On the 6th of July, 2018, the increase of share capital in Comarch Healthcare S.A. was registered by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00.

On the 2nd of July, 2018, the Extraordinary General Meeting of Comarch Japan KK has adopted a resolution about the increase of the share capital by JPY 10,000 thousand, i.e. from JPY 5,000 thousand to JPY 15,000 thousand. Comarch UK acquired in its entirety a new share issue, i.e. 200 shares with a nominal value of JPY 50,000. Until the date of publication of this report, the above capital increase has not been registered.

20. Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions

None present.

21. 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 2017.

22. Factors and Events of Unusual Nature that Affect the Issuer Activities and the Achieved Results, as well as Their Appraisal

22.1. Deferred Income Tax Assets

In the first half of 2018, the Group partially dissolved an asset due to activities in the SEZ, worth PLN 1,283 thousand and established as at the 31st of December, 2017, in line with the amount of zone income generated in the H1 of 2018. This asset will be gradually resolved over 2018 in proportion to the generation of tax-exempt income in this period. The Group settled in part a deferred tax asset related to temporary differences that was established as at the 31st of December, 2017, and worth PLN 1,721 thousand, as well as an asset due to temporary differences was recognised in the amount of PLN 5,625 thousand. An asset due to tax loss was created and dissolved in the amount of PLN 283 thousand. The total effect of the above-mentioned operations on the net result of H1 2018 was plus PLN 2,904 thousand. Due to valuation of net assets of CCF FIZ, in the first half of 2018, the Group reduced a deferred tax provision, which was created in the previous years and worth PLN 100 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 2,684 thousand and dissolved in the amount of PLN 4,300 thousand. The total effect of the above-mentioned operations on the net result of H1 2018 was plus PLN 1,716 thousand. In total, changes in the deferred tax resulted in an increase in the result of PLN 4,620 thousand.

22.2. Valuation of Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of June, 2018, increased revenue and operating profit of the Comarch Group by PLN 5,315 thousand (while in H1 2017 decreased by PLN 13,718 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 11,964 thousand (while in H1 2017 increased by PLN 4,918 thousand). The valuation of financial instruments (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Group's net result by PLN 5,437 thousand (while in H1 2017 increased by PLN 18,027 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in H1 2018 was minus PLN 12,086 thousand (plus PLN 9,227 thousand in H1 2017).

22.3. Other Operating Income

In H1 2017, other operating income, amounted to PLN 15,333 thousand and had a positive influence on the operating result, as a result of, among others, settle the provision for bad debts and disposal of intangible assets by MKS Cracovia SSA.

23. Description of the Main Capital Deposits or the Main Capital Investments Made within the Comarch Group in the Given Year

None were present, except for the deposits and investments described in point [11](#) of the financial statement.

24. Significant Legal, Arbitration or Administrative Proceedings related to Liabilities or Receivables of the Issuer or a Subsidiary, with the Subject of the Proceedings, the Value of the Subject of the Dispute, with the Subject of the Proceedings, the Value of the Subject of the Dispute, the Date of Initiation of the Proceedings, the Parties to the Proceedings and the Position of the Issuer

None were present, except for the ones described in point 3.19 of the consolidated financial statement for H1 2018.

Krakow, 31st of August, 2018

NAME AND SURNAME	POSITION	SIGNATURE
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

Comarch S.A.

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

The Management Board of Comarch S.A. states that to the best of our knowledge, the condensed interim consolidated financial statement and the condensed interim financial statement for the six months ended the 30th of June, 2018, and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the Capital Group and the company, and the financial results. Furthermore, the report regarding the Capital Group's activities truly describes the development image and achievements as well as the Capital Group's situation including basic threats and risk.

Krakow, 31st of August, 2018

Janusz Filipiak

President of the Management Board

Marcin Dąbrowski

Vice-President of the Management Board

Paweł Prokop

Vice-President of the Management Board

Andrzej Przewięźlikowski

Vice-President of the Management Board

Zbigniew Rymarczyk

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Konrad Tarański

Vice-President of the Management Board

Marcin Warwas

Vice-President of the Management Board