

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr 1 / 2017

quarter / year

(pursuant to §82 sec.2 and §83 sec. 1 of the Regulation issued by the Minister of Finance on 19 Feb. 2009 - Journal of Laws No. 33 Item 259)
for issuers of securities managing production, construction, trade or services activities

for <u>1</u> quarter of financial year <u>2017</u>	from <u>2017-01-01 to 2017-03-31</u>
including consolidated financial statement according to	<u>International Financial Reporting Standards (IFRS)</u>
in currency	<u>PLN</u>
and summary of financial statement according to	<u>Act on Accounting (Journal of Laws 13.47.330)</u>
in currency	<u>PLN</u>
date of publication	<u>2016-05-22</u>

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)
Al. Jana Pawła II	39A
(street)	(number)
012 646 10 00	012 646 11 00
(telephone number)	(fax number)
IR@comarch.pl	www.comarch.pl
(e-mail)	(www)
677-00-65-406	350527377
(NIP)	(REGON)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	242,236	243,156	56,477	55,822
II. Operating profit (loss)	-11,285	12,266	-2,631	2,816
III. Profit before income tax	8,419	10,732	1,963	2,464
IV. Net profit attributable to shareholders of parent company	4,819	7,177	1,124	1,648
V. Net cash flows from operating activities	87,163	38,223	20,322	8,775
VI. Net cash flows from investing activities	-36,152	-18,866	-8,429	-4,331
VII. Net cash flows from financing activities	13,631	-2,294	3,178	-527
VIII. Change in net cash flows	64,642	17,063	15,071	3,917
IX. Number of shares	8,133,349	8,133,349	1,896,283	1,867,203
X. Earnings (losses) per single share (PLN/EURO)	0.59	0.88	0.14	0.20
XI. Diluted earnings (losses) per single share (PLN/EURO)	0.59	0.88	0.14	0.20
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	171,897	161,218	40,078	37,011
XIII. Profit (loss) on operating activities	5,658	15,415	1,319	3,539
XIV. Gross profit (loss)	14,459	18,457	3,371	4,237
XV. Net profit (loss)	11,648	17,461	2,716	4,009
XVI. Net cash flows from operating activities	45,079	1,327	10,510	305
XVII. Net cash flows from investing activities	-4,534	-14,919	-1,057	-3,425
XVIII. Net cash flows from financing activities	10,941	-4,093	2,551	-940
XIX. Total net cash flow	51,486	-17,685	12,004	-4,060
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	4.89	6.28	1.14	1.44
XXII. Diluted earnings (losses) per single share (PLN/EURO)	4.89	6.28	1.14	1.44

EQUITIES				
XXIII. Equity attributable to shareholders (consolidated)	842,777	847,423	199,720	181,628
XXIV. Equity (parent company)	783,760	771,742	185,734	174,919

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 01.01.2017 to 31.03.2017: 4.2891;
- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2016 to 31.03.2016: 4.3559;

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

- 31.03.2017: 4.2198;
- 31.12.2016: 4.4240.

Values of equities (positions XXIII, XXIV) were presented as at the end of first three 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 quarter 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
Qsr_1_2017.pdf	Qsr 1 2017

SIGNATURES

Date	Name and surname	Position	Signature
2016-05-22	Konrad Tarański	Vice-President of the Management Board	
2016-05-22	Maria Smolińska	Proxy	



**Comarch Capital Group Consolidated
Financial Statement for the period from
1 January 2017 – 31 March 2017**

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

Kraków, 22nd of May 2017

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**PLN 4.8
million of net
profit**

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

**PLN 242
million of
revenue**

**Over
5,200
specialists
employed**

**51
subsidiaries
and branches
worldwide**

**PLN 1.89 billion
of market
capitalization of
Comarch S.A. on
WSE**

**56% share of
foreign sales in
revenue from
sales**

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 3 MONTHS 2017

I. Consolidated Balance Sheet

ASSETS	Note	At 31 March 2017	At 31 December 2016
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	508,138	501,111
Investment real estates	3.3	15,688	15,626
Goodwill	3.4	40,735	40,735
Other intangible assets	3.5	60,407	61,343
Non-current prepayments		2,023	1,118
Investments in associates	3.6	13,292	14,395
Other assets at fair value – derivative financial instruments	3.7a	3,648	492
Other investments		106	106
Deferred income tax assets	3.8	34,166	35,007
Other receivables		4,259	3,914
		682,462	673,847
CURRENT ASSETS			
Inventories	3.9	89,085	76,555
Trade and other receivables	3.10	309,611	406,721
Current income tax receivables		3,876	5,210
Long-term contracts receivables	3.11	49,266	39,960
Available-for-sale financial assets	3.12	-	-
Other financial assets at fair value – derivative financial instruments	3.7a	8,347	1,149
Interest and shares		1	1
Cash and cash equivalents		294,874	235,834
		755,060	765,430
Assets available-for-sale		5,598	5,598
TOTAL ASSETS		1,443,120	1,444,875

LIABILITIES	Note	At 31 March 2017	At 31 December 2016
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.13	8,133	8,133
Other capitals		143,041	143,041
Exchange differences		9,059	18,524
Net profit (loss) for the current period		4,819	73,034
Retained earnings		677,725	604,691
		842,777	847,423
Minority interest		13,970	14,641
TOTAL EQUITY		856,747	862,064
LIABILITIES			
Non-current liabilities			
Credit and loans	3.14	152,118	146,331
Other liabilities		5,859	5,278
Financial liabilities at fair value – derivative financial instruments	3.7b	1,645	2,537
Other financial liabilities	3.15	565	631
Provision for deferred income tax	3.8	44,127	42,144
Provisions for other liabilities and charges	3.16	-	-
		204,314	196,921
Current liabilities			
Trade and other payables	3.17	187,480	154,493
Current income tax liabilities		5,473	16,800
Long-term contracts liabilities	3.11	25,072	40,044
Credit and loans	3.14	29,268	28,469
Financial liabilities at fair value – derivative financial instruments	3.7b	210	2,350
Other financial liabilities	3.15	180	6,530
Provisions for other liabilities and charges	3.16	134,376	137,204
		382,059	385,890
TOTAL LIABILITIES		586,373	582,811
TOTAL EQUITY AND LIABILITIES		1,443,120	1,444,875

II. Consolidated Income Statement

	Note	Q1 2017	Q1 2016
Revenue		242,236	243,156
Cost of sales		(200,368)	(182,103)
Gross profit		41,868	61,053
Other operating income		1,428	5,079
Sales and marketing costs		(31,877)	(26,658)
Administrative expenses		(20,225)	(20,328)
Other operating expenses		(2,479)	(6,880)
Operating profit (loss)		(11,285)	12,266
Finance revenue - net		20,889	1,600
Share of profit (loss) of associates		(1,185)	(3,134)
Profit before income tax		8,419	10,732
Income tax expense		(4,272)	(3,261)
Net profit (loss) for the period		4,147	7,471
Attributable to:			
<i>Shareholders of the parent company</i>		<i>4,819</i>	<i>7,177</i>
<i>Interests not entitled to control</i>		<i>(672)</i>	<i>294</i>
		4,147	7,471
Earnings per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)			
– basic	3.22	0.59	0.88
– diluted	3.22	0.59	0.88

III. Total Income Consolidated Statement

	Q1 2017	Q1 2016
Net profit / (loss) for the period	4,147	7,471
Other total income		
Exchange differences from recalculation of subsidiaries	(9,464)	521
Total other total income	(9,464)	521
Sum of total income for the period	(5,317)	7,992
Attributable to the parent company shareholders	(4,646)	7,700
Attributable to the interests not entitled to control	(671)	292

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	Other capitals	Exchange differences	Net profit for the current period	Retained earnings		
Balance at 1 January 2016	8,133	148,226	6,509	79,651	525,040	13,022	780,581
Transferring result for 2015	-	-	-	(79,651)	79,651	-	-
Increase in share capital	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Profit of subsidiaries dedicated to general partners outside Group	-	-	-	-	-	-	-
Capital from valuation of the managerial option	-	-	-	-	-	-	-
<i>Currency translation differences⁽¹⁾</i>	-	-	523	-	-	(2)	521
<i>Profit (loss) for the period⁽²⁾</i>	-	-	-	7,177	-	294	7,471
Total income recognised in equity ⁽¹⁺²⁾	-	-	523	7,177	-	292	7,992
Balance at 31 March 2016	8,133	148,226	7,032	7,177	604,691	13,314	788,573
Balance at 1 January 2017	8,133	143,041	18,524	73,034	604,691	14,641	862,064
Increase in share capital	-	-	-	(73,034)	73,034	-	-
Dividend paid	-	-	-	-	-	-	-
Profit of subsidiaries dedicated to general partners outside Group	-	-	-	-	-	-	-
Capital from valuation of the managerial option	-	-	-	-	-	-	-
<i>Currency translation differences⁽¹⁾</i>	-	-	-	-	-	-	-
<i>Profit (loss) for the period⁽²⁾</i>	-	-	(9,465)	-	-	1	(9,464)
Total income recognised in equity ⁽¹⁺²⁾	-	-	-	4,819	-	(672)	(4,147)
Increase in share capital	-	-	(9,465)	4,819	-	(671)	(5,317)
Balance at 31 March 2017	8,133	143,041	9,059	4,819	677,725	13,970	856,747

As at the 31st of March, 2017, there is no basis for paying dividends to the entities outside Group.

V. Consolidated Cash Flow Statement

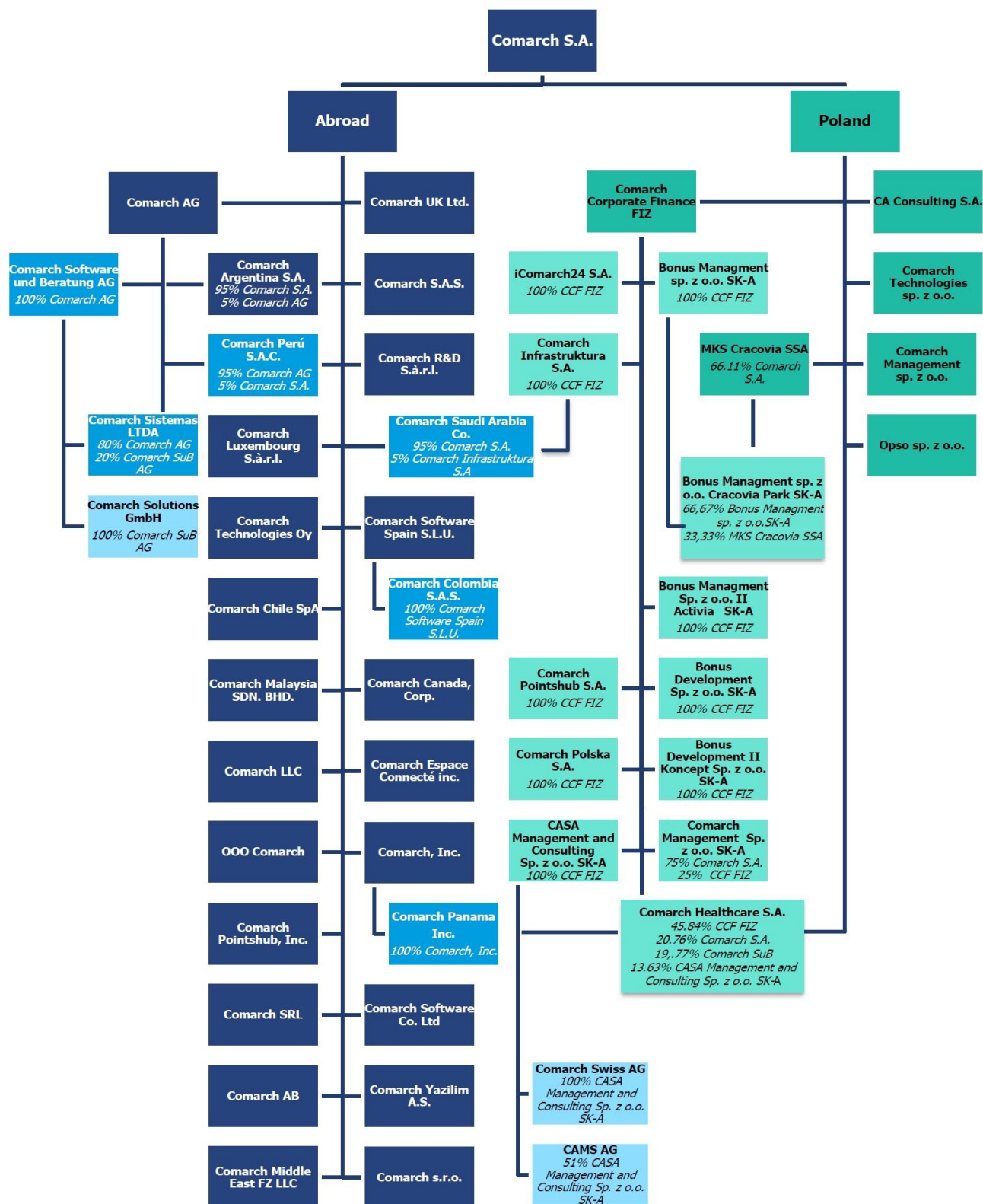
	3 months ended 31 March 2017	3 months ended 31 March 2016
Cash flows from operating activities		
Net profit	4,147	7,471
Total adjustments	92,947	40,035
Share in profits (losses) of subsidiaries valued using the equity method	1,185	3,134
Depreciation	15,189	16,016
Profit (loss) from foreign exchange differences	(1,596)	(175)
Interest and profit sharing (dividends)	358	782
Profit (loss) on investing activities	849	(2,536)
Change in inventories	(12,018)	(6,785)
Change in receivables	82,907	54,489
Change in liabilities and provisions excluding credits and loans	6,069	(24,617)
Other adjustments	4	(273)
Net profit less total adjustments	97,094	47,506
Income tax paid	(9,931)	(9,283)
Net cash generated (used) in operating activities	87,163	38,223
Cash flows from investing activities		
Purchases of property, plant and equipment	(25,999)	(15,400)
Proceeds from sale of property, plant and equipment	74	-
Purchases of intangible assets	(4,722)	(3,552)
Proceeds from disposal of investment in real estate and intangible assets	-	2,983
Expenses for purchase of financial assets	(6,255)	(1,984)
Expenses for investment in real estates	(327)	(638)
Paid loans	30	5
Interest	61	61
Other proceeds from financial assets	986	-
Other investment proceeds	-	75
Other investment expenses	-	(100)
Net cash generated (used) in investing activities	(36,152)	(18,866)
Cash flows from financing activities		
Proceeds from issuance of the shares	-	-
Proceeds from credits and loans	22,140	10,050
Repayments of credits and loans	(8,106)	(11,726)
Interest on credit	(674)	(672)
Proceeds from paid loans	-	24
Proceeds from interest on loans	-	65
Payment of liabilities under finance lease agreements	(43)	(23)
Other financial proceeds	408	-
Other financial expenses	(94)	(12)
Net cash generated (used) in financing activities	13,631	(2,294)
Net change in cash, cash equivalents and bank overdrafts	64,642	17,063
Cash, cash equivalents and bank overdrafts at beginning of the period	235,825	221,781
Positive (negative) exchange differences in cash and bank overdrafts	(5,603)	124
Cash, cash equivalents and bank overdrafts at end of the period	294,864	238,968
- including limited disposal	9,263	10,132

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. Organisational Structure of Comarch Group



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

On the 31st of March, 2017, 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. and Comarch Software (Shanghai) Co. Ltd. and Comarch Saudi Arabia 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 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 connections for the own needs of the Comarch Group, as well as 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, 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. 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,
- 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 Q1 2017

On the 19th March, 2017, a company Comarch Saudi Arabia Co. headquartered in Riyadh, was registered. The share capital of the company amounts to SAR 1 million and consists of 1,000 shares with a nominal value of SAR 1,000 each. Comarch S.A. owns a 95% of shares, while Comarch Infrastruktura S.A. owns 5% of shares of Comarch Saudi Arabia Co.

On the 27th of March, 2017, 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 8,114.806 thousand to PLN 10,114.806 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. Until the date of publication of this report the capital increase has not been registered.

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

On 3rd of April, 2017 Comarch S.A. acquired 100% of shares of Geopolis sp. z o.o., acquired the whole copyrights to the ERGO software which belongs to the Geopolis sp. z o.o. and committed itself to recapitalization of Geopolis sp. z o.o. The total value of the transactions amounted to PLN 8.05 million. Geopolis sp. z o.o. supports informatisation in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Acquiring of Geopolis sp. z o.o. will allow Comarch Group to expand the product portfolio dedicated to the public sector. The company announced details of the transaction in current reports RB-2-2017 dated of the 16th March, 2017, RB-4-2017 dated the 31st of March, 2017 and RB-5-2017 dated the 4th of April, 2017.

Until the date of publication of this report the capital increase in Comarch Argentina S.A. of 21st of December, 2016, has not been registered.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 3 months ended the 31st of March, 2017 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 3 months ended the 31st of March, 2017 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, 2016 until the 31st of March, 2016 ("the Interim IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the 3 months ended the 31st of March, 2017 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, 2016 until the 31st of December, 2016 (the notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2016).

The Interim Consolidated Financial Statement for the period from 1st of January, 2017 until the 31st of March, 2017 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, 2017 until the 31st of March, 2017 is prepared in thousands of Polish zloty ("PLN") and was authorised for issuance by the Management Board on the 22nd of May, 2017.

Standards and interpretations applied in 2016 for the first time

The following standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in 2016:

- **Amendments to IFRS 10 "Consolidated Financial Statement", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"**- Investment entities: application of the exemption of the consolidation - approved by EU on 22nd of September, 2016 (effective for annual periods beginning on or after 1st of January, 2016),
- **Amendments to IFRS 11 "Joint Arrangements "** - Accounting for the acquisition of shares in joint operations - approved by the EU on the 24th of November, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - The initiative in relation to disclosures - approved by the EU on the 18th of December, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - approved by the EU on the 2nd of December, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - approved by the EU on the 23rd of November, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - approved by the EU on the 17th of December, 2014 (effective for annual periods beginning on or after the 1st of February, 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity method in the separate financial statements - approved by the EU on the 18th of December, 2015 (effective for annual periods beginning on or after the 1st of January, 2016).
- **Amendments to various standards "Improvements to IFRS (period 2010-2012)"** – adopted within the frame of annual improvements process to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38). The purpose of these annual improvements is to resolve inconsistencies and clarify guidance or wording - approved by the EU on the 17th of December, 2014 (effective for annual periods beginning on or after the 1st of February, 2015),
- **Amendments to various standards "Annual Improvements (period 2012-2014)"** – adopted within the frame of annual improvements process to IFRS (IFRS 5, IFRS 7, IAS 19, and IAS 34). The purpose of these annual improvements is to resolve inconsistencies and clarify guidance or wording - approved by the EU on the 15th of December, 2015 (effective for annual periods beginning on or after the 1st of January, 2016).

The above mentioned standards, interpretations and amendments to standards did not have a material effect on the Group's financial report for 2016 and Q1 2017

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

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

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 22nd of May, 2017, (the effective dates mentioned below are related to full versions of standards):

- **FRS 14 „Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1st of January, 2016) - The European Commission has decided not to initiate the process of approval of this temporary standard for use in the EU until a final version of IFRS 14,
- **IFRS 16 " Leasing"** (effective for annual periods beginning on or after 1st of January, 2019),
- **Amendments to IFRS 2 "Payments based on shares"** – Classification and measurement of share-based payment (effective for annual periods beginning on or after the 1st of January, 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Instruments" (effective for annual periods beginning on or after 1st of January, 2018 or for the period of first-time application of IFRS 9 " Financial Instruments),
- **Amendments to IFRS 10 "Consolidated Financial Statement" and IAS 28 "Investments in associates and joint ventures"** – sales or contribution of assets between the investor and the associate or joint venture and the subsequent changes (date of entry into force of amendments has been postponed until the end of the research on the equity method),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** – Clarification to IFRS 15 "Revenue from Customer Contracts" (effective for annual periods beginning on or after 1st of January, 2018),
- **Amendments to IAS 7 "Statement of cash flows"** - The initiative in relation to disclosures (effective for annual periods beginning on or after 1st of January, 2017),
- **Amendments to IAS 12 "Income tax"** - Recognition of deferred income tax on unrealized losses (effective for annual periods beginning on or after 1st of January, 2017),
- **Amendments to IAS 40 "Investment Estates"** - Transfer of investment properties (effective for annual periods beginning on or after 1st of January, 2018),
- **Amendments to various standards "Improvements to IFRS (period 2014-2016)"** – adopted within the frame of annual improvements process to IFRS (IFRS 1, IFRS 12 and IFRS 28). The purpose of these annual improvements is to resolve inconsistencies and clarify guidance or wording (amendments to IFRS 12 effective for annual periods beginning on or after 1st of January, 2017, amendments to IFRS 1 and IFRS 28 effective for annual periods beginning on or 1st of January, 2018),
- **Interpretation of IFRIC 22 "Transactions in foreign currencies and advanced payments"** (effective for annual periods beginning on or after 1st of January, 2018).

The Management Board of the company anticipates that application of IFRS 15 and IFRS 16 may, in the future, impact the amounts and recognitions presented in the consolidated financial statement of the Capital Group. The parent company is on the analysis of influence of amendments to these IFRS on the financial statement. But there is no opportunity to present reliable estimates on the impact of IFRS 15 or IFRS 16 until the Group did not carry out a detailed analysis in this respect.

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 3 months ended the 31st of March, 2017 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 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 Technologies sp. z o.o.	Subsidiary	Full	100%
CA Consulting S.A.	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.	Subsidiary	Full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Cracovia Park SK-A	Subsidiary	Full	
Bonus Development sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Management sp. z o.o. II	Subsidiary	Full	100% held by CCF FIZ
Activia SK-A	Subsidiary	Full	
Bonus Development sp. z o.o. II	Subsidiary	Full	100% held by CCF FIZ
Koncept SK-A	Subsidiary	Full	
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%

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 revenues, 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 3 months of 2017, the share of none of the customer exceeded 10% of the sale in Comarch Group's sales.

Over 2016, Comarch Group revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 25% in the second quarter, 20% in the third quarter and 33% in the fourth quarter. In 2017, the Company expects the distribution of sales revenue similar to that in 2016.

3 months ended 31 March 2016	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment-sales to external clients	147,022	59,213	33,720	552	7,591	1,737	-	249,835
<i>including:</i>								
Revenues from sales	143,391	59,126	33,811	81	4,759	1,988	-	243,156
<i>To customers in Telecommunication, Media, IT sector</i>	<i>25,848</i>	<i>25,529</i>	<i>14,016</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>65,393</i>
<i>To customers in Finance and Banking sector</i>	<i>27,727</i>	<i>2,678</i>	<i>3,139</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>33,544</i>
<i>To customers in Trade and services sector</i>	<i>24,947</i>	<i>1,824</i>	<i>14,636</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>41,407</i>
<i>To customers in Industry&Utilities</i>	<i>22,194</i>	<i>3,106</i>	<i>1,719</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>27,019</i>
<i>To customers in Public sector</i>	<i>14,668</i>	<i>445</i>	<i>297</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15,410</i>
<i>To customers in small and medium enterprises sector</i>	<i>26,314</i>	<i>25,544</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>51,858</i>
<i>To customers in Medicine sector</i>	<i>1,167</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,988</i>	<i>-</i>	<i>3,155</i>
<i>To other customers</i>	<i>526</i>	<i>-</i>	<i>4</i>	<i>81</i>	<i>4,759</i>	<i>-</i>	<i>-</i>	<i>5,370</i>
<i>Other operating revenue</i>	<i>1,523</i>	<i>340</i>	<i>357</i>	<i>-</i>	<i>2,859</i>	<i>-</i>	<i>-</i>	<i>5,079</i>
<i>Finance revenue</i>	<i>2,108</i>	<i>(253)</i>	<i>(448)</i>	<i>471</i>	<i>(27)</i>	<i>(251)</i>	<i>-</i>	<i>1,600</i>
Revenues per segment - sales to other segments	37,941	7,150	8,659	688	2,212	417	(57 067)	-
Revenues per segment - total*	184,963	66,363	42,379	1,240	9,803	2,154	(57 067)	249,835
Costs per segment relating to sales to external clients	123,905	54,643	46,645	684	7,099	2,993	-	235,969
Costs per segment relating to sales to other segments	37,941	7,150	8,659	688	2,212	417	(57 067)	-
Costs per segment - total*	161,846	61,793	55,304	1,372	9,311	3,410	(57 067)	235,969
Current taxes	(92)	(715)	(342)	(10)	-	-	-	(1,159)
Assets for the tax due to investment allowances and other tax relief	(902)	(2,080)	644	(14)	250	-	-	(2,102)
Share of segment in the result of parties valued using the equity method of accounting	(1,901)	-	(1,233)	-	-	-	-	(3,134)
Net result	20,222	1,775	(13,856)	(156)	742	(1,256)	-	7,471
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>20,222</i>	<i>1,731</i>	<i>(13 856)</i>	<i>(155)</i>	<i>491</i>	<i>(1 256)</i>	<i>-</i>	<i>7,177</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>44</i>	<i>-</i>	<i>(1)</i>	<i>251</i>	<i>-</i>	<i>-</i>	<i>294</i>

**) 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 31st of March, 2016, as well as investment expenditures and depreciation in during 3 months of 2016:

31 March 2016 / 3 months ended 31 March 2016

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	662,054	257,522	174,616	121,854	47,374	8,676	1,272,096
Liabilities	305,341	108,960	35,446	10,748	16,344	6,684	483,523
Investment expenditures	6,598	5,045	2,598	6,123	1,442	184	21,990
Depreciation	9,895	3,946	869	190	384	732	16,016

3 months ended 31 March 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment - sales to external clients	149,607	59,610	44,956	2,486	4,335	3,559	-	264,553
<i>including:</i>								
Revenues from sales	132,546	58,508	44,309	135	4,308	2,430	-	242,236
<i>To customers in Telecommunication, Media, IT sector</i>	28,037	9,652	10,375	-	-	-	-	48,064
<i>To customers in Finance and Banking sector</i>	35,656	9,895	4,250	-	-	-	-	49,801
<i>To customers in Trade and services sector</i>	11,545	4,805	22,744	-	-	-	-	39,094
<i>To customers in Industry&Utilities</i>	18,189	6,076	6,038	-	-	-	-	30,303
<i>To customers in Public sector</i>	8,779	1,808	898	-	-	-	-	11,485
<i>To customers in small and medium enterprises sector</i>	28,849	26,272	-	-	-	-	-	55,121
<i>To customers in Medicine sector</i>	933	-	-	-	-	2,430	-	3,363
<i>To other customers</i>	558	-	4	135	4,308	-	-	5,005
<i>Other operating revenue</i>	(157)	1,045	253	30	90	167	-	1,428
<i>Finance revenue</i>	17,218	57	394	2,321	(63)	962	-	20,889
Revenues per segment - sales to other segments	44,103	8,378	6,456	1,449	2,208	438	(63,032)	-
Revenues per segment - total*	193,710	67,988	51,412	3,935	6,543	3,997	(63,032)	264,553
Costs per segment relating to sales to external clients	133,048	57,888	53,694	85	7,296	2,938	-	254,949
Costs per segment relating to sales to other segments	44,103	8,378	6,456	1,449	2,208	438	(63,032)	-
Costs per segment - total*	177,151	66,266	60,150	1,534	9,504	3,376	(63,032)	254,949
Current taxes	(60)	(520)	(861)	(7)	-	-	-	(1,448)
Assets for the tax due to investment allowances and other tax relief	(3,320)	229	(723)	48	942	-	-	(2,824)
Share of segment in the result of parties valuated using the equity method of accounting	119	-	(1,304)	-	-	-	-	(1,185)
Net result	13,298	1,431	(11,626)	2,442	(2,019)	621	-	4,147
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	(13,298)	1,431	(11,626)	2,430	(1,335)	621	-	4,819
<i>Result attributable to minority interest</i>	-	-	-	12	(684)	-	-	(672)

**) 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 31st of March, 2017, as well as investment expenditures and depreciation in during 3 months of 2017

31 March 2017 / 3 months ended 31 March 2017

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	807,317	204,992	214,348	148,132	52,531	15,800	1,443,120
Liabilities	355,637	99,513	70,761	37,945	18,103	4,414	586,373
Investment expenditures	20,933	9,023	6,124	1,015	158	50	37,303
Depreciation	9,001	3,620	702	304	867	695	15,189

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

Revenues from basic sales - activities location

	3 months ended 31 March 2017		3 months ended 31 March 2016	
		%		%
Poland	139,419	57.5	150,219	61.8
DACH region	58,508	24.2	59,126	24.3
Other countries	44,309	18.3	33,811	13.9
Total	242,236	100.0	243,156	100.0

Assets - activities location

	31 March 2017		31 December 2016	
		%		%
Poland	1,023,745	70.9	948,603	65.7
DACH region	204,992	14.2	234,874	16.2
Other countries	214,383	14.9	261,398	18.1
Total	1,443,120	100.0	1,444,875	100.0

Investment expenditures – activities location

	3 months ended 31 March 2017	%	12 months ended 31 December 2016	%	3 months ended 31 March 2016	%
Poland	22,156	59.4	107,234	77.8	14,347	65.3
DACH region	9,023	24.2	12,366	9.0	5,045	22.9
Other countries	6,124	16.4	18,285	13.2	2,598	11.8
Total	37,303	100.0	137,885	100.0	21,990	100.0

3.2. Property, Plant and Equipment

	31 March 2017	31 December 2016
Lands and buildings	338,452	300,202
Means of transport and machinery	95,946	88,859
Property, plant and equipment under construction	59,019	99,204
Others	14,640	12,767
Advance money for property, plant and equipment under construction	81	79
Total	508,138	501,111

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of March, 2017 the Group's property are six office buildings in the Special Economic Zone in Krakow ("SEZ") at 56,760 square metres of the total space, two office buildings in Warsaw at 2,582 square metres of the total space and office and storage buildings in Łódź, one office and storage building in Lille, and an office building and data center in Dresden. The Group owns also lands in the Special Economic Zone in Krakow at 2.13 ha of the total area. As at the 31st of March, 2017, property, plant and equipment under construction comprise mostly expenditures related to an investments in the Special Economic Zone in Krakow, involving the construction of an office building SSE7, expenditures related to purchased but did put into use hardware and expenditures related to modernization works of the storage building in Lille and adapting it to the function of the data center.

In Comarch Healthcare S.A. began to conduct the diagnostic and medical activity (Medical Center iMed24) in the first quarter of 2012 and commenced use of the diagnostic and medical equipment purchased in 2011. As at the 31st of March, 2017, the book value of this equipment amounted to PLN 5,178 thousand.

On the 16th of June, 2015 an agreement on the building investment in Łódź was made between Bonus Development spółka z ograniczoną odpowiedzialnością S.K.A., a subsidiary of Comarch S.A. and Skanska S.A. The subject of the agreement is the construction of office building together with the rebuilding and change of usage of the adjacent former factory building, located in Łódź, 76/78 Jaracza Street including traffic and technical infrastructure and the supply of building materials and machinery. The total space of the building will be 9,906.20 m². The net value of the agreement amounts to PLN 37,175 thousand.

The investment was completed in the first quarter of 2017. Capital expenditures incurred in connection with the above mentioned agreement until the 31st of March, 2017, amounted to PLN 37,175 thousand.

The office building that was purchased by Comarch SAS 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 center. The value of this agreement amounts to EUR 7,584 thousand net, i.e. PLN 32,003 thousand (exchange rate at the 31st of March, 2017). Investment expenditures incurred in connection with the above-mentioned agreement until the 31st of March, 2017, amounted to EUR 4,200 thousand, i.e. PLN 17,723 thousand, at the exchange rate at the 31st of March, 2017. The planned completion date of this investment is the third quarter of 2017. The investment is financed by a long-term bank credit.

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group implementations of the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract is construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building will be 27,736 m². The contract value is PLN 69,704 thousand net. Capital expenditures incurred in connection with the above mentioned contract until the 31st of March, 2017, amounted to PLN 22,141 thousand. Anticipated completion date is the fourth quarter of 2017.

In the first quarter of 2017, there were no purchases of land.

3.3. Investment Real Estate

	31 March 2017	31 December 2016
Lands	2,875	2,875
Buildings	12,813	12,751
Total	15,688	15,626

As at the 31st of March, 2017, 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:

	31 March 2017	31 December 2016
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 (A-MEA Informatik AG till the 31 st , December, 2012)	8,413	8,413
Total	40,735	40,735

On the 31st of December, 2016, the Comarch Group ran a test for loss in value regarding goodwill. The methodology was described in detail in the financial statement for 2016. The lost in value was not identified.

3.5. Other Intangible Assets

	31 March 2017	31 December 2016
Costs of finished development works	560	642
Perpetual usufruct right	38,733	38,757
Licences and software	14,773	14,152
Other	6,341	7,792
Total	60,407	61,343

Other intangibles include valuation of assets, classified as intangible assets, related to the value of the right to use MKS Cracovia SSA players' cards in the amount of PLN 6,341 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 31st of March, 2017, the Group had shares in associates.

At 1 January 2016	23,177
Share in profit of Sointeractive S.A.	46
Acquiring shares in and share in profit of Metrum Capital S.A.	(208)
Repayment of a loan to SoInteractive S.A.	(527)
Acquiring shares in and share in profit of Thanks Again LLC	(8,093)
At 31 December 2016	14,395
At 1 January 2017	14,395
Share in profit of Sointeractive S.A.	126
Share in profit of Metrum Capital S.A.	(7)
Granting and repayment of a loan to SoInteractive S.A.	82
Share in profit of Thanks Again LLC	(1,304)
At 31 March 2017	13,292

As at the 31st of March, 2017 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 577 thousand, 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 12,423 thousand (the nominal value of acquired shares PLN 30,831 thousand reduced by participation in 2015, 2016 and 2017 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 292 thousand.

3.7. Derivative Financial Instruments

a) Assets

	31 March 2017	31 December 2016
Forward foreign exchange contracts – held-for-trading	11,995	1,641
Transaction on change of IRS	-	-
	11,995	1,641
<i>Current portion</i>	<i>8,347</i>	<i>1,149</i>
<i>Non-current portion</i>	<i>3,648</i>	<i>492</i>

b) Liabilities

	31 March 2017	31 December 2016
Forward foreign exchange contracts – held-for-trading	210	3,038
Transaction on change of IRS	1,645	1,849
	1,855	4,887
<i>Current portion</i>	<i>210</i>	<i>2,350</i>
<i>Non-current portion</i>	<i>1,645</i>	<i>2,537</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 31st of March, 2017 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 31st of March, 2017 amounted to EUR 36,432 thousand, USD 18,300 thousand, RUB 27,000 thousand and GBP 200 thousand. After the balance sheet date, the Comarch Group concluded forward contracts for sales of RUB 40,000 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 31st of March, 2017, valuation of the IRS transaction amounted to minus PLN 149 thousand.

On the 27th of June, 2014, Comarch S.A. concluded a transaction on change of IRS for nonrevolving 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 31st of March, 2017, valuation of IRS transaction amounted to minus PLN 157 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 31st of March, 2017, valuation of the IRS transaction amounted to minus PLN 612 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 31st of March, 2017, valuation of the IRS transaction amounted to minus PLN 438 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 w Warszawie. 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 31st of March, 2017, valuation of the IRS transaction amounted to minus PLN 7 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 w Warszawie. 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 31st of March, 2017, valuation of the IRS transaction amounted to minus PLN 282 thousand.

3.8. Deferred Income Tax

	31 March 2017	31 December 2016
Deferred income tax assets		
Temporary differences	13,091	14,094
Asset due to a tax loss	11,480	10,977
Asset due to activities in Special Economic Zone ("SEZ")	9,595	9,936
Total	34,166	35,007
<i>Charged to financial result</i>	<i>34,166</i>	<i>35,007</i>

In the first quarter of 2017 the Group settled in part an asset due to activities in the SEZ that was worth PLN 341 thousand and established as at the 31st of December, 2016. This asset will be gradually dissolved within 2017 in proportion to the generated tax-exempt income in this period.

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

- a) obtained in 1999, with a period of validity until the 31st of December, 2017;
- b) obtained in 2007, with a period of validity until the 31st of December, 2017;
- c) obtained in 2013, its validity term has not been specified;
- d) obtained in February 2016, its validity term has not been specified;
- e) 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 31st of December, 2016, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized. Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 19,591 thousand as at the 31st of March, 2017 (after discounting at the permit date). Limit of the unused investment tax

relief under the permit obtained in 2013 amounted to approx. PLN 29,000 thousand as at the 31st of March, 2017 (after discounting at the permit date).

In the first quarter of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2016, and worth PLN 2,774 thousand as well as an asset due to temporary differences was recognized in the amount of PLN 1,771 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 503 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 841 thousand.

	31 March 2017	31 December 2016
Provision for deferred income tax		
Temporary differences	15,787	13,889
Provision due to fair value valuation of assets recognised as a result of acquisition of the Comarch SuB, A-MEA Informatik AG and ESAProjekt sp. z o.o. and due to valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	22,910	22,825
Total	44,127	42,144
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>38,697</i>	<i>36,714</i>
<i>Provision due to acquisition of A-MEA Informatik AG and ESAProjekt sp. z o.o.</i>		-

Due to valuation of net assets of CCF FIZ, in 2017, the Group increased a deferred tax provision, which was recognised in the previous years and was worth PLN 85 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 3,267 and dissolved in the amount of PLN 1,369 thousand. The total effect of the all above-mentioned operations on the net result of 3 months of 2017 was minus PLN 1,983 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 2,824 thousand.

In relation to MKS Cracovia SSA and 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.

3.9. Inventories

	31 March 2017	31 December 2016
Raw materials	1,038	815
Work in progress	80,642	69,850
Goods	6,739	5,326
Finished products	37	38
Advance due to finished products	629	526
Total	89,085	76,555

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 80,531 thousand (3 months ended the 31st of March, 2017), PLN 307,617 thousand

(12 months ended the 31st of December, 2016), PLN 81,039 thousand (3 months ended the 31st of March, 2016).

Comarch Group did not create write-offs that revaluated goods and materials as at the 31st of March, 2017. Comarch Group did not resolve write-offs, which had been created in the previous years.

3.10. Trade and Other Receivables

	31 March 2017	31 December 2016
Trade receivables - net	267,227	366,275
<i>Trade receivables</i>	296,266	393,968
<i>Write-off revaluating receivables</i>	(29,039)	(27,693)
Other receivables	15,882	23,617
Short-term prepayments	20,912	11,946
Other prepayments	2,595	1,835
Loans	1,009	1,027
Trade receivables and other receivables from related parties - net	1,986	2,021
<i>Trade receivables and other receivables from related parties</i>	4,736	5,092
<i>Write-off revaluating receivables</i>	(2,750)	(3,071)
Total	309,611	406,721
<i>Current portion</i>	<i>309,611</i>	<i>406,721</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 3 months of 2017, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 1,570 thousand and dissolved previously created write-offs worth PLN 323 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenues, respectively.

3.11. Long-term Contracts

	3 months ended 31 March 2017	3 months ended 31 March 2016
Revenues from completed contracts recognized in the reporting period	3,515	20,289
Revenues from contracts not completed recognized in the reporting period	30,730	21,998
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IAS 11	24,278	23,841
Revenues due to long-term contracts recognized in the reporting period	58,523	66,128

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 revenues. At the end of the reporting period, long-term contracts were valued in accordance with the degree of work progress.

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 31st of March, 2016, and the 31st of March, 2017, are presented below

	31 March 2017	31 March 2016
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	217,234	429,306
Issued invoices	(193,040)	(399,201)
Total	24,194	30,105

	Long-term contracts receivables	Long-term contracts liabilities	Net
Revenues from long-term contracts included in the reporting period			
Value at 1 January 2016	32,440	(26,176)	6,264
Value at 31 March 2016	41,428	(11,323)	30,105
Change	8,988	14,853	23,841
Value at 1 January 2017	39,960	(40,044)	(84)
Value at 31 March 2017	49,266	(25,072)	24,194
Change	9,306	14,972	24,278

3.12. Available-for-Sale Financial Assets

Within the 3 months of 2017, 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 2016	8,133,349	8,133,349	-	8,133,349
At 31 December 2016	8,133,349	8,133,349	-	8,133,349
At 31 March 2017	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.

The written consent of the Management Board is required to dispose of registered shares. The sale of shares without the permission of the Management Board is possible on the condition that it is stated in Comarch S.A.'s statute. Every ordinary bearer share entitles its holder to one vote at the AGM. The conversion of bearer shares into registered shares is not permitted.

3.13.1. Changes in Share Capital in Q1 2017

None present, except as noted in point [4.1.2](#) of this report.

3.13.2. Changes in Share Capital after the Balance Sheet Date

None present.

3.14. Credits and Loans

	31 March 2017	31 December 2016
Non-current		
Non-revolving credits	142,517	137,814
Revolving credits	-	-
Loans	9,601	8,517
	152,118	146,331
Current		
Non-revolving credits	27,006	25,863
Revolving credits	-	708
Loans	2,262	1,898
	29,268	28,469
Total credits and loans	181,386	174,800

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 quarter of 2017 the value of drawdown non-revolving credits and loans granted to entities outside the Group amounted to PLN 22,140 thousand (including non-revolving credits and loans amounted to PLN 22,054 thousand and revolving credits and loans amounted to PLN 86 thousand) the value of paid principal instalments of non-revolving bank credits and loans from entities outside the Group amounted to PLN 8,106 thousand (including non-revolving credits and loans amounted to PLN 7,107 thousand, and revolving credits and loans amounted to PLN 999 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 exposure of Group bank credits to interest rate changes	6 months or less	6-12 months	1-5 years	Over 5 years	Total
At 31 December 2016					
Credits and loans	13,585	15,515	99,740	46,591	175,431
Interest	(631)	-	-	-	(631)
Total	12,954	15,515	99,740	46,591	174,800
At 31 March 2017					
Credits and loans	14,151	15,717	104,018	48,100	181,986
Interest	(600)	-	-	-	(600)
Total	13,551	15,717	104,018	48,100	181,386

The maturity of non-current bank credits, loans and financial liabilities	31 March 2017	31 December 2016
Between 1 and 2 years	32,667	31,148
Between 2 and 5 years	71,351	68,592
Over 5 years	48,100	46,591
	152,118	146,331

Currency structure of the balance sheet values of credits, loans and financial liabilities	31 March 2017	31 December 2016
In Polish currency (PLN)	15,820	14,935
In EUR (equivalence in PLN)	165,566	159,865
	181,386	174,800

Effective interest rates at the balance sheet date	31 March 2017	31 December 2016
Bank credits	1.53%	1.62%
Loans	3.68%	3.61%

3.14.1. Long-term Bank Credits

Comarch S.A. credit lines:

- An investment credit from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts of PLN 44,000 thousand. The crediting period may last a maximum of 16 years, i.e. until 2024. It was taken out by the 30th of September, 2008. A promissory note, the mortgage on land and the building insurance policy are security for this credit. On the 5th of October, 2011, the company revaluated the remaining credit to be paid into euro. This credit has a variable interest rate. As at the 31st of March, 2017, the value of the credit to be repaid amounted to EUR 4,647 thousand, i.e. PLN 19,610 thousand (EUR 4,802 thousand, i.e. PLN 21,244 thousand as at the 31st of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 29th of July, 2024.
- An investment credit from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, for the refinancing of the investment credit acquired on the 28th of April, 2010, in DnB NORD Bank Polska S.A. for financing of the fourth construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to EUR 4,126 thousand. The crediting period may last 8 years, i.e. till 2021. This credit has a variable interest rate. The real estate mortgage and cession of rights in the building insurance policy are security for this credit. The loan was drawdown on the 1st of October, 2013. As at the 31st of March, 2017 the value of the credit to be repaid amounted to EUR 2,321 thousand, i.e. PLN 9,794 thousand (EUR 2,493 thousand, i.e. PLN 11,028 thousand as at the 31st of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 31st of October, 2018.
- A nonrevolving operating credit from BZ WBK Bank S.A. with its registered office in Wroclaw acquired in the first quarter of 2013, for financing of company's current operations. The credit amounts to EUR 7,400 thousand. The crediting period may last 8 years, and its maturity date is the 31st of December, 2020. This credit has a variable interest rate. The real estate mortgage located in SEZ and cession of rights in the insurance policy are security for this credit. As at the 31st of

March, 2017 the value of the credit to be repaid amounted to EUR 3,581 thousand, i.e. PLN 15,110 thousand (EUR 3,899 thousand, i.e. PLN 17,249 thousand as at the 31st of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 28th of June, 2019.

- d) An investment credit agreement with bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to construction of office building SSE6 and data centre in the Special Economic Zone in Krakow. The credit amounts to PLN 56,000 thousand, i.e. EUR 13,323 thousand as at the date of the agreement. The crediting period: 10 years, repayment will be made not later than on the 4th of December, 2023. Loan was granted in EUR and it has a variable interest rate. Power of attorney to manage Comarch S.A. bank accounts in the Bank, declaration of submission to enforcement, the real estate mortgage established on real estate on which the investment is implemented, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations and warranty are security for this credit. As at the 31st of March, 2017, the value of the credit to be repaid amounted to EUR 11,103 thousand, i.e. PLN 46,851 thousand (EUR 11,519 thousand, i.e. PLN 50,960 thousand as at the 31st of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 30th of November, 2023.
- e) An investment credit agreement with Bank Handlowy w Warszawie S.A. with its registered office in Warsaw, for financing and refinancing of not more than 75% of net costs of an investment related to construction of office building SSE7 in the Special Economic Zone in Krakow. The credit amounts to EUR 13,333 thousand, i.e. PLN 58,144 thousand as at the date of the agreement. The crediting period: 12 years and lasts until the 15th of May, 2028. The credit was granted in EUR and has a variable interest rate. The credit disbursement should take place within 24 months from the date of signing the agreement, i.e. until the 16th of May, 2016. Securities for this credit are: contractual mortgage established on real estate on which the investment is implemented, declaration of submission to enforcement, power of attorney to manage Comarch S.A. bank accounts in Bank Handlowy w Warszawie S.A. and cession of rights in the building SSE7 insurance contract, concluded after completion of the investment. As at the 31st of March, 2017, the value of drawn loan was EUR 768 thousand, i.e. PLN 3,240 thousand (as at the 31st of December, 2016, the credit has not been run). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 29th of February, 2028.
- f) A non-revolving long-term credit in Bank Handlowy w Warszawie S.A. with its registered office in Warsaw for financing current operations. The credit amounts to EUR 2,508 thousand, i.e. PLN 10,938 thousand at the date of the agreement. The crediting period is 43 months and lasts until the 16th of December, 2019. The credit was granted in EUR, the interest rate of the credit is based on a variable rate. The credit disbursement should take place within 24 months from the date of signing the agreement, i.e. until the 16th of May, 2018. Securities for this credit are: declaration of submission to enforcement and power of attorney to manage Comarch S.A. bank accounts in Bank Handlowy w Warszawie S.A. As at the 31st of March, 2017, the value of drawn loan was EUR 2,508 thousand, i.e. PLN 10,584 thousand (EUR 2,365 thousand, i.e. PLN 10,465 thousand as at the 31st of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 30th of September, 2019.
- g) An investment credit agreement with DNB Bank Polska Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing up to 100% of investment expenditures related to the purchase of technical devices, which are the equipment of IoT laboratory (Internet of Things) located in building SSE6 in Special Economic Zone in Krakow. The credit amounts to EUR 2,531 thousand, i.e. PLN 10,854 thousand as at the date of the agreement. The crediting period lasts until the 30th of December, 2023. The credit was granted in EUR and has a variable interest rate. The credit should be used until the 28th of February, 2017. Securities for this credit are: registered pledge on devices which are the subject of financing to the amount of 150% of the credit, cession of rights under the insurance contract of devices, a declaration of submission to enforcement by Comarch S.A. and a power of attorney to manage Comarch S.A. bank accounts in DNB Bank Poland SA. As

at the 31st of March, 2017, the value of drawn loan was EUR 2,364 thousand, i.e. PLN 9,974 thousand (as at the 31st of December, 2016, the credit has not been run).

Other companies in the Comarch Group have the following long-term credits:

- h) In the third quarter of 2011, Comarch Healthcare S.A. acquired an investment loan from Bank Pekao S.A. with its registered office in Warsaw for financing of purchase of medical equipment and facilities in relation with implementation of project NZOZ Centrum Medyczne iMed24 (medical centre) in Krakow. The credit amounts to PLN 15,889 thousand and as at the 31st of December, 2011, and it was used in total. The crediting period lasts 7 years, i.e. until 2018. This credit has a variable interest rate. The registered pledge on the financed property, plant and equipment in use, cession of rights in the property, plant and equipment in use insurance policy and surety granted by Comarch S.A. are security for this credit. As at the 31st of March, 2017, the value of the credit to be repaid amounted to PLN 3,972 thousand (PLN 4,540 thousand as at the 31st of December, 2016).
- i) In the second quarter of 2013, Comarch AG acquired investment loan from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw for financing of construction of an office and production building, including data center in Dresden. The credit amounts to EUR 6,000 thousand, and its crediting period is until 2018. The loan was drawdown on the 25th of July, 2013. This credit has a variable interest rate. Surety granted by Comarch S.A., a mortgage and cession of rights in the insurance policy are security of this credit. As at the 31st of March, 2017, the value of the credit to be repaid amounted to EUR 1,552 thousand, i.e. PLN 6,548 thousand (EUR 1,862 thousand, i.e. PLN 8,238 thousand as at the 31st of December, 2016).
- j) In second quarter of 2015, Bonus Development Sp. z o.o. SK-A took out a construction and investment credit in bank Polska Kasa Opieki Spółka Akcyjna ("PEKAO S.A.") with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to reconstruction of the former factory building and the construction of an adjacent office building in Łódź. The credit is granted in EUR and amounts up to PLN 38,800 thousand, which on the day of signing the agreement was equivalent to EUR 9,262 thousand. The crediting period is 15 years, until the 28th of June, 2030. The interest rate of the credit is based on a variable rate. The loan is secured by the conventional mortgage on the property, on which construction works are being implemented, a statement of submission to enforcement, power of attorney to accounts maintained in bank PEKAO S.A., cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights in the insurance policies, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., and 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. The credit should be taken out by the 28th of June, 2017. As at the 31st of March, 2017, the value of drawn loan was EUR 8,318 thousand, i.e. PLN 35,099 thousand (EUR 8,172 thousand, i.e. PLN 36,155 thousand as at the 31st of December, 2016).
- k) In the first quarter of 2016, Comarch S.A.S., a subsidiary of Comarch S.A. and Comarch S.A. (as a co-borrower), signed an investment credit agreement with bank BGŻ BNP Paribas S.A. with its registered office in Warsaw, for financing and refinancing of 100% of net costs of an investment related to construction of data center in Lille, France, but no more than 83.5% of the total net costs of the whole investment. The credit amounts to EUR 8,000 thousand, i.e. PLN 34,164 thousand (exchange rate as of the date of signing the agreement). The crediting period lasts until the 18th of September, 2023, the interest rate of the credit is based on a variable rate. The credit should be taken out by the 18th of September, 2017. The credit is secured by: 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. As at the 31st of March, 2017, the value of drawn loan was EUR 2,214 thousand, i.e. PLN 9,342 thousand (EUR 1,001 thousand, i.e. PLN 4,429 thousand as at the 31st of December, 2016).

3.14.2. Loans from unrelated parties

In the third quarter of 2016, Comarch S.A. signed a loan agreement with IBM Polska sp. z o.o. for financing of delivery of IBM hardware in relation to an IT project performed by the Comarch Group. The loan amounts to PLN 12,980 thousand. The loan will reach its maturity date in March, 2022. The loan is not secured. As at the 31st of March, 2017, the value of capital outstanding was PLN 11,844 thousand (PLN 10,415 thousand as at the 31st of December, 2016).

3.14.3. Current credit lines

In the Comarch Group, Comarch S.A. - the parent company - has the following credit limits in current account:

- Credit limit in current account in bank Alior Bank Spółka Akcyjna (formerly BPH S.A.) with its registered office in Krakow in the amount of PLN 10,000 thousand. It can be used by the 31st of October, 2017. A blank promissory note and an authorization to manage Comarch S.A.'s accounts in Alior Bank Spółka Akcyjna (formerly BPH S.A.) are security for this credit. As at the 31st of March, 2017, the credit was not used, as well as at the 31st of December, 2016,
- Credit limit in current account in bank Pekao S.A. with its registered office in Warsaw in the amount of PLN 30,000 thousand. It can be used by the 30st of June, 2018. An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement are security for this credit. The interest rate of the credit is based on a variable rate. As at the 31st of March, 2017, the credit was not used, as well as at the 31st of December, 2016,

The subsidiaries of Comarch has the following credit limits in current account:

In the first quarter of 2016, Comarch S.A.S., a subsidiary of Comarch S.A., and Comarch S.A. (as a co-borrower), signed a revolving credit agreement with bank BGŻ BNP Paribas S.A. with its registered office in Warsaw, for financing of current business activity. The credit amounts to EUR 1,300 thousand, i.e. PLN 5,552 thousand (exchange rate as of the date of signing the agreement). The crediting period lasts until the 18th of November, 2017, the interest rate of the loan is based on a variable rate. The loan is secured by a statement of Comarch S.A. of submission to enforcement and a power of attorney to accounts of Comarch S.A. maintained by bank BGŻ BNP Paribas S.A. As at the 31st of March, 2017, the value of launched and unpaid credit was zero (EUR 160 thousand, i.e. PLN 708 thousand as at the 31st of December, 2016).

	31 March 2017	31 December 2016
Credit lines in the current account and revolving credits, including:	45,486	45,751
Used at the balance sheet date	-	708
Available at the balance sheet date	45,486	45,043

3.15. Other Financial Liabilities

	31 March 2017	31 December 2016
Liabilities due to finance lease	745	835
<i>Current portion</i>	180	204
<i>Non-current portion</i>	565	631
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities for fees for acquired shares	-	6,326
<i>Current portion</i>	-	6,326
<i>Non-current portion</i>	-	-
Total	745	7,161

Liabilities due to the Comarch Group's finance lease (excluding lease agreements between the companies in the Group) comprise liabilities of Comarch Healthcare S.A. and MKS Cracovia SSA, a subsidiaries of Comarch S.A., due to finance lease agreements for cars. As at the 31st of March, 2017 value of these liabilities amounted to PLN 745 thousand.

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
Current						
At 1 January 2016	4,630	21,692	16,214	22,378	82,833	147,747
Change:	(250)	(8,285)	4,562	4,373	(10,943)	(10,543)
<i>Provisions created</i>	17,284	19,435	9,690	21,238	88,895	156,542
<i>Provisions used and dissolved</i>	(17,534)	(27,720)	(5,128)	(16,865)	(99,838)	(167,085)
At 31 December 2016	4,380	13,407	20,776	26,751	71,890	137,204
At 1 January 2017	4,380	13,407	20,776	26,751	71,890	137,204
Change:	2,111	377	(1,656)	7,346	(11,006)	(2,828)
<i>Provisions created</i>	4,718	4,586	421	9,073	12,493	31,291
<i>Provisions used and dissolved</i>	(2,607)	(4,209)	(2,077)	(1,727)	(23,499)	(34,119)
At 31 March 2017	6,491	13,784	19,120	34,097	60,884	134,376

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

3.17. Trade and Other Payables

	31 March 2017	31 December 2016
Trade payables	40,480	56,218
Advance payments received due to services	273	264
Trade payables and other liabilities to related parties	1,804	3,087
Liabilities due to social insurance and other tax charges	34,927	41,909
Investments liabilities	10,181	23,148
Revenues from the future periods	63,651	25,496
Other payables	32,840	2,605
Special funds (Social Services Fund and Residential Fund)	3,324	1,766
Total	187,480	154,493

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 2016			
Liabilities due to lease of usable space	22,814	52,070	74,884
Liabilities due to lease agreements for electronic equipment and means of transport	1,539	1,797	3,336
Total	24,353	53,867	78,220
At 31 March 2017			
Liabilities due to lease of usable space	21,627	46,138	67,765
Liabilities due to lease agreements for electronic equipment and means of transport	1,442	1,780	3,222
Total	23,069	47,918	70,987

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 31st of March, 2017, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 3,222 thousand (PLN 3,336 thousand as at the 31st of December, 2016).

3.19. Contingent Liabilities

On the 31st of March, 2017, 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 36,201 thousand, whereas it was PLN 37,671 thousand on the 31st of December, 2016.

On the 31st of March, 2017, the value of bank guarantees issued by banks on order from Comarch Polska S.A. in reference to executed agreements and participation in tender proceedings was PLN 19 thousand, whereas it was also PLN 19 thousand on the 31st of December, 2016.

On the 31st of March, 2017, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,653 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,734 thousand on the 31st of December, 2016.

On the 31st of March, 2017, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 68 thousand, whereas it was EUR 16 thousand, i.e. PLN 71 thousand on the 31st of December, 2016.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: MKS Cracovia SSA (valid till the 31st of December, 2017) and Comarch Healthcare S.A. (valid till the 31st of December, 2018), Comarch Malaysia SDN. BHD. (valid till the 31st of December, 2017 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).

	31 March 2017	31 December 2016
Granted credit lines for financing of current activities		
(guarantees, letters of credit, credit lines in current account)		
Credit lines*	173,537	173,902
	173,537	173,902

* they comprise credit lines at current account that are described in point [3.14.3](#)

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 67,898 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of March, 2017 and are worth PLN 10,107 thousand. They include provisions for claims recognized in 2017 and worth PLN 10 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 13,550 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of March, 2017 and are worth PLN 100 thousand. They include provisions for claims recognized in 2017 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 2017 the Comarch Group did not create write-offs that revalue receivables. Due to the matters in disputes, in 2017 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. Revenues from Sales of Goods and Services**

	3 months ended 31 March 2017	3 months ended 31 March 2016
Revenues from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenues from sales of services		
SoInteractive S.A.	199	199
Thanks Again LLC	286	3,632
	485	3,831
	485	3,831

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

	3 months ended 31 March 2017	3 months ended 31 March 2016
Purchases of goods		
SoInteractive S.A.	142	179
Thanks Again LLC	-	-
	142	179
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	1,378	743
<i>Included in other costs</i>	88	668
	1,466	1,411
Thanks Again LLC		
<i>Included in generation costs</i>	1,694	-
<i>Included in other costs</i>	22	-
	1,716	-
Total	3,324	1,590

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

	31 March 2017	31 December 2016
Receivables from related parties		
SoInteractive S.A.	386	586
Thanks Again LLC	1,150	907
	1,536	1,493
Payables from related parties		
SoInteractive S.A.	1,697	2,829
Thanks Again LLC	-	-
	1,697	2,829

3.21.4. Transactions with Associates and Personally Related Entities

	3 months ended 31 March 2017	3 months ended 31 March 2016
Purchases from personally related entities	562	661
Sales to personally related entities	67	32
Loans and interest on loans repaid by personally related entities	35	-
Loans and interest on loans granted to personally related entities	-	-
Purchases from associates	1,609	1,590
Sales to associates	485	3,831
Loans and interest on loans repaid by associates	-	89
Loans and interest on loans granted to associates	6	-

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

	31 March 2017	31 December 2016
Trade receivables from personally related parties	25	10
Loans receivables from personally related parties	582	605
Trade payables to personally related parties	345	477
Liabilities due to loans from personally related parties	-	-

3.22. Earnings per Share

	3 months ended 31 March 2017	3 months ended 31 March 2016
Net profit for the period attributable to equity holders of the Company	4,819	7,177
Weighted average number of shares in issue	8,131,349	8,133,349
Basic earnings per share (PLN)	0.59	0.88
Diluted number of shares	8,131,349	8,133,349
Diluted earnings per share (PLN)	0.59	0.88

Basic earnings per share in the column "3 months ended 31 March 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 31st of March, 2017, by the weighted average number of shares in issue between the 1st of January, 2017, to the 31st of March, 2017, where the number of days is the weight. Basic earnings per share in the column "3 months ended 31 March 2016" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2016, to the 31st of March, 2016, by the weighted average number of shares in issue between the 1st of January, 2016, to the 31st of March, 2016, where the number of days is the weight.

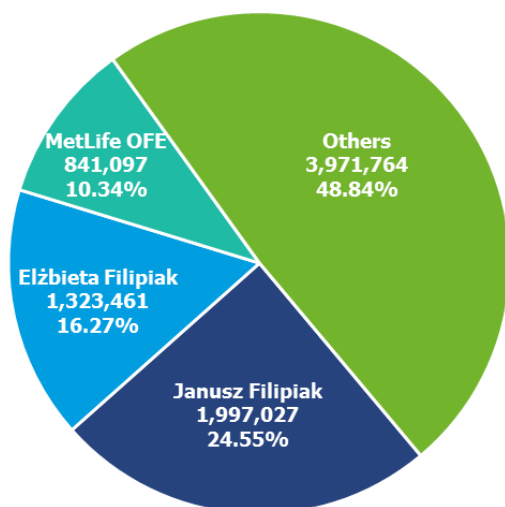
Diluted earnings per share in the column "3 months ended 31 March 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 31st of March, 2017, by the sum of the weighted average number of shares in issue between the 1st of January, 2017, to the 31st of March, 2017, where the number of days is the weight. Diluted earnings per share in the column "3 months ended 31 March 2016" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2016, to the 31st of March, 2016, by the sum of the weighted average number of shares in issue between the 1st of January, 2016, to the 31st of March, 2016, where the number of days is the weight.

4. Additional Notes

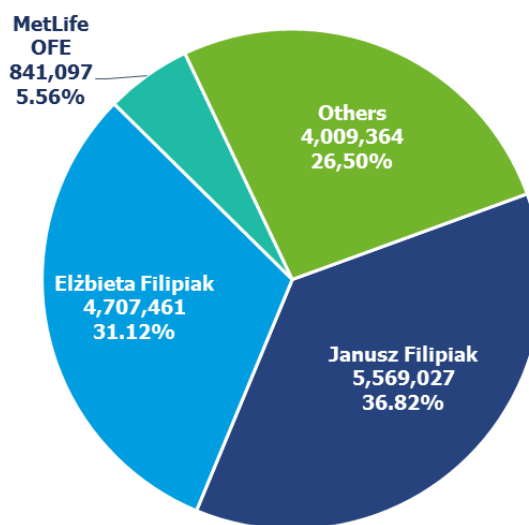
4.1. Information About Shareholders Holding at least 5% of the Total Number of Votes at Comarch S.A. General Meeting and Shares Held by Members of the Management Board and the Board of Supervisors

4.3.4. 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 22nd of May, 2017.

Shareholders by number of shares



Shareholders by number of votes



4.3.5. Changes in the Total Number of Votes at Comarch S.A.

None present.

4.3.6. Changes in Significant Holdings of Comarch S.A. Shares between 28 April 2017 and 22 May 2017

Entity	At 22 May 2017				At 28 April 2017			
	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

4.3.7. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between 28 April 2017 and 22 May 2017

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the consolidated annual report for 2016 was published, i.e. on the 28th of April, 2017, and on the 22nd of May, 2017, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 22 May 2017		At 28 April 2017	
		Shares	% in votes	Shares	% in votes
Janusz Filipiak	President of the Management 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	-	-	-	-
Paweł Prokop	Vice-President of the Management Board	37,539	0.50	37,539	0.50
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	32,867	0.22	32,867	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
Number of issued shares		8,133,349	100.00	8,133,349	100.00

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

4.2.1. Deferred Income Tax Assets and Provisions

Over first quarter of 2017, an asset due to activities in the SEZ that was established on the 31st of December, 2016, was dissolved in the amount of PLN 341 thousand, settled in part a deferred tax asset related to temporary differences that was established on 31st of December, 2016, and worth PLN 2,774 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 1,771 thousand. An asset due to tax loss was recognized and dissolved in the amount of PLN 503 thousand, as well as an deferred tax asset related to temporary differences and valuation of certificates in CCF FIZ was recognized in the amount of PLN 3,352 thousand and was dissolved in the amount of PLN 1,369 thousand. Total changes in deferred tax resulted in a decrease in net profit by PLN 2,824 thousand. Details are described in point [3.8](#).

4.2.2. 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 31st of March, 2017, decreased revenue and operating profit of Comarch Group by PLN 7,762 thousand (while in 3 months of 2016 increased by PLN 1,819 thousand). Exchange rate differences from other activities increased the result of Comarch Group in 3 months of 2017 by PLN 6,178 thousand (while in 3 months of 2016 decreased by PLN 3,351 thousand). The valuation of financial instruments (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments increased the Group's result by PLN 11,444 thousand (while in the corresponding period of 2016 increased by PLN 4,636 thousand). The total effect of exchange rate

differences and valuation of derivative financial instruments on the net result of the Comarch Group in 3 months of 2017 amounted to plus PLN 9,860 thousand (plus PLN 3,104 thousand in 3 months of 2016).

In the current report no. RB-9-2017 dated the 16th of May, 2017, Comarch S.A. informed about estimated effect of exchange rate changes on the Comarch Group's result in the first quarter of 2017.

4.3. Other events in Q1 2017

4.4.4. Request of Bank Pekao S.A. for PLN 100 million from CA Consulting S.A. Due to Improper Performance of an Agreement

The Management Board of Comarch S.A. announced on 23rd of March, 2017 that, CA Consulting S.A., a subsidiary of Comarch S.A., received the request for payment from Bank Pekao S.A. In the issued letter, the Bank called on CA Consulting S.A. to pay the amount of PLN 100 million resulting from improper performance of the Comprehensive Comarch Internet Banking Agreement (CIB) of 23rd of December, 2005. According to the Bank's letter the improper performance of the Agreement consists in the failure to meet by CA Consulting S.A. the parameters defined in SLA.

In the opinion of the Issuer the request directed to CA Consulting S.A. has neither justification nor grounds in the provisions of the Agreement of 2005. According to the Issuer, exceeding the parameters of the SLA results from the reasons attributable to the Bank which are beyond the control of CA Consulting S.A., including in particular the fact that the volume of transactions processed by the System repeatedly exceeded the project assumptions set out in the Agreement, as well as the lack of sufficient Bank investment in the modernization of the infrastructure, necessary for the functioning of the CIB System over the last nine years. The large part of currently existing infrastructure comes from 2008 and it has the same computing power as at that time, which is currently not enough for proper operation of the System. CA Consulting S.A. has repeatedly informed the Bank about this fact, including in writing, informing about necessity of revitalization and modernization work aimed at increasing initial performance benchmarks, as well as performing works adjusting the System to the number of processed transactions, among others in the letter of January 2017 from the Management Board of Comarch S.A. to the Management Board of Pekao S.A., as well as from the Management Board of CA Consulting S.A. to the managers of Pekao S.A.

In accordance with the provisions of the Agreement, total liability limit of CA Consulting S.A. in any given calendar year will not exceed 100% of the remuneration due to services specified in the Agreement and received by CA Consulting S.A. in the given calendar year. The amount of request exceeds several dozen times the above mention limit and is not justified in any way in the letter.

Comarch S.A. announces that CA Consulting S.A. is going to take the necessary legal steps to confirm the unreasonableness of the claim submitted by the Bank, and also is going to pursue the claim for breach of good name of the Company. CA Consulting S.A. also informs that still provides services under the Agreement concluded with the Bank.

According to the Management Board of Comarch S.A. this situation will not have significant impact on the operations and financial standing of the Comarch Group.

The Company announced details in the current report no. [RB-3-2017](#) dated the 23rd of March, 2017.

4.4.5. Dates of Periodical Financial Reports in 2017

On the 5th of January, 2017, in current report [RB-1-2017](#), Comarch S.A.'s Management Board set dates of periodical financial reports in 2017:

- 1) Q4 2016 - on the 1st of March, 2017;
- 2) Q1 2017 – on the 22nd of May, 2017;

- 3) Q2 2017 - Pursuant to §101 sec. 2 of the Regulation issued by the Minister of Finance on the 19th of February, 2009 concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, Comarch S.A. will not publish quarterly report for the second quarter of 2017;
- 4) Q3 2017 – on the 17th of November, 2017;
- 5) Annual report for 2016 – on the 28th of April, 2017;
- 6) Consolidated annual report for 2016 - on the 28th of April, 2017;
- 7) Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2017 - on the 31st of August, 2017.

4.4. Events after the Balance Sheet Date Not Included in the Financial Statement

4.4.1. Recommendation of Comarch S.A. Management Board Regarding Dividend

On the 8th of May, 2017, in current report no. [RB-6-2017](#) The Management Board of Comarch S.A. announced, that they shall recommend to the company's General Shareholders' Meeting the following distribution of the net profit of PLN 45,588,464.11 achieved by Comarch S.A. in 2016:

- a) PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders on the dividend's 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.
- b) The remaining part of the net profit in the amount of PLN 33,388,440.61 (thirty-three million three hundred eighty-eight thousand four hundred forty zlotys and 61/100) will be passed to supplementary capital.

4.4.2. Opinion of the Supervisory Board Regarding Dividend

On the 15th of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#) of the 15th of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016 (point [4.4.1](#) of this report).

4.4.3. Correction of Basic Financial Data in the Report of the Auditor from the Audit of the Financial Statement of Comarch S.A. for 2016

On the 8th of May, 2017, in current report no. [RB-7-2017](#) The Management Board of Comarch S.A. published corrected annual report of Comarch S.A. for 2016.

Editorial errors are corrected regarding to basic financial data in the report of the auditor from the audit of the financial statement of Comarch SA for 2016:

1. Table entitled 'Basic data from the balance sheet date' (part 2, page 8 of the report from the audit).
Inventories- it was: 43,274, it should be: 43,273;
Total assets- it was: 1,162,522, it should be: 1,162,245;
Current liabilities (including: current provisions for liabilities and accruals)-it was: 246,222, it should be: 245,310;
Current liabilities due to deliveries and services-it was: 16,595; it should be: 53,915;
Liabilities and provisions for liabilities- it was: 391,415, it should be: 390,503.
2. 'Information on Audited Financial Statement' (part 3, page 9 of the Report from the audit).
It was:

The audited financial statement was prepared as at 31st of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31st of December, 2016, with total assets and total equity and liabilities amounting to PLN 1,162,522,003.55,
- income statement for the period from 1st of January, 2016 to 31st of December, 2016, with net profit for the year amounting to PLN 44,953,007.89,
- changes in equity for the period from 1st of January, 2016 to 31st of December, 2016, presenting an increase in equity in the amount of PLN 39,201,703.72,
- cash flow statement for the period from 1st of January, 2016 to 31st of December, 2016, presenting a decrease in cash in the amount of PLN 16,602,272.10,
- additional information and commentary.

It should be:

The audited financial statement was prepared as at 31st of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31st of December, 2016, with total assets and total equity and liabilities amounting to PLN 1,162,245 thousand,
- income statement for the period from 1st of January, 2016 to 31st of December, 2016, with net profit for the year amounting to PLN 45,588 thousand,
- changes in equity for the period from 1st of January, 2016 to 31st of December, 2016, presenting an increase in equity in the amount of PLN 39,837 thousand,
- cash flow statement for the period from 1st of January, 2016 to 31st of December, 2016, presenting a decrease in cash in the amount of PLN 16,640 thousand,
- additional information and commentary.

4.4.4. Forward Contracts Concluded after the Balance Sheet Statement

Between the 1st of April, 2017, and the 22nd of May, 2017, Comarch Group concluded forward contracts for sales of RUB 40,000 thousand. The total net value of open forward contracts as of the 22nd of May, 2017, amounted to EUR 33,560 thousand, USD 17,300 thousand, GBP 100 thousand and RUB 64,000 thousand. The open forward contracts as of the 22nd of May, 2017, were valued at PLN 17,406 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 Comarch Group's companies, in which the remuneration is set in a foreign currency, as well as to protect the cash flows from the running credit granted in EUR.

4.5. The Management Board's Position on the Execution of Previously-Published Forecasts for the Current Year, in the Bright of Results Presented in the Quarterly Report

The Management Board did not forecast any results neither for first quarter 2017, nor for full year 2017.

4.6. Significant Legal, Arbitration or Administrative Proceedings

None present.

4.7. Information about Transactions with Related Parties on Terms Different from Market Conditions

None present.

4.8. Information about Suretyships, as well as Guarantees Provided by the Issuer and Its Subsidiaries

- a) Due to conclusion in August, 2010, of a contract with a customer by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. has granted a surety for the customer. This surety has been provided for the duration of the contract and guarantees the satisfactory fulfilment of any obligations resulting from the contract by Comarch AG. The guarantee expired as a result of termination of agreement and the guarantee was granted up to EUR 53,666 thousand.
- b) 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.
- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) 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.
- h) 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.
- i) 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.
- j) 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.
- k) 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.

- l) 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.
- m) 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.
- n) 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 in 2015, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2017.
- o) Due to conclusion of a contract for SLA services, signed by branch of Comarch S.A. in Albany, Comarch S.A. granted a surety for the liabilities of the branch resulting from the project. The surety was granted up to the amount of the signed agreement, i.e. approximately EUR 10 thousand monthly and is valid till the termination of the contract.
- p) 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.
- q) 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 total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2017.
- r) 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.
- s) 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 is valid 5 years.
- t) 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.
- u) 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 EUR 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.

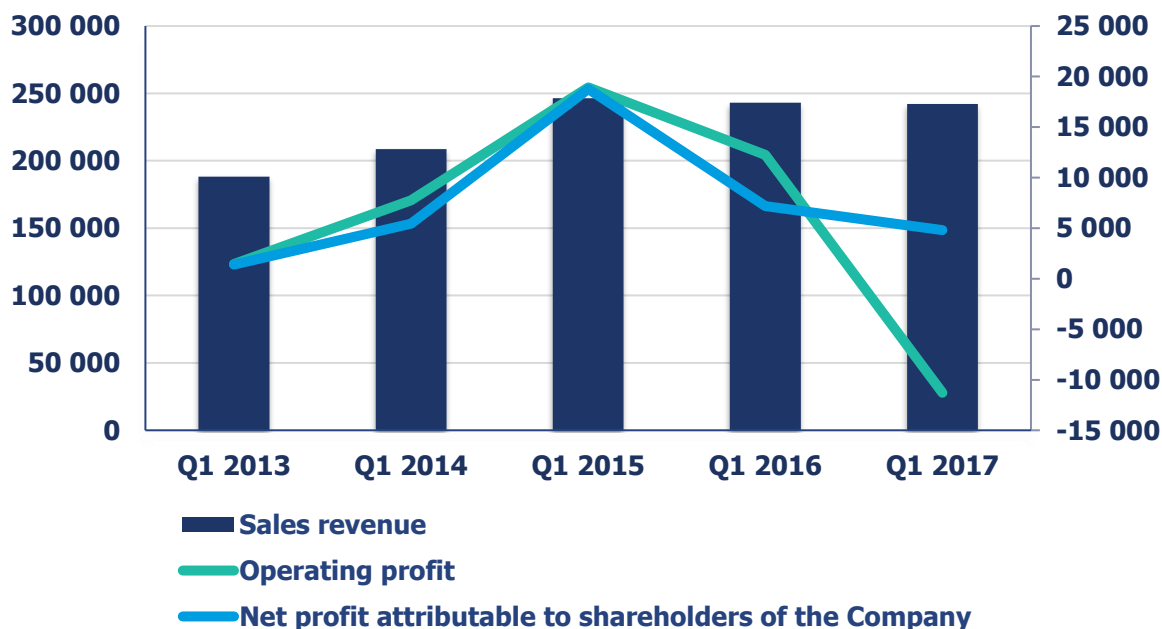
- v) Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 30th of August, 2018.
- w) 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 was granted up to the amount of PLN 10 thousand and is valid till the 15th of September, 2015. The surety has been renewed and is valid until the 14th of September, 2017.
- x) 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.
- y) 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.
- z) 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.
- aa) 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.
- bb) 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.
- cc) 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.
- dd) 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.
- ee) 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.

4.9. 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.

5. Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the Comarch Group in the First Quarter of 2017 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter

5.1. Revenues and Financial Results



In the first quarter of 2017, the Comarch Group generated sales revenue in the amount of PLN 242.2 million. They formed at a similar level as compared to sales revenue achieved in Q1 2016 (they were lower by PLN 0.9 million, i.e. 0.4%). Operating result amounted to minus PLN 11.3 million and was lower by PLN 23.6 million than in Q1 2016. Net result attributable to the shareholders of the parent company was PLN +4.8 million and was lower by PLN 2.4 million, i.e. 32.9% compared to the first quarter of 2016. The EBIT margin was -4.7%, and net margin amounted to +2%.

The financial results achieved in the first quarter of 2017 were affected by, among other things:

- occurrence of negative exchange rate differences on receivables and payables related to a significant strengthening of PLN against foreign currencies in Q1 2017 that decreased the operating result of the first quarter by PLN 7.8 million,
- positive result on financial activities in the amount of 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,
- continued stagnation in the public procurement market, with the result that low level of revenue from sales to customers in the public and medical sectors in the first quarter of 2017,
- significant increase in revenue from domestic sales (by PLN 10.9 million, i.e. 11.5%), as a result of development of sales in financial sector, that covered the loss of export (export sales decreased by PLN 11.8 million, i.e. 8.0%), due to decrease of revenue from sales in TMT sector,
- increase in operating costs, as a consequence of salary pressure in IT sector – in Q1 2017 the fund of basic salaries increased by 8.0% compared to Q1 2016,
- Change in the value of deferred tax assets and provisions, which resulted in a reduction in net profit by PLN 2.8 million.

Situation in the public procurement market and costs associated with software development in the field of e-Health, telemedicine devices and new generation loyalty solutions (e.g. in cooperation with Thanks

Again, LLC) will have in subsequent periods a significant impact on the financial result of the Comarch Group.

In Q1 2017, employment level in the Comarch Group decreased by 1.1%. As at the 31st of March, 2017, the Comarch Group (excluding MKS Cracovia SSA) hired 5,246 persons, i.e. 58 persons less than as at the 31st of December, 2016.

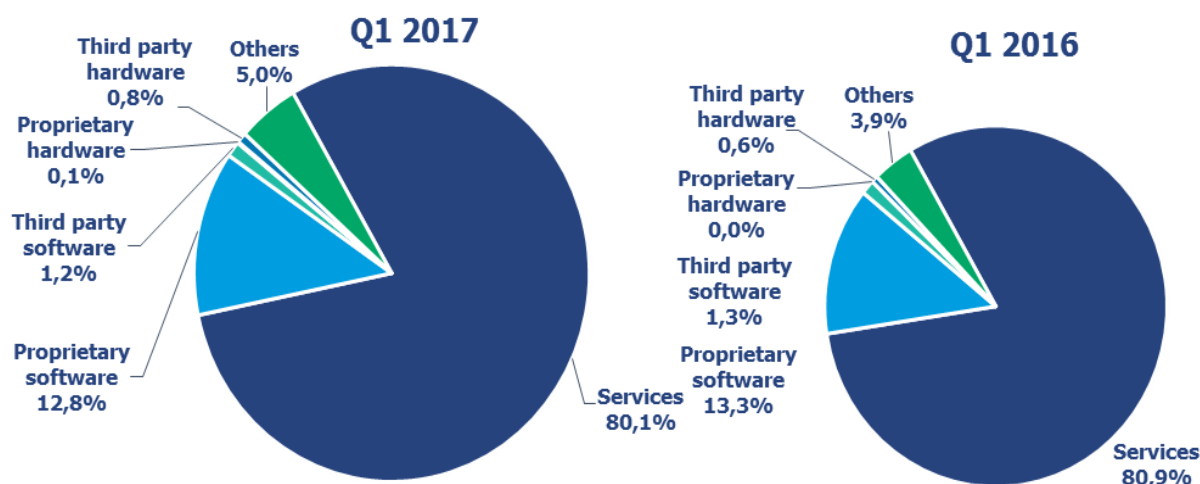
Comarch Group looks for new markets (for example in South America and Asia), continues investment in new IT products and services, as well as develops its IT infrastructure. Despite a weaker financial result in Q1 2017, financial standing of the Comarch Group is still very good and ensures safety of its activities during the unsteady macroeconomic situation both in Poland and worldwide. Group is aware of incurring high costs for development of new products and activities on foreign markets in order to further enhancement of Group's future competitive edge.

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 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.

5.2. Sales Structure

Products Sales Structure

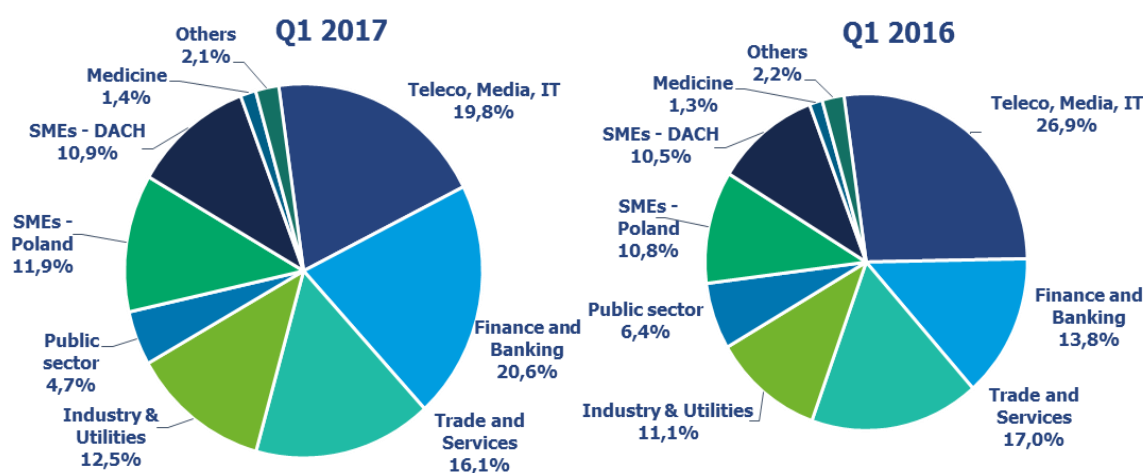


In the first quarter of 2017 Group's products sales structure changed insignificantly compared to the same period in the previous year. Sales of proprietary software amounted to PLN 30.9 million and was lower by PLN 1.4 million (i.e. 4.3%) than a Q1 2016. The sales of services decreased by PLN 2.8 million, i.e. 1.4%. The sales of proprietary hardware had a low value approx. PLN 0.3 million, in spite of a high rate of growth (558.5%). The sales of third-party solutions remained at a low level, this is consistent with a trend observed in the previous periods and in line with the Group's strategy of focusing on the sale of proprietary Comarch solutions. Revenue from sales of third-party software decreased by PLN 0.3 million, i.e. 10.7%, while third-party hardware increased by PLN 0.6 million, i.e. 46.5%. In Q1 2017 other sales increased by PLN 2.7 million, i.e. 28.6%, as a consequence of commencement of goods (rewards) delivered as part of comprehensive operator service for maintenance of loyalty systems.

Products sales structure	Q1 2017	%	Q1 2016	%	Change in PLN	Change in %
Services	193,897	80.1%	196,699	80.9%	-2,802	-1.4%
Proprietary software	30,870	12.8%	32,267	13.3%	-1,397	-4.3%
Third-party software	2,908	1.2%	3,256	1.3%	-348	-10.7%
Proprietary hardware	316	0.1%	48	0.0%	268	558.5%
Third party hardware	2,026	0.8%	1,383	0.6%	643	46.5%
Others	12,219	5.0%	9,503	3.9%	2,716	28.6%
Total	242,236	100.0%	243,156	100.0%	-920	-0.4%

Market Sales Structure

In Q1 2017 revenues from sales of the Comarch Group to customers in the TMT sector amounted to PLN 48.0 million, which represents a decrease of PLN 17.3 million (i.e. 26.5%) compared to Q1 2016, which is mainly due to reduced sales of services to customers in DACH region.



Customers in finance and banking sector bought products and services worth PLN 49.8 million, i.e. more about PLN 16.3 million (+48.5%) to that achieved in the corresponding period of the previous year, as a consequence of new contracts in domestic and international market. Sales to customers in the trade and services sector decreased by PLN 2.3 million, i.e. 5.6%, and in case of customers in the industrial sector increased by PLN 3.3 million, i.e. 12.2% compared to Q1 2016.

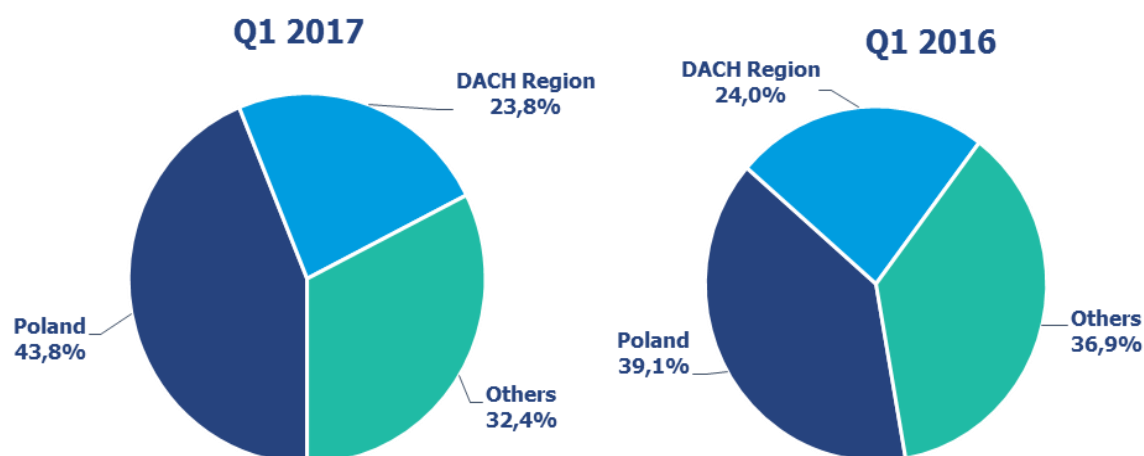
In the first quarter of 2017 there was a further decrease in revenue from sales to customers in public sector (respectively by PLN 3.9 million, i.e. 25.5 which is the result of stagnation in the public procurement market. The revenue from sales to customers in medical sector remained at a similar level to that of Q1 2016 and amounted to PLN 3.4 million.

There was a stable development in sales to customers in the small and medium-sized enterprises in Poland and in the DACH region. The increase in sales amounted to PLN by 2.5 million (i.e. 9.6%) and PLN 0.7 million (i.e. 2.9%).

Market sales structure	Q1 2017	%	Q1 2016	%	Change in PLN	Change in %
Telecommunications, Media, IT	48,064	19.8%	65,393	26.9%	-17,329	-26.5%
Finance and Banking	49,801	20.6%	33,544	13.8%	16,257	48.5%
Trade and Services	39,094	16.1%	41,407	17.0%	-2,313	-5.6%
Industry & Utilities	30,303	12.5%	27,019	11.1%	3,284	12.2%
Public sector	11,485	4.7%	15,410	6.4%	-3,925	-25.5%
Small and Medium-Sized Enterprises - Poland	28,849	11.9%	26,314	10.8%	2,534	9.6%
Small and Medium-Sized Enterprises - DACH	26,272	10.9%	25,544	10.5%	728	2.9%
Medicine	3,363	1.4%	3,155	1.3%	208	6.6%
Others	5,005	2.1%	5,370	2.2%	-365	-6.8%
Total	242,236	100.0%	243,156	100.0%	-920	-0.4%

Regardless of periodic fluctuations in individual sectors of the economy, due to a maintaining the diversification of revenue sources and offer, the Comarch Group has secured the opportunity to sustain stable business development.

Geographical sales structure

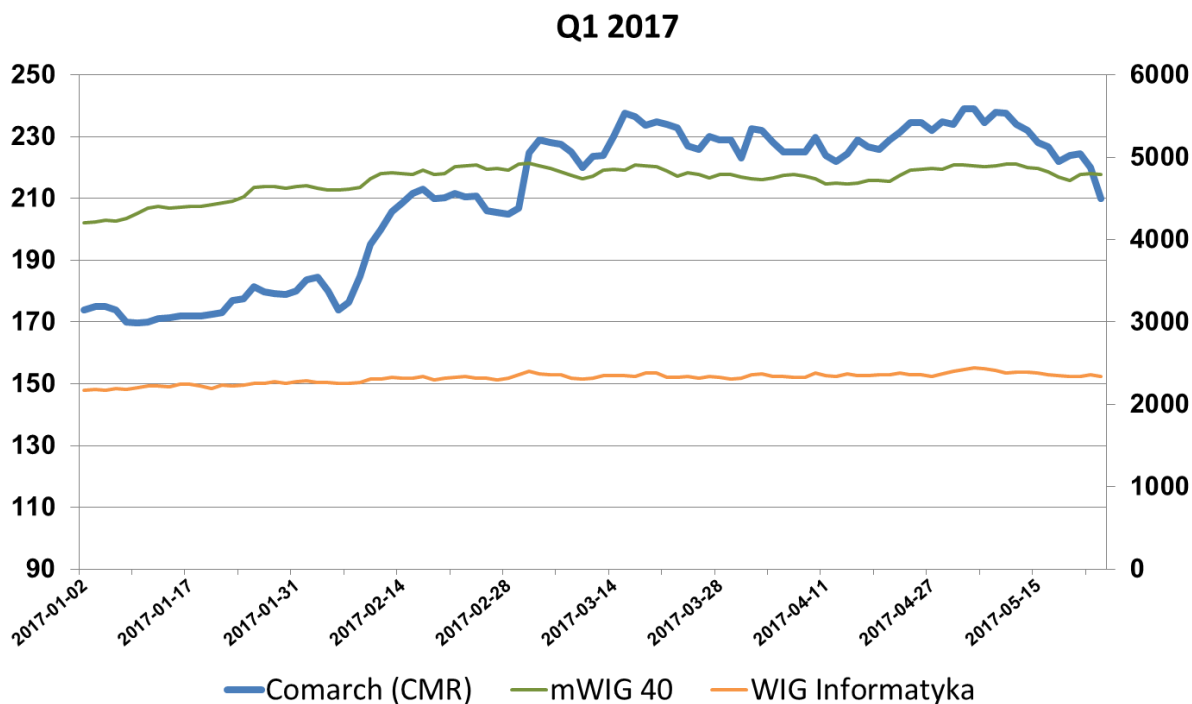


In the first quarter of 2017, Group's export sales amounted to PLN 136.2 million and decreased by PLN 11.8 million, i.e. 8.0% compared to those in Q1 2016, which is mainly due to reduced sales to customers in the TMT sector.

Geographical sales structure	Q1 2017	%	Q1 2016	%	Change in PLN	Change in %
Domestic (Poland)	106,048	43.8%	95,151	39.1%	10,897	11.5%
Export	136,188	56.2%	148,005	60.9%	-11,817	-8.0%
Total	242,236	100.0%	243,156	100.0%	-920	-0.4%

Domestic sales were higher by 10.9 million, i.e. 11.5% compared to those in the previous year, as a result of an increase in sales to customers in finance sector. Share of export sales in total sales amounted to 56.2%.

5.3. Comarch S.A. Stock Price Performance



On the 31st of March, 2017, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange amounted to PLN 232.50 and increased by 33.6% compared to PLN 174.00 on the 30th of December, 2016. Group’s results and Comarch S.A. stock price in the next quarters will depend in large part on the development of sales of Comarch proprietary products and services, shaped by economic and political conditions on the Polish and the European markets and on the financial situation of medium-sized and large enterprises (which constitute the Group’s clients base). Currency exchange rates (EUR/PLN, USD/PLN, GBP/PLN, BRL/PLN) and the rate of increase in the remuneration of IT employees will also have significant impact on Group’s results and Comarch S.A. stock price.

	3 months ended 31 March 2017 / 31 March 2017	3 months ended 31 March 2016 / 31 March 2016
Closing price at the balance sheet date	232.50	128.00
Average price during the reporting period	201.50	118.13
MIN price during the reporting period	169.80	103.70
MAX price during the reporting period	237.50	137.35
Average volume during the reporting period	6,204	2,796
Capitalization at the balance sheet date	1,891,003,643	1,041,068,672
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	162.35	18.05
P/BV at the balance sheet date	2.41	1.42
P/S at the balance sheet date	11.00	1.39
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	455.99	13.06
P/BV at the balance sheet date	2.24	1.36
P/S at the balance sheet date	7.81	0.92

5.4. Events in the First Quarter of 2017 that Greatly Impacted the Current Activities of the Comarch Group

None present.

5.5. Events after the Balance Sheet Date that Greatly Impacted the Current Activities of the Comarch Group

5.5.1. Acquisition of Shares in Geopolis sp. z o.o.

On 3rd of April, 2017 Comarch S.A. acquired 100% of shares of Geopolis sp. z o.o., acquired the whole copyrights to the ERGO software which belongs to the Geopolis sp. z o.o. and committed itself to recapitalization of Geopolis sp. z o.o. The total value of the transactions amounted to PLN 8.05 million. Geopolis sp. z o.o. supports informatisation in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Acquiring of Geopolis sp. z o.o. will allow Comarch Group to expand the product portfolio dedicated to the public sector. The company announced details of the transaction in current reports [RB-2-2017](#) dated of the 16th March, 2017, [RB-4-2017](#) dated the 31st of March, 2017 and [RB-5-2017](#) dated the 4th of April, 2017.

5.5.2. Recommendation of Comarch S.A. Management Board Regarding Dividend

On the 8th of May, 2017, in current report no. [RB-6-2017](#) The Management Board of Comarch S.A. announced, that they shall recommend to the company's General Shareholders' Meeting the following distribution of the net profit of PLN 45, 588,464.11 achieved by Comarch S.A. in 2016:

a) PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders on the dividend's 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.

b) The remaining part of the net profit in the amount of PLN 33,388,440.61 (thirty-three million three hundred eighty-eight thousand four hundred forty zlotys and 61/100) will be passed to supplementary capital.

5.5.3. Opinion of the Supervisory Board Regarding Dividend

On the 15th of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#) of the 15th of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016 (point [5.5.2](#) of this report).

QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE FIRST QUARTER OF 2017

I. Balance Sheet

ASSETS	31 March 2017	31 December 2016	31 March 2016
I. NON-CURRENT ASSETS	707,760	701,603	690,734
1. Intangible assets	9,485	8,506	9,574
2. Property, plant and equipment	302,979	296,496	260,098
3. Non-current investments	387,666	388,998	412,932
3.1. Non-current financial assets	359,822	360,783	383,603
a) in related parties	355,895	359,931	382,060
b) in other entities in which the Company holds equity interests	280	360	460
c) in other entities	3,647	492	1,083
3.2 Real estates	27,801	28,172	29,286
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	7,630	7,603	8,130
4.1 Deferred income tax assets	5,632	6,510	7,041
4.2 Other accruals	1,998	1,093	1,089
II. CURRENT ASSETS	464,355	460,642	378,232
1. Inventories	54,124	43,273	33,270
2. Current receivables	253,384	324,572	242,231
2.1 from related parties	144,922	181,062	130,508
2.2 from other entities in which the Company holds equity interests	403	587	347
2.3 from other entities	108,059	142,923	111,376
3. Current investments	114,971	55,488	57,820
3.1 Current financial assets	114,971	55,488	57,820
a) in related parties	333	351	80
b) in other entities in which the Company holds equity interests	286	204	110
c) in other entities	8,348	1,150	5,022
- interest and shares	1	1	1
- granted loans	-	-	-
- other current financial assets	8,347	1,149	5,021
d) cash and cash equivalents	106,004	53,783	52,608
4. Short-term prepayments	41,876	37,309	44,911
TOTAL ASSETS	1,172,115	1,162,245	1,068,966

EQUITY AND LIABILITIES	31 March 2017	31 December 2016	31 March 2016
I. EQUITY	783,760	771,742	746,625
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	619,975	619,975	562,292
3. Revaluation reserve	97,671	97,301	100,311
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	45,588	-	57,683
6. Net profit (loss)	11,648	45,588	17,461
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	388,355	390,503	322,341
1. Provisions for liabilities	119,072	124,646	125,138
1.1 Provision for deferred income tax	25,831	23,830	25,438
1.2 Other provisions	93,241	100,816	99,700
a) current	93,241	100,816	99,700
2. Non-current liabilities	125,275	121,363	97,578
2.1 to related parties	16,192	16,520	2,851
2.2 to other entities in which the Company holds equity interests	-	-	-
2.3 to other entities	109,083	104,843	94,727
3. Current liabilities	132,187	126,800	90,500
3.1 to related parties	32,596	20,214	20,973
3.2 to other entities in which the Company holds equity interests	1,504	2,108	924
3.3 to other entities	94,950	102,914	65,690
3.4 Special funds	3,137	1,564	2,913
4. Accruals	11,821	17,694	9,125
4.1 Other accruals	11,821	17,694	9,125
a) current	11,821	17,694	9,125
TOTAL EQUITY AND LIABILITIES	1,172,115	1,162,245	1,068,966
Book value	783,760	771,742	746,625
Number of shares	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	96.36	94.89	91.80
Diluted number of shares	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	96.36	94.89	91.80

II. Income Statement

For period 01.01 – 31.03.2017 and 01.01 – 31.03.2016	Q1 2017	Q1 2016
I. Net revenues from sales of products, goods and materials, including:	171,897	161,218
- revenues from related parties	39,381	33,236
1. Net revenues from sales of products	156,810	150,053
2. Net revenues from sales of goods and materials	15,087	11,165
II. Costs of products, goods and materials sold, including:	139,288	120,730
- to related parties	8,373	6,211
1. Manufacturing cost of products sold	124,905	111,329
2. Value of products, goods and materials sold	14,383	9,401
III. Gross profit (loss) on sales	32,609	40,488
IV. Costs of sales	16,395	13,280
V. Administrative expenses	9,251	8,805
VI. Profit (loss) on sales	6,963	18,403
VII. Other operating revenues	696	359
1. Profit on disposal of non-financial non-current assets	2	-
2. Other operating revenues	694	359
VIII. Other operating costs	2,001	3,347
1. Loss on disposal of non-financial non-current assets	-	25
2. Cost of works financed in part with subsidies	1,553	2,594
3. Revaluation of non-financial assets	-	-
4. Other operating costs	448	728
IX. Profit (loss) on operating activities	5,658	15,415
X. Financial revenues	14,509	6,040
1. Interest, including:	168	340
- from related parties	60	201
2. Dividends and share in profits	-	-
- from related parties	-	-
3. Profit on disposal of investment	986	-
4. Revaluation of financial assets	(16)	-
5. Other	13,371	5,700
XI. Finance costs	5,708	2,998
1. Interest	699	628
- from related parties	180	40
2. Revaluation of investments	-	-
3. Loss on disposal of investments	-	315
4. Other	5,009	2,055
XII. Profit (loss) on business activities	14,459	18,457
XIII. Gross profit (loss)	14,459	18,457
XIV. Income tax	2,811	996
XV. Net profit (loss)	11,648	17,461
Net profit (loss) (annualised)	39,775	51,038
Weighted average number of shares 01.04.2016 – 31.03.2017	8,133,349	8,132,437
Earnings (losses) per single share (PLN)	4.89	6.28
Diluted weighted average number of shares 01.04.2016 – 31.03.2017	8,133,349	8,132,437
Diluted earnings (losses) per single share (PLN)	4.89	6.28

III. Changes in Equity

	3 months ended 31 March 2017	12 months ended 31 December 2016	3 months ended 31 March 2016
I. Opening balance of equity	771,742	731,905	731,905
a) changes to adopted accounting principles (policies)	-	-	-
I. a. Opening balance of equity after adjustments	771,742	731,905	731,905
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	619,975	562,292	562,292
2.1 Changes in supplementary capital	-	57,683	-
a) increases (due to)	-	57,683	-
- profit-sharing for the previous years	-	57,683	-
2.2 Closing balance of supplementary capital	619,975	619,975	562,292
3. Opening balance of revaluation reserve	97,301	103,052	103,052
3.1 Changes in revaluation reserve	370	(5,751)	(2,741)
a) increases (due to)	455	1,349	643
- provision for deferred income tax due to certificates valuation	-	1,349	643
- balance sheet valuation of investment certificates	455	-	-
b) decreases (due to)	85	7,100	3,384
- balance sheet valuation of investment certificates	-	7,100	3,384
- provision for deferred income tax due to certificates valuation	85	-	-
3.2 Closing balance of revaluation reserve	97,671	97,301	100,311
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	45,588	57,683	57,683
a) changes to adopted accounting principles (policies)	-	-	-
6.1 Opening balance of previous years' profit after adjustments	45,588	57,683	57,683
a) decreases (due to)	-	57,683	-
- transferring the result from the previous years to capital	-	57,683	-
6.2 Closing balance of previous years' profit	45,588	-	57,683
7. Result for Q1 2017 (opening balance)	-	-	-
7.1 Net result for the period	11,648	45,588	17,461
7.2. Net result	11,648	45,588	17,461
II. Closing balance of equity	783,760	771,742	746,625
III. Equity including proposed profit-sharing (loss coverage)	783,760	771,742	746,625

IV. Cash Flow Statement

For period 01.01 – 31.03.2017 and 01.01 – 31.03.2016	3 months ended 31 March 2017	3 months ended 31 March 2016
A. Cash flows from operating activities		
I. Net profit (loss)	11,648	17,461
II. Total adjustments	33,431	(16,134)
1. Depreciation	8,559	8,810
2. Exchange gains (losses)	(799)	75
3. Interest and profit sharing (dividends)	492	800
4. (Profit) loss on investing activities	(4)	25
5. Change in provisions	(5,675)	(14,888)
6. Change in inventories	(10,851)	(5,523)
7. Change in receivables	60,362	44,460
8. Change in current liabilities, excluding credits and loans	(5,399)	(39,428)
9. Change in prepayments and accruals	(13,254)	(10,465)
10. Other adjustments	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	45,079	1,327
B. Cash flows from investing activities		
I. Inflows	17,254	1,252
1. Disposal of property, plant and equipment and intangible assets	79	262
2. From financial assets, including:	17,175	990
a) in related parties	16,189	990
- repaid loans	4,369	961
- received loans	11,746	29
- interest received on paid loans	74	-
- received dividends	-	-
b) in other entities	986	-
- other proceeds from financial assets	986	-
3. Other investment proceeds	-	-
II. Outflows	(21,788)	(16,171)
1. Purchase of property, plant and equipment and intangible assets	(21,536)	(8,829)
2. Expenses for investment in real estates	-	(5)
3. For financial assets, including:	(252)	(7,337)
a) in related parties	(252)	(7,021)
- purchase of financial assets	-	(4,114)
- granted non-current loans	(252)	(2,228)
- repayment of loans from related parties	-	(422)
- repayment of interest on loans	-	(257)
b) in other entities	-	(316)
4. Other investment expenses	-	-
III. Net cash used in investing activities (I-II)	(4,534)	(14,919)
C. Cash flows from financing activities		
I. Inflows	16,715	6,288
1. Credits and loans	16,307	6,265
2. Net proceeds from shares issue	-	-
3. Repaid loans	-	20

4. Interest received on paid loans	-	3
5. Other financial inflows	408	-
II. Outflows	(5,774)	(10,381)
1. Dividends and other payments to owners	-	-
2. Repayment of loans and credits	(5,208)	(9,806)
3. Interest	(566)	(575)
4. Other financial expenses	-	-
III. Net cash (used in)/generated from financing activities (I-II)	10,941	(4,093)
D. TOTAL net cash flow (A.III+/- B.III+/-C.III)	51,486	(17,685)
E. Balance sheet change in cash and cash equivalents, including:	52,220	(17,776)
- <i>change in cash and cash equivalents due to exchange differences</i>	734	(91)
F. Cash and cash equivalents opening balance	53,781	70,383
H. Closing balance of cash and cash equivalents (F+/- E), including:	106,001	52,607
- <i>limited disposal</i>	7,133	4,004

V. Additional Information and Commentary

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, 2016, pos. 1,047 and subsequent changes) and the requirements specified in 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 (unified text - Journal of Laws, 2014, pos. 133 and subsequent changes).

A complete description of the adopted accounting principles was presented in the last annual financial statement, i.e. for the period from the 1st of January, 2016, until the 31st of December, 2016. If this financial statement for the 3 months ended 31st of March, 2017, r was prepared according to IFRS, the financial results would amount to PLN 11,284 thousand.

Earnings according to Act on Accounting	11,648
Depreciation of perpetual usufruct	(23)
Assets due to activity in the SEZ	(341)
Profit according to IFRS	11,284

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 Asset Items

On the 31st of March, 2017, Comarch S.A. did not create write-offs that revaluated goods, materials and finished products. The Company didn't dissolve write-offs, which had been created in the previous years.

No hedges were made on inventories owned by the Company.

As at the 31st of March, 2017, in relation with payments of receivables, Comarch S.A. dissolved revaluating write-offs worth PLN 957 thousand and recognized write-offs worth PLN 499 thousand that

revaluated bad debts. As at the 31st of March, 2017 Comarch S.A. did not create write-off for impairment of long-term financial assets (shares, stock).

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 realized 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 realized is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In 2017 an asset due to temporary differences in income tax worth PLN 282 thousand was recognized. A tax asset worth PLN 1,160 thousand, recognized as at the 31st of December, 2016, was dissolved in part. A provision for deferred income tax due to temporary differences was recognized in the amount of PLN 1,928 thousand and was dissolved in the amount of PLN 12 thousand. The total effect of these operations on the result of Q1 2017 was minus PLN 2.794 thousand.

Provision for deferred income tax related to valuation of investment certificates in CCF FIZ was higher by PLN 85 thousand. This provision as well as valuation of certificates are settled with revaluation reserve.

3. Selected Note to the Summary Financial Statement

3.1. Non-current Financial Assets

	31 March 2017	31 December 2016	31 March 2016
a) in subsidiaries and correlated parties	355,895	359,931	382,060
- interest or shares	229,503	229,711	232,310
- loans granted	4,273	8,553	23,744
- other securities	122,143	121,688	124,900
- other non-current financial assets, including:	(24)	(21)	1,106
- interest on granted loans	(24)	(21)	1,106
b) in other entities in which the Company holds equity interests	280	360	460
- interest or shares	150	150	150
- loans granted	130	210	310
c) in other entities	3,647	492	1,083
- other non-current financial assets (types)	3,647	492	1,083
- Forward contracts	3,647	492	1,083
Total	359,822	360,783	383,603

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

	3 months ended 31 March 2017	3 months ended 31 March 2016
a) Opening balance	360,783	382,917
- interests or shares	229,861	230,552
- loans granted	8,763	23,052
- other securities	121,688	128,284
- other non-current assets, including interest on granted loans	(21)	950
- others	492	79
b) increases (due to)	3,643	4,385
- purchases of shares in related parties	-	1,908
- loans granted to related parties	-	1,266
- due interest to non-current loans	33	207
- balance sheet valuation of investment certificates	455	-
- valuation of forward contracts	3,155	1,004
c) decreases (due to)	4,604	3,699
- repayment of related entities' loans	4,122	-
- repayment of other entities' loans	-	20
- repayment of related parties' interest on loans	28	31
- change in the nature of loans on short-term (related entities)	-	80
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	80	-
- valuation of participation units in CCF FIZ	-	3,384
- revaluation of shares	208	-
- balance sheet and adjusted valuation of interest on loans	6	8
- balance sheet valuation of loans and exchange differences realized in relation to repaid loans and from the balance sheet valuation	209	160
- creating revaluation write-offs on loans to related parties	(51)	4
- creating revaluation write-offs on interest on loans to related parties	2	12
d) Closing balance	359,822	383,603

3.3. Current Financial Assets

	31 March 2017	31 December 2016	31 March 2016
a) in related parties	333	351	80
- granted loans	322	322	80
- other financial assets	11	29	-
b) in other entities in which the Company holds equity interests	286	204	110
- granted loans	280	200	110
- other financial assets	6	4	-
c) in other entities	8,348	1,150	5,022
- granted loans	-	-	-
- interest or shares	1	1	1
- other current financial assets, including:	8,347	1,149	5,021
- forward contracts	8,347	1,149	5,021
d) cash and cash equivalents	106,004	53,783	52,608
- cash in hand and at banks	106,001	53,781	52,607
- other monetary assets	3	2	1
Total	114,971	55,488	57,820

4. A 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

During the first quarter of 2017, Comarch S.A. reached PLN 171.9 million in revenue from sales, what constitutes a decrease by 6.6% as compared to the previous year. Net sales of products constituted 91.2% of total Company's sales and were higher by PLN 6.8 million compared to those in 2016.

In the first quarter of 2017, the Company's operating profit amounted to PLN 5.7 million, and net profit was PLN 11.6 million. EBIT margin amounted to 3.3% and net margin was 6.8%.

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

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

6. Discussion of Seasonality of the Issuer's Business in the Period Presented

Over 2016, Comarch Group revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 25% in the second quarter, 20% in the third quarter and 33% in the fourth quarter.

Over 2017, the Company expects the distribution of sales revenue similar to that of 2016.

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

On the 31st of March, 2017, Comarch S.A. did not create write-offs that revaluated goods and materials and finished products. The Company didn't resolve write-offs, which had been created in the previous years.

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 of	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
At 1 January 2016	57,639	2,875	-	-	60,514
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
At 31 March 2016	57,639	2,875	-	-	60,514
At 1 January 2016	57,639	2,875	-	-	60,514
Change:	24,973	(2,875)	-	-	22,098
- creation	24,973	-	-	-	24,973
- dissolution	-	(2,875)	-	-	(2,875)
At 31 December 2016	82,612	-	-	-	82,612
At 1 January 2017	82,612	-	-	-	82,612
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
At 31 March 2017	82,612	-	-	-	82,612

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
At 1 January 2016	17,674	9,264	16,202	72,117	115,257
Change:	(1,042)	(30)	5,071	(19,556)	(15,557)
- creation	1,434	8	5,828	7,328	14,598
- dissolution	(2,476)	(38)	(757)	(26,884)	(30,155)
At 31 March 2016	16,632	9,234	21,273	52,561	99,700

At 1 January 2016	17,674	9,264	16,202	72,117	115,257
Change:	(5,384)	244	2,271	(11,572)	(14,441)
- creation	7,634	418	12,465	74,812	95,329
- dissolution	(13,018)	(174)	(10,194)	(86,384)	(109,770)
At 31 December 2016	12,290	9,508	18,473	60,545	100,816
At 1 January 2017	12,290	9,508	18,473	60,545	100,816
Change:	(400)	7	5,515	(12,697)	(7,575)
- creation	1,948	7	6,373	9,402	17,730
- dissolution	(2,348)	-	(858)	(22,099)	(25,305)
At 31 March 2017	11,890	9,515	23,988	47,848	93,241

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
At 1 January 2016	7,348	25,412
Creation in Q1 2016	541	680
Dissolution in Q1 2016	(848)	(654)
At 31 March 2016	7,041	25,438
At 1 January 2016	7,348	25,412
Creation in Q1-Q4 2016	1,608	-
Dissolution in Q1-Q4 2016	(2,446)	(1,582)
At 31 December 2016	6,510	23,830
At 1 January 2017	6,510	23,830
Creation in Q1 2017	282	2,013
Dissolution in Q1 2017	(1,160)	(12)
At 31 March 2017	5,632	25,831

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

During the reporting period, Comarch S.A. purchased computer hardware for the amount of PLN 7,348 thousand, intangible assets for the amount of PLN 2,000 thousand. Po The Company also incurred expenditures for the construction of an office building in the amount of PLN 3,886 thousand.

In 2017, revenue from sales of property, plant and equipment amounted to PLN 73 thousand.

12. Information about Liability in Relation to Purchase of Property, Plant and Equipment

As at the of 31st of March, 2017, Comarch S.A. holds an investment liabilities amounted to PLN 3,113 thousand related to the construction of an office building SSE7, liability due to purchase of computer hardware in the amount of PLN 1,382 thousand and liability due to purchase of intangible assets in the amount of PLN 3,983 thousand.

Comarch S.A. also has liability due to acquisition of shares in the increased capital in its subsidiary, Comarch Pointshub Inc., in the amount of PLN 3,511 thousand. Settlement of this obligation is provided for the 31st of December, 2017.

13. Information about Significant Settlements in Reference to Court Proceedings

None present.

14. Corrections 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 Recognized 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 8th of May, 2017, in current report no. [RB-6-2017](#) The Management Board of Comarch S.A. announced, that they shall recommend to the company's General Shareholders' Meeting the following distribution of the net profit of PLN 45, 588,464.11 achieved by Comarch S.A. in 2016:

a) PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders on the dividend's 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.

b) The remaining part of the net profit in the amount of PLN 33,388,440.61 (thirty-three million three hundred eighty-eight thousand four hundred forty zlotys and 61/100) will be passed to supplementary capital.

On the 15th of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#) of the 15th of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016.

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

On the 31st of March, 2017, 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 36,201 thousand, whereas it was PLN 37,671 thousand on the 31st of December, 2016.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 61,263 thousand. Provisions for part of these claims were presented in the balance sheet as of the 31st of March, 2017, and are worth PLN 7,839 thousand (while provisions for claims relating to the court proceedings created in 2017 amounted to PLN 0). Comarch S.A. is the party to the matters in disputes but not legal proceedings, in which the potential total amount of third party claims is PLN 13,400 thousand. Provisions for part of these claims were presented in the balance sheet as of the 31st of March, 2017 and worth PLN 100 thousand (while provisions for claims relating to the court proceedings created in 2016 amounted to PLN 0).

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

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

Comarch S.A.

Al. Jana Pawła II 39a
31-864 Krakow

 ir@comarch.pl

 +48 (12) 687 78 22

www.comarch.pl/investors/
