

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr ...3 / 2016

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 ...3... quarter of financial year ...2016 from 2016-01-01 to 2016-09-30
including consolidated financial statement according to International Financial Reporting Standards (IFRS)
in currency PLN
and summary of financial statement according to Act on Accounting (Journal of Laws 13.47.330)
in currency PLN
date of publication 2016-11-14

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(full name of an issuer)	
COMARCH	Information Technology (IT)
(abbreviated name of issuer)	(sector according to WSE classification)
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SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	740,390	728,856	169,473	175,269
II. Operating profit (loss)	45,695	48,805	10,459	11,736
III. Profit before income tax	44,349	46,881	10,151	11,274
IV. Net profit attributable to shareholders of parent company	21,037	36,184	4,815	8,701
V. Net cash flows from operating activities	34,205	22,107	7,829	5,316
VI. Net cash flows from investing activities	-84,959	-82,224	-19,447	-19,773
VII. Net cash flows from financing activities	11,586	-4,316	2,652	-1,038
VIII. Change in net cash flows	-39,168	-64,433	-8,965	-15,494
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	2.59	4.45	0.59	1.07
XI. Diluted earnings (losses) per single share (PLN/EURO)	2.59	4.45	0.59	1.07
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	499,735	494,639	114,388	118,946
XIII. Profit (loss) on operating activities	43,160	55,228	9,879	13,281
XIV. Gross profit (loss)	29,546	58,008	6,763	13,949
XV. Net profit (loss)	25,074	54,080	5,739	13,005
XVI. Net cash flows from operating activities	16,849	9,050	3,857	2,176
XVII. Net cash flows from investing activities	-38,829	-66,583	-8,888	-16,011
XVIII. Net cash flows from financing activities	-3,089	-138	-707	-33
XIX. Total net cash flow	-25,069	-57,671	-5,738	-13,868
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349

XXI. Earnings (losses) per single share (PLN/EURO)	3.53	7.84	0.81	1.89
XXII. Diluted earnings (losses) per single share (PLN/EURO)	3.53	7.84	0.81	1.89
EQUITIES	30.09.2016	31.12.2015	30.09.2016	31.12.2015
XXIII. Equity attributable to shareholders (consolidated)	791,512	767,559	183,560	180,115
XXIV. Equity (parent company)	749,018	731,905	173,705	171,748

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 01.01.2016 to 30.09.2016: 4.1585;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2015 to 30.09.2015: 4.3688;

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

- 30.09.2016: 4.3120;

- 31.12.2015: 4.2615.

Values of equities (positions XXIII, XXIV) were presented as at the end of the third quarter 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_3_2016.pdf	QSr 3 2016

SIGNATURES

Date	Name and surname	Position	Signature
2016-11-14	Konrad Tarański	Vice-President of the Management Board	
2016-11-14	Maria Smolińska	Proxy	

**Comarch Capital Group
Consolidated Financial Statement
for the period from 1 January 2016 to 30 September 2016**

COMARCH

Statement in accordance with the International Financial Reporting Standards

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I. Consolidated Balance Sheet

	Note	At 30 September 2016	At 31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	3.2	479,671	422,566
Investment real estates	3.3	15,711	17,063
Goodwill	3.4	40,735	40,735
Other intangible assets	3.5	63,144	66,474
Non-current prepayments		2,375	819
Investments in associates	3.6	16,118	23,177
Other assets at fair value – derivative financial instruments	3.9 a	1,909	79
Other investments		106	106
Deferred income tax assets	3.19	29,018	33,432
Other receivables		1,726	1,548
		650,513	605,999
Current assets			
Inventories	3.7	74,162	51,413
Trade and other receivables	3.10	283,192	385,375
Current income tax receivables		10,589	7,143
Long-term contracts receivables	3.14	51,618	32,440
Available-for-sale financial assets	3.8	-	-
Other financial assets at fair value – derivative financial instruments	3.9 a	2,394	664
Interest and shares		1	1
Cash and cash equivalents		184,039	221,793
		605,995	698,829
TOTAL ASSETS		1,256,508	1,304,828
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.11	8,133	8,133
Other capitals		148,226	148,226
Exchange differences		9,425	6,509
Net profit (loss) for the current period		21,037	79,651
Retained earnings		604,691	525,040
		791,512	767,559
Minority interest		16,676	13,022
Total equity		808,188	780,581
LIABILITIES			
Non-current liabilities			
Credit and loans	3.15	128,599	113,540
Other liabilities		83	83
Financial liabilities at fair value – derivative financial instruments	3.9 b	2,607	1,411
Other financial liabilities	3.16	35	33
Provision for deferred income tax	3.19	43,830	37,619
Provisions for other liabilities and charges	3.20	-	-
		175,154	152,686
Current liabilities			
Trade and other payables	3.13	114,143	150,898
Current income tax liabilities		8,324	13,010
Long-term contracts liabilities	3.14	19,849	26,176
Credit and loans	3.15	25,070	24,152
Financial liabilities at fair value – derivative financial instruments	3.9 b	-	1,639
Other financial liabilities	3.16	21	7,939
Provisions for other liabilities and charges	3.20	105,759	147,747
		273,166	371,561
Total liabilities		448,320	524,247
TOTAL EQUITY AND LIABILITIES		1,256,508	1,304,828

II. Consolidated Income Statement

	Note	Q3 2016	9 months ended 30 September 2016	Q3 2015	9 months ended 30 September 2015
Revenue		223,965	740,390	223,415	728,856
Cost of sales		(176,424)	(542,813)	(166,219)	(526,475)
Gross profit		47,541	197,577	57,196	202,381
Other operating income		27,129	35,538	4,698	6,243
Sales and marketing costs		(28,338)	(91,335)	(30,567)	(87,379)
Administrative expenses		(21,551)	(62,342)	(23,653)	(63,797)
Other operating expenses		(14,295)	(33,743)	(3,209)	(8,643)
Operating profit		10,486	45,695	4,465	48,805
Finance revenue-net		9,305	5,268	(963)	(1,053)
Share of profit/ (loss) of associates		(2,041)	(6,614)	(608)	(871)
Profit before income tax		17,750	44,349	2,894	46,881
Income tax expense		(7,012)	(19,658)	(2,697)	(10,376)
Net profit for the period		10,738	24,691	197	36,505
Attributable to:					
Shareholders of the parent company		8,281	21,037	402	36,184
<i>Interests not entitled to control</i>		<i>2,457</i>	<i>3,654</i>	<i>(205)</i>	<i>321</i>
Earnings per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)					
– basic	3.22		2.59		4.45
– diluted	3.22		2.59		4.45

III. Total Income Consolidated Statement

	Q3 2016	9 months ended 30 September 2016	Q3 2015	9 months ended 30 September 2015
Net profit for the period	10,738	24,691	197	36,505
Other total income				
Currency translation differences from currency translation in related parties	(6,484)	2,916	(731)	(1,265)
Total other total income	(6,484)	2,916	(731)	(1,265)
Sum of total income for the period	4,254	27,607	(534)	35,240
Attributable to the parent company's shareholders	1,835	23,953	(354)	34,906
Attributable to the interests not entitled to control	2,419	3,654	(180)	334

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 2015	8,125	148,226	6,917	67,894	457,146	12,385	700,693
Transferring result for 2014	-	-	-	(67,894)	67,894	-	-
Increase in share capital	8	-	-	-	-	-	8
Dividend paid	-	-	-	-	-	-	-
Profit of subsidiaries dedicated to general partners outside Group	-	-	-	-	-	-	-
Capital from valuation of the managerial option	-	-	-	-	-	-	-
Currency translation differences ¹	-	-	(1,278)	-	-	13	(1,265)
Profit for the period ²	-	-	-	36,184	-	321	36,505
Total income recognised in equity ⁽¹⁺²⁾	-	-	(1,278)	36,184	-	334	35,240
Balance at 30 September 2015	8,133	148,226	5,639	36,184	525,040	12,719	735,941
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	-	-	-	-	-	-	-
Currency translation differences ¹	-	-	2,916	-	-	-	2,916
Profit for the period ²	-	-	-	21,037	-	3,654	24,691
Total income recognised in equity ⁽¹⁺²⁾	-	-	2,916	21,037	-	3,654	27,607
Balance at 30 September 2016	8,133	148,226	9,425	21,037	604,691	16,676	808,188

In the first three quarters of 2016 there were no dividend payments to entities outside the Group.
As at the 30th of September 2016, there is no basis for paying dividends to the entities outside the Group.

V. Consolidated Cash Flow Statement

	9 months ended 30 September 2016	9 months ended 30 September 2015
Cash flows from operating activities		
Net profit (loss)	24,691	36,505
Total adjustments	26,309	(431)
Share in net (gains) losses of related parties valued using the equity method of accounting	6,614	871
Depreciation	47,452	39,748
Exchange gains (losses)	6,985	(172)
Interest and profit-sharing (dividends)	(2,434)	1,146
(Profit) loss on investing activities	(3,552)	184
Change in inventories	(17,962)	(2,630)
Change in receivables	92,337	33,460
Change in liabilities and provisions excluding credits and loans	(102,479)	(73,325)
Other adjustments	(652)	287
Net profit less total adjustments	51,000	36,074
Income tax paid	(16,795)	(13,967)
Net cash used in operating activities	34,205	22,107
Cash flows from investing activities		
Purchases of property, plant and equipment	(77,285)	(50,623)
Proceeds from sale of property, plant and equipment	445	556
Purchases of intangible assets	(14,977)	(15,611)
Proceeds from disposal of investment in real estates and intangible assets	11,155	17
Expenses for purchase of financial assets	(7,856)	(11,646)
Expenses for investment in real estates	(4,628)	(1,279)
Granted loans	(60)	(5,420)
Paid loans	6,185	2,813
Interest	466	494
Other proceeds from financial assets	1,629	-
Other expenses for financial assets	-	(1,525)
Other investment proceeds	75	-
Other investment expenses	(108)	-
Net cash used in investing activities	(84,959)	(82,224)
Cash flows from financing activities		
Proceeds from credits and loans	39,794	13,221
Repayments of credits and loans	(25,272)	(15,300)
Interest on credit	(1,983)	(1,850)
Proceeds from loan repayments	114	422
Proceeds from interest on loans	14	19
Other financial liabilities	(1,000)	(500)
Expenses due to profit sharing but other than those to owners	-	(362)
Net proceeds from shares and other financial instruments issue	-	8
Payments of liabilities under finance lease agreements	(66)	-
Other financial proceeds	-	175
Other interests and financial expenses	(15)	(149)
Net cash (used in)/generated from financing activities	11,586	(4,316)
Net change in cash, cash equivalents and bank overdrafts	(39,168)	(64,433)
Cash, cash equivalents and bank overdrafts at beginning of the period	221,781	232,436
Positive (negative) exchange differences in cash and bank overdrafts	1,424	26
Cash, cash equivalents and bank overdrafts at end of the period	184,037	168,029
- including limited disposal	5,334	7,619

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

On the 30th of September, 2016, the following entities formed the Comarch Group (in parentheses, the share of votes held by Comarch S.A. unless otherwise indicated):

- Comarch Spółka Akcyjna with its registered office in Krakow in Poland,
- Comarch AG with its registered office in Dresden in Germany (100%),
 - Comarch Sistemas LTDA with its registered office in Sao Paulo in Brazil (80% votes held by Comarch AG, 20% votes held by Comarch Software und Beratung AG),
 - Comarch Software und Beratung AG with its registered office in Munich in Germany (97.32% subsidiary of Comarch AG),
 - Comarch Solutions GmbH with its registered office in Innsbruck in Austria (100% subsidiary of Comarch Software und Beratung AG),
- Comarch S.A.S. with its registered office in Lezennes in France (100%),
- Comarch R&D S.à r.l. with its registered office in Montbonnot-Saint-Martin in France (100%),
- Comarch Luxembourg S.à r.l. with its registered office in Luxembourg in Luxembourg (100%),
- Comarch, Inc. with its registered office in Rosemont in United States of America (100%),
 - Comarch Panama, Inc. with its registered office in Panama in Panama (100% subsidiary of Comarch, Inc.),
- Comarch Canada, Corp. with its registered office in New Brunswick in Canada (100%),
- Comarch Espace Connecté Inc. with its registered office in Montreal in Canada (100%),
- Comarch Middle East FZ-LLC with its registered office in Dubai in United Arab Emirates (100%),
- Comarch LLC with its registered office in Kiev in Ukraine (100%),
- OOO Comarch with its registered office in Moscow in Russia (100%),
- Comarch Software (Shanghai) Co. Ltd. with its registered office in Shanghai in China (100%),
- Comarch Technologies Oy with its registered office in Espoo in Finland (100%),
- Comarch UK Ltd. with its registered office in London in United Kingdom (100%),
- Comarch Chile SpA with its registered office in Santiago in Chile (100%),
- Comarch Software Spain S.L.U. with its registered office in Madrid in Spain (100%),
 - Comarch Colombia S.A.S. with its registered office in Bogota in Colombia (100% subsidiary of Comarch Software Spain S.L.U.),
- Comarch Yazilim A.S. with its registered office in Istanbul in Turkey (100%),
- Comarch SRL with its registered office in Milan in Italy (100%),
- Comarch Malaysia SDN. BHD. with its registered office in Kuala Lumpur in Malaysia (100%),
- Comarch s.r.o. with its registered office in Bratislava in Slovakia (100%),
- Comarch Pointshub, Inc. with its registered office in Rosemont, IL, USA (100%),
- Comarch AB with its registered office in Stockholm in Sweden (100%),
- Comarch Argentina S.A. with its registered office in Buenos Aires in Argentina (95% subsidiary of Comarch S.A., 5% subsidiary of Comarch AG),
- Comarch Technologies sp. z o.o. with its registered office in Krakow in Poland (100%),
- CA Consulting S.A. with its registered office in Warsaw in Poland (100%),
- Comarch Management sp. z o.o. with its registered office in Krakow in Poland (100%),
- Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty with its registered office in

Krakow in Poland („CCF FIZ”) (Comarch S.A. holds 100% of issued investment certificates),

- Comarch Management sp. z o.o. SK-A with its registered office in Krakow in Poland (25.00% votes held by CCF FIZ; 75.00% votes held by Comarch S.A.; shares purchased by Comarch Management sp. z o.o. SK-A to be redeemed don't give any votes),
- Bonus Management sp. z o.o. SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
 - „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A (66.67% votes held by Bonus Management spółka z ograniczoną odpowiedzialnością SK-A; 33.33% votes held by MKS Cracovia SSA),
- Bonus Development sp. z o.o. SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- Bonus Management sp. z o.o. II Activia SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- Bonus Development sp. z o.o. II Koncept SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- Comarch Healthcare S.A. with its registered office in Krakow in Poland (77.08% votes held by CCF FIZ, 22.92% votes held by CASA Management and Consulting sp. z o.o. SKA),
- Comarch Polska S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- Comarch Pointshub S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- Comarch Infrastruktura S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- iComarch24 S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
- CASA Management and Consulting sp. z o.o. SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
 - Comarch Swiss AG with its registered office in Luzern in Switzerland (100% subsidiary of CASA Management and Consulting sp. z o.o. SK-A),
 - CAMS AG with its registered office in Luzern in Switzerland (51% subsidiary of CASA Management and Consulting sp. z o.o. SK-A),
- Opso sp. z o.o. with its registered office in Krakow in Poland (100%),
- MKS Cracovia SSA with its registered office in Krakow in Poland (66.11%).

On the 30th of September, 2016, associates of the parent company are:

- SolInteractive 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. and Comarch Software (Shanghai) Co. Ltd. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market;

- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software;
- CA Consulting S.A. specialises in data communications relating to the provision of 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 in small and medium sized enterprises;
- Comarch Infrastruktura S.A. (formerly Infrastuktura24 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;
- Opso sp. z o.o. provides catering services;
- Comarch s.r.o. is currently not operating.

1.3 Changes in Ownership and Organisational Structure in Q3 2016

On the 23rd of August, 2016, an Extraordinary Shareholders' Meeting of Comarch Healthcare SA passed a resolution on an increase in the company's share capital from PLN 6,014,806 to PLN 8,114,806 as a result of an emission of 2,100,000 series N shares at nominal value of PLN 1 per share. Series N shares were acquired by Comarch SA at the issue price of PLN 10 per share, i.e. a total issue price of PLN 21,000,000, of which PLN 18,900,000 was transferred to the reserve capital as a share premium. As a result of the above mentioned operations, shareholders of Comarch Healthcare SA as at the date of this report are CCF FIZ (57.13% of shares in the share capital), Comarch SA (25.88% of shares in the share capital) and CASA Management and Consulting sp. z o.o. SKA (16.99% of shares in the share capital).

On the basis of the agreement concluded on the 31st of September, 2016, Comarch AG returned shares of Comarch Software und Beratung AG borrowed from Vintage Investment Holdings SA. As at the 30th of September, 2016, Comarch AG owns 97.32% of shares in share capital of Comarch Software und Beratung AG.

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

On the 18th of October, 2016, there was a division of investment certificates of the fund Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty (CCF FIZ) in a ratio of 1:1,000, and therefore 1 investment certificate of the fund before the division will correspond to 1,000 investment certificates after the split. Currently, Comarch S.A. owns 4,000 investment certificates, in place of the existing 4, which represents 100% of investment certificates in CCF FIZ.

On the 9th of November, 2016, the share capital increase of Comarch Healthcare S.A. to the amount of PLN 8,114,806 was registered in the National Court. As a result of the above operation, the shareholders of Comarch Healthcare S.A. at the date of this report are CCF FIZ (57.13% of the share capital), Comarch S.A. (25.88% of the share capital) and CASA Management and Consulting sp. o.o. SK-A (16.99% of the share capital).

On the 11th of November, 2016, an application was submitted to the registry authority for registration of the company Comarch Peru S.A.C. with its registered office in Lima, Peru.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the nine months ended the 30th of September, 2016, 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 nine months ended the 30th of September, 2016, 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 year ended the 31st of December, 2015 ("the IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the nine months ended the 30th of September, 2016, does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31st of December, 2015 (notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2015).

The Interim Consolidated Financial Statement for the nine months ended the 30th of September, 2016, 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 nine months ended the 30th of September, 2016, is prepared in thousands of Polish zloty ("PLN") and was authorised for issuance by the Management Board on the 14th of November, 2016.

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:

- **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 Company's accounting policy and Group's financial report for 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 31st of September, 2016, (the effective dates mentioned below are related to full versions of standards):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after the 1st of January, 2018),
- **IFRS 14 „Regulatory Deferral Accounts"** (effective for annual periods beginning on or after the 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 15 "Revenue from Contracts with Customers"** and subsequent changes (effective for annual periods beginning on or after the 1st of January, 2018),
- **IFRS 16 "Leasing"** (effective for annual periods beginning on or after the 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), the amendment has been added on the 20th of June, 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"** – investments units: use of the exemption from consolidation (effective for annual periods beginning on or after the 1st of January, 2016),
- **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 IAS 7 “Statement of cash flows”** - The initiative in relation to disclosures (effective for annual periods beginning on or after the 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 the 1st of January, 2017).

The Management Board of Comarch S.A. anticipates that the application of IFRS 15 and IFRS 16 may have a future impact on the amounts and disclosures presented in the consolidated financial statements of the Group. 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. According to the parent Company's estimates, the other aforementioned standards, interpretations and amendments to standards would not have a material impact on the financial statements, if would be applied as at the balance sheet date.

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 have significant impact on the financial statements, if applied as at the balance sheet date.

The consolidated financial statement of the Comarch Group for the 9 months ended the 30th of September, 2016, comprises the financial statements of the following companies:

	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 Software und Beratung AG	subsidiary	full	97.32% 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 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	8.82% held by CCF FIZ, 26.45% held by Comarch S.A., 64.73% purchased by Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	subsidiary	full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	subsidiary	full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	subsidiary	full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SK-A	subsidiary	full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SK-A	subsidiary	full	100% held by CCF FIZ

Comarch Healthcare S.A.	subsidiary	full	77.08% held by CCF FIZ, 22.92% held by CASA Management and Consulting sp. z o.o. SK-A
Comarch Polska S.A.	subsidiary	full	100% held by CCF FIZ
Comarch Pointshub S.A.	subsidiary	full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	subsidiary	full	100% held by CCF FIZ
iComarch24 S.A.	subsidiary	full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	subsidiary	full	100% held by CCF FIZ
Comarch Swiss AG	subsidiary	full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	subsidiary	full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	subsidiary	full	100%
MKS Cracovia SSA	subsidiary	full	66.11%

3. Notes to the Consolidated Financial Statement

3.1. Segment Information

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

- the sale of IT systems and services, 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 to real estate investment, (hereinafter referred to as the "Investment Segment"),
- activity in relation to medical services (hereinafter referred to as the "Medicine Segment").

Please note, that the "Medicine Segment" has been reclassified in the Q1-Q4 2015 report. Currently the "Medicine Segment" presents the results of business related to providing medical services by iMed24 Medical Center. Activities related to software production and providing services for the customers in the "Medicine Segment" is presented in the IT segment. Analogical adjustments were introduced in the presentation of comparable data.

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 business division, the Comarch Group defines the following market segments: Poland, DACH region (Germany, Austria, Switzerland) and other countries. The Sport Segment, Medicine Segment and Investment Segment operate exclusively on Polish territory. Due to the fact that only the IT Segment operates abroad and, at the same time, costs incurred in the IT segment are largely common for export and domestic sales, it is pointless to define separate results for export and domestic activities.

The Group's sales is highly diversified and there is no dependency on a single customer. Within 9 months of 2016 the share of none of the customer exceeded 10% of total sales of the Comarch Group.

Over 2015, Comarch Group revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 23% in the second quarter, 20% in the third quarter and 35% in the fourth quarter.

Over 2016, the Group expects the distribution of sales revenue similar to that of 2015.

Revenue, costs and financial result

9 months ended 30 September 2015	Segment IT			Investment Segment	Sport Segment	Medicine Segment**	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment- sales to external clients	450,818	157,571	106,082	987	13,945	4,643	-	734,046
including:								
revenues from sales	444,842	157,916	107,124	236	13,446	5,292	-	728,856
To customers in Telecommunication, Media, IT sector	101,690	66,739	30,382	-	-	-	-	198,811
To customers in Finance and Banking sector	82,280	4,602	8,589	-	-	-	-	95,471
To customers in Trade and services sector	45,000	4,602	57,389	-	-	-	-	106,991
To customers in Industry&Utilities	56,366	6,312	9,376	-	-	-	-	72,054
To customers in Public sector	74,536	-	1,152	-	-	-	-	75,688
To customers in small and medium enterprises sector	66,421	75,661	-	-	-	-	-	142,082
To customers in Medicine sector	17,209	-	-	-	-	5,292	-	22,501
To other customers	1,340	-	236	236	13,446	-	-	15,258
other operating revenue	4,679	895	171	68	402	28	-	6,243
finance revenue	1297	(1,240)	(1,213)	683	97	(677)	-	(1,053)
Revenues per segment - sales to other segments	153,990	17,464	19,681	2,062	6,614	1,101	(200,912)	-
Revenues per segment - total*	604,808	175,035	125,763	3,049	20,559	5,744	(200,912)	734,046
Costs per segment relating to sales to external clients	395,436	139,972	126,429	2,524	13,863	8,070	-	686,294
Costs per segment relating to sales to other segments	153,990	17,464	19,681	2,062	6,614	1,101	(200,912)	-
Costs per segment - total*	549,426	157,436	146,110	4,586	20,477	9,171	(200,912)	686,294
Current taxes	(4,937)	(700)	(2,151)	(37)	-	-	-	(7,825)
Assets for the tax due to investment allowances and other tax relief	(474)	(2,664)	693	(25)	(81)	-	-	(2,551)
Share of segment in the result of parties valued using the equity method of accounting	(331)	-	(540)	-	-	-	-	(871)
Net result	49,640	14,235	(22,345)	(1,599)	1	(3,427)	-	36,505
including:								
result attributable to shareholders of the parent company	49,640	13,909	(22,345)	(1,594)	1	(3,427)	-	36,184
result attributable to minority interest	-	326	-	(5)	-	-	-	321

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

**) Please note, that the "Medicine Segment" has been reclassified in the Q1-Q4 2015 report. Currently the "Medicine Segment" presents the results of business related to providing medical services by iMed24 Medical Center. Activities related to software production and providing services for the customers in the "Medicine Segment" is presented in the IT segment. Analogical adjustments were introduced in the presentation of comparable data.

Sales between specific segments are calculated based on market conditions.

9 months ended 30 September 2016	Segment IT			Investment Segment	Sport Segment	Medicine Segment**	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment-sales to external clients	417,223	166,981	160,265	892	30,175	5,660	-	781,196
including:								
revenues from sales	398,716	163,530	151,921	239	19,794	6,190	-	740,390
To customers in Telecommunication, Media, IT sector	82,384	47,730	51,369	-	-	-	-	181,483
To customers in Finance and Banking sector	85,818	5,503	10,616	-	-	-	-	101,937
To customers in Trade and services sector	45,019	6,993	71,637	-	-	-	-	123,649
To customers in Industry&Utilities	63,053	13,987	14,625	-	-	-	-	91,665
To customers in Public sector	43,130	5,635	3,661	-	-	-	-	52,426
To customers in small and medium enterprises sector	72,972	83,679	-	-	-	-	-	156,651
To customers in Medicine sector	4,439	-	-	-	-	6,190	-	10,629
To other customers	1,901	3	13	239	19,794	-	-	21,950
other operating revenue	13,647	4,365	7,578	139	9,809	-	-	35,538
finance revenue	4,860	(914)	766	514	572	(530)	-	5,268
Revenues per segment - sales to other segments	148,956	25,314	24,911	2,101	6,748	1,258	(209,288)	-
Revenues per segment - total*	566,179	192,295	185,176	2,993	36,923	6,918	(209,288)	781,196
Costs per segment relating to sales to external clients	379,396	154,262	166,293	1,989	19,388	8,905	-	730,233
Costs per segment relating to sales to other segments	148,956	25,314	24,911	2,101	6,748	1,258	(209,288)	-
Costs per segment - total*	528,352	179,576	191,204	4,090	26,136	10,163	(209,288)	730,233
Current taxes	(3,319)	(1,536)	(4,111)	(68)	-	-	-	(9,034)
Assets for the tax due to investment allowances and other tax relief	(1,577)	(2,388)	(5,364)	26	(1,321)	-	-	(10,624)
Share of segment in the result of parties valued using the equity method of accounting	(146)	-	(6,468)	-	-	-	-	(6,614)
Net result	32,785	8,795	(21,971)	(1,139)	9,466	(3,245)	-	24,691
including:								
result attributable to shareholders of the parent company	32,785	8,343	(21,971)	(1,133)	6,258	(3,245)	-	21,037
result attributable to minority interest	-	452	-	(6)	3,208	-	-	3,654

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

**) Please note, that the "Medicine Segment" has been reclassified in the Q1-Q4 2015 report. Currently the "Medicine Segment" presents the results of business related to providing medical services by iMed24 Medical Center. Activities related to software production and providing services for the customers in the "Medicine Segment" is presented in the IT segment. Analogical adjustments were introduced in the presentation of comparable data.

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments, as well as investment expenditures and depreciation as at the 30th of September, 2015 and as at the 30th of September, 2016:

30 September 2015 / 9 months ended 30 September 2015

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH	Other				
Assets	633,520	211,729	142,337	111,985	44,101	28,510	1,172,182
Liabilities	284,185	72,543	46,326	4,289	14,881	14,017	436,241
Investment expenditures	45,906	7,576	19,356	11,305	1,104	857	86,104
Depreciation	24,948	9,833	782	550	740	2,895	39,748

30 September 2016 / 9 months ended 30 September 2016

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH	Other				
Assets	684,384	192,476	179,763	137,673	54,774	7,438	1,256,508
Liabilities	273,547	69,674	51,753	29,739	18,137	5,380	448,320
Investment expenditures	39,352	9,438	14,228	33,767	7,324	805	104,914
Depreciation	29,202	11,819	2,111	601	1,531	2,188	47,452

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

Revenues from basic sales - activities location

	9 months ended 30 September 2016		%	9 months ended 30 September 2015		%
Poland	424,939	57.4		463,816	63.6	
DACH	163,530	22.1		157,916	21.7	
Other countries	151,921	20.5		107,124	14.7	
TOTAL	740,390	100.0		728,856	100.0	

Assets – activities location

	30 September 2016		%	31 December 2015		%
Poland	884,072	70.4		876,925	67.2	
DACH	192,476	15.3		243,805	18.7	
Other countries	179,960	14.3		184,098	14.1	
TOTAL	1,256,508	100.0		1,304,828	100.0	

Investments expenditures - activities location

	9 months ended 30 September 2016	12 months ended 31 December 2015	9 months ended 30 September 2015
Poland	81,248	94,587	59,172
DACH	9,438	10,459	7,576
Other countries	14,228	32,118	19,356
TOTAL	104,914	137,164	86,104

3.2. Property, Plant and Equipment

	30 September 2016	31 December 2015
Lands and buildings	303,016	293,642
Means of transport and machinery	88,385	85,288
Property, plant and equipment under construction	72,307	27,597
Others	13,583	15,938
Advance money for property, plant and equipment under construction	2,380	101
Total	479,671	422,566

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30th of September, 2016, 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 centre 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 30th of September, 2016, 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, extension of the production hall in SSE6, redevelopment of former factory building and the construction of an adjacent office building in Łódź 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 30th of September, 2016, the book value of this equipment amounted to PLN 6,590 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 37,883 thou. The planned completion date of the investment is the fourth quarter of 2016. Capital expenditures incurred in connection with the above mentioned agreement until the 30th of September, 2016, amounted to PLN 32,832 thousand.

The office building that was purchased by Comarch S.A.S. in Lille is the new office of the company. On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract is the alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data center. The value of this agreement amounts to EUR 7,500 thousand net, i.e. PLN 32,118 thousand (exchange rate as of the date of signing the agreement). The planned completion date of this investment is the second quarter of 2017. The

investment is financed by a long-term bank credit. Comarch S.A. announced concluding of above mentioned contract in current report [RB-2-2016](#) dated the 15th of March, 2016.

On the 18th of March, 2016, Comarch SA concluded two contracts with Budimex SA:

- 1) On implementation 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 30th of September, 2016, amounted to PLN 5,901 thousand. Anticipated completion date is the third quarter of 2017.
- 2) On reconstruction of the SSE6 building (Studio 1) in the Special Economic Zone in Krakow. The subject of the contract is the reconstruction of the building from the warehouse to production purpose with road and technical infrastructure and the delivery of necessary materials and equipment. The contract value is PLN 4,350 thousand net. Capital expenditures incurred in connection with the above mentioned contract until the 30th of September, 2016, amounted to PLN 3,744 thousand. Anticipated completion date is the fourth quarter of 2016.

The total value of contracts signed with the Budimex SA amounted to PLN 74,054 thousand net. Comarch SA announced details in current report [RB-3-2016](#) dated the 18th of March, 2016.

In the first half of 2016, the Comarch Group purchased the following plots of land: in the Krakow Special Economic Zone with an area of 1.31 ha (value of the transaction amounted to PLN 3,831 thousand) and in Świeradów Zdrój (value of the transaction amounted to PLN 3,921 thousand). In the third quarter, there were no purchases of land.

3.3. Investment Real Estates

	30 September 2016	31 December 2015
Lands	8,068	9,815
Buildings	7,643	7,248
Total	15,711	17,063

As at the 30th of September, 2016, investment real estate comprise plots developed, placed in Krakow and used for lease to the entities outside Group and lands located in Krakow, purchased in order to construct buildings dedicated for lease to the entities outside Group, as well as a real estate located in Kostrzyń leased to the entities outside Group.

3.4. Goodwill

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

	30 September 2016	31 December 2015
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 31 st of December, 2012)	8,413	8,413
Total	40,735	40,735

On the 31st of December, 2015, the Comarch Group ran a test for loss in value regarding goodwill. The methodology was described in detail in the financial statement for 2015.

3.5. Other Intangible Assets

	30 September 2016	31 December 2015
Costs of finished development works	574	2,135
Perpetual usufruct right	38,780	38,850
Licences and software	16,159	21,588
Other	7,631	3,901
Total	63,144	66,474

Other intangibles include valuation of assets, classified as intangible assets, related to the value of relationships with customers in Comarch Swiss AG (formerly: A-MEA Informatik AG) in the amount of PLN 200 thousand and the right to use MKS Cracovia SSA players' cards in the amount of PLN 7,431 thousand. In the reporting period, there was no necessity to upgrade the assets classified as intangible assets associated with the acquisition of A-MEA Informatik AG.

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

3.6. Investment in Associates

As at the 30th of September, 2016, Group had shares in associates.

At 1 January 2015	567
Share in profit of Sointeractive S.A.	(103)
Acquiring shares in and share in profit of Volatech Capital Advisors S.A. (currently Metrum Capital S.A.)	70
Granting a loan to SolInteractive S.A.	852
Acquiring shares in and share in profit of Thanks Again LLC	29,645
At 30 September 2015	31,031
Share in profit of Sointeractive S.A.	-
Acquiring shares in and share in profit of Metrum Capital S.A.	86
Repayment of loan by SolInteractive S.A.	(115)
Acquiring shares in and share in profit of Thanks Again LLC	(7,825)
At 31 December 2015	23,177
At 1 January 2016	23,177
Share in profit of Sointeractive S.A.	66
Acquiring shares in and share in profit of Metrum Capital S.A.	(212)
Repayment of loan by SolInteractive S.A.	(497)
Acquiring shares in and share in profit of Thanks Again LLC	(6,416)
At 30 September 2016	16,118

As at the 30th of September, 2016, investment in associates includes interest and shares of SolInteractive 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 474 thousand, shares in Thanks Again LLC (Comarch Pointshub, Inc. acquired 42.50% of shares, i.e. 42.50% of votes at the AGM, with total value of PLN 15,404 thousand - the nominal value of acquired shares PLN 30,831 thousand reduced by participation in 2015 and 2016 financial result and update of the value of shares), as well as loans granted to SolInteractive S.A. by Comarch Infrastruktura S.A. and Comarch S.A. in the amount of PLN 240 thousand.

3.7. Inventories

	30 September 2016	31 December 2015
Raw materials	809	1,108
Work in progress	67,505	44,817
Goods	5,452	5,021
Finished products	39	76
Advance due to finished products	357	391
TOTAL	74,162	51,413

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 232,556 thousand (9 months ended the 30th of September, 2016), PLN 343,037 thousand (12 months ended the 31st of December, 2015), PLN 255,277 thousand (9 months ended 30th of September, 2015).

Over three quarters of 2016, Comarch Group created write-offs that revaluated goods, materials and finished products in the amount of PLN 7 thousand. The Company resolved write-offs in the amount of PLN 1 thousand, which had been created in the previous years.

3.8. Available-for-Sale Financial Assets

Within the 9 months of 2016, as well as in the comparative period, the Group had no financial assets available for sale.

3.9. Derivative Financial Instruments

a) Assets

	30 September 2016	31 December 2015
Forward foreign exchange contracts – held-for-trading	4,303	743
Transaction on change of IRS	-	-
	4,303	743
<i>Current portion</i>	2,394	664
<i>Non-current portion</i>	1,909	79

b) Liabilities

	30 September 2016	31 December 2015
Forward foreign exchange contracts – held-for-trading	-	1,840
Transaction on change of IRS	2,607	1,210
	2,607	3,050
<i>Current portion</i>	-	1,639
<i>Non-current portion</i>	2,607	1,411

Group held forward contracts to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk, and to secure cash flows on account of an investment credit granted in euro. As at the 30th of September, 2016, the above-mentioned instruments were valued at fair value according to market price and changes in valuation were referred into the results from financial operations. Total net value of forward contracts that were open as at the 30th of September, 2016, amounted to EUR 28,440 thousand, USD 9,100 thousand and GBP 700 thousand. After the balance sheet date, the Comarch Group concluded forward contracts for sales of EUR 10,400 thousand and USD 7,900 thousand.

On the 24th of October, 2013, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 30th of September, 2013 from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 31st of October, 2018. As at the 30th of September, 2016, valuation of the IRS transaction amounted to minus PLN 227 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. (formerly Kredyt Bank S.A.) with its registered office in Wrocław. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 28th of June, 2019. As at the 30th of September, 2016, valuation of IRS transaction amounted to minus PLN 264 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. (formerly Fortis Bank Polska S.A.) with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29th of July, 2024. As at the 30th of September, 2016, valuation of the IRS transaction amounted to minus PLN 1,017 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013 from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30th of November, 2023. As at the 30th of September, 2016, valuation of the IRS transaction amounted to minus PLN 1,099 thousand.

3.10. Trade and Other Receivables

	30 September 2016	31 December 2015
Trade receivables - net	233,608	367,832
<i>Trade receivables</i>	260,037	367,832
<i>Write-off revaluating receivables</i>	(26,429)	(23,366)
Other receivables	30,690	23,594
Short-term prepayments	13,263	10,453
Other prepayments	3,001	2,687
Loans	1,109	2,712
Trade receivables and other receivables from related parties - net	1,521	1,463
<i>Trade receivables and other receivables from related parties</i>	4,274	1,463
<i>Write-off revaluating receivables</i>	(2,753)	-
Total	283,192	385,375
<i>Current portion</i>	283,192	385,375

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. In the first 9 months of 2016, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 28,606 thousand and dissolved previously created write-offs worth PLN 21,694 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenues, respectively.

3.11. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	TOTAL
At 1 January 2015	8,125,590	8,125,590	-	8,125,590
<i>14 May 2015 - registration of an increase in the company's share capital</i>	7,759	7,759	-	7,759
At 30 September 2015	8,133,349	8,133,349	-	8,133 349
At 31 December 2015	8,133,349	8,133,349	-	8,133 349
At 30 September 2016	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 18 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.

3.11.1. Changes in Share Capital in Q3 2016

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

3.11.2. Changes in Share Capital after the Balance Sheet Date

None present.

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

None present.

3.13. Trade and Other Payables

	30 September 2016	31 December 2015
Trade payables	35,881	64,665
Advance payments received due to services	274	6,467
Trade payables and other liabilities to related parties	1,647	2,073
Liabilities due to social insurance and other tax charges	25,867	46,771
Investments liabilities	14,737	3,832
Revenues from the future periods	29,278	20,527
Other payables	4,262	4,959
Special funds (Social Services Fund and Residential Fund)	2,197	1,604
Total	114,143	150,898

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

3.14. Long-term Contracts

	9 months ended 30 September 2016	9 months ended 30 September 2015
a) revenues from completed contracts recognised in the reporting period	37,287	47,826
b) revenues from contracts not completed recognised in the reporting period	87,295	84,025
c) revenues from contracts not completed recognised in the reporting period- an effect of settlement pursuant to IAS 11	25,505	36,876
Revenues due to long-term contracts recognised in the reporting period	150,087	168,727

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognised results corresponds to revenues. At the end of the reporting period, long-term contracts were valued in accordance with the degree of work progress. Changes in settlements due to long-term contracts recognised in assets and liabilities between the 30th of September, 2015 and the 30th of September, 2016 are presented below:

	At 30 September 2016	At 30 September 2015
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	627,894	473,350
Issued invoices	(596,125)	(431,876)
	31,769	41,474

	Long-term contracts receivables	Long-term contracts liabilities	Net
Revenues from long-term contracts included in the reporting period			
Value at 1 January 2015	53,105	(48,507)	4,598
Value at 30 September 2015	59,385	(17,911)	41,474
Change	6,280	30,596	36,876
Value at 1 January 2016	32,440	(26,176)	6,264
Value at 30 September 2016	51,618	(19,849)	31,769
Change	19,178	6,327	25,505

3.15. Credits and Loans

	30 September 2016	31 December 2015
Non-current		
Non-revolving credits	122,093	113,540
Revolving credits	690	-
Loans	5,816	-
	128,599	113,540
Current		
Non-revolving credits	23,741	24,152
Revolving credits	-	-
Loans	1,329	-
	25,070	24,152
Total credits and loans	153,669	137,692

The value of liabilities due to bank credits and loans was recognised 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 three quarters of 2016 the value of non-revolving credits which were drawdown amounted to PLN 39,807 thousand, the value of paid principal instalments of long-term bank credits and loans from entities outside the Group amounted to PLN 25,258 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

At 31 December 2015	6 months or less	6-12 months	1-5 years	Over 5 years	Total
Credits and loans	12,712	11,782	77,825	35,865	138,184
Interest	(342)	-	(150)	-	(492)
	12,370	11,782	77,675	35,865	137,692
At 30 September 2016	6 months or less	6-12 months	1-5 years	Over 5 years	Total
Credits and loans	12,567	13,011	88,887	39,853	154,318
Interest	(508)	-	(141)	-	(649)
	12,059	13,011	88,746	39,853	153,669

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

	30 September 2016	31 December 2015
Between 1 and 2 years	27,682	23,755
Between 2 and 5 years	61,064	53,920
Over 5 years	39,853	35,865
	128,599	113,540

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

	30 September 2016	31 December 2015
In Polish currency	12,228	6,785
In EUR (equivalence in PLN)	141,441	130,907
	153,669	137,692

The effective interest rates at the balance sheet date

	30 September 2016	31 December 2015
Bank credits	1.65%	1.73%
Loans	3.64%	-

3.15.1. Long-term Bank Credits

Comarch S.A. credit lines:

- a) 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. This credit has a variable interest rate. 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. As at the 30th of September, 2016, the value of the credit to be repaid amounted to EUR 5,957 thousand, i.e. PLN 21,374 thousand (EUR 5,422 thousand, i.e. PLN 23,104 thousand as at the 31st of December, 2015).
- b) 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 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 30th of September, 2016, the value of the credit to be repaid amounted to EUR 2,579 thousand, i.e. PLN 11,120 thousand (EUR 2,966 thousand, i.e. PLN 12,638 thousand as at the 31st of December, 2015).
- c) A nonrevolving operating credit from BZ WBK Bank S.A. with its registered office in Wrocław 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 30th of September, 2016, the value of the credit to be repaid amounted to EUR 4,058 thousand, i.e. PLN 17,499 thousand (EUR 4,774 thousand, i.e. PLN 20,345 thousand as at the 31st of December, 2015).

- 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. The loan was fully paid out until the 30th of September, 2015. As at the 30th of September, 2016, the value of the credit to be repaid amounted to EUR 11,935 thousand, i.e. PLN 51,465 thousand (EUR 13,184 thousand, i.e. PLN 56,185 thousand as at the 31st of December, 2015).
- 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 30th of September, 2016, the credit has not been run.
- 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 30th of September, 2016, the value of launched credit amounted to EUR 1,072 thousand, i.e. PLN 4,622 thousand.
- 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, of which the Company informed in the current report [RB-21-2016](#) dated the 19th of August, 2016. 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 30th of December, 2016. 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 30th of September, 2016, the credit has not been run.

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 30th of September, 2016, the value of the credit to be repaid amounted to PLN 5,107 thousand (PLN 6,809 thousand as at the 31st of December, 2015).

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 centre 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 30th of September, 2016, the value of the credit to be repaid amounted to EUR 2,172 thousand, i.e. PLN 9,367 thousand (EUR 3,103 thousand, i.e. PLN 13,225 thousand as at 31st of December, 2015).

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 30th of September, 2016, the value of drawn loan was EUR 5,212 thousand, i.e. PLN 22,475 thousand (EUR 1,161 thousand, i.e. PLN 4,946 thousand as at 31st of December, 2015).

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 30th of September, 2016, the value of drawn loan was EUR 801 thousand, i.e. PLN 3,452 thousand. On the 24th of August, 2016, Comarch S.A. received a notice from the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register, dated the 22nd of July, 2016, on registration of a mortgage described in point a) above. There is no relation between Comarch S.A.S., Comarch S.A., its managing or supervising persons and BGŻ BNP Paribas S.A. The Company announced details in the current report [RB-22-2016](#) dated the 24th of August, 2016. As at the 30th of September, 2016, the value of drawn loan was EUR 0.801 thousand, i.e. PLN 3.452 thousand.

3.15.2. Loans

In the fourth quarter of 2015, 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 6,266 thousand and drawdown was made in the first quarter of 2016. The loan is not secured. Loan reached its maturity date in September, 2016. In the third quarter 2016 the loan was repaid in full.

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 and launching date of the loan expires on the 30th of November, 2016. The loan will reach its maturity date in September, 2021. As at the 30th of September, 2016, the value of drawn loan was PLN 7,144 thousand.

3.15.3. Current credit lines (variable interest rate)

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

- a) Credit limit in current account in bank Powszechna Kasa Oszczędności Bank Polski S.A. ("PKO BP S.A.") with its registered office in Warsaw in the amount of PLN 10,000 thousand. It can be used by the 13th of December, 2016. An authorisation to manage Comarch S.A.'s accounts in PKO BP S.A. and a promissory note are security for this credit. As at the 30th of September, 2016, the credit was not used, as well as at the 31st of December, 2015.
- b) Credit limit in current account in bank 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, 2016. A promissory note and a declaration of submission to enforcement are security for this credit. As at the 30th of September, 2016, the credit was not used, as well as at the 31st of December, 2015. After the balance sheet date the credit limit has been extended until the 31st of October, 2017.
- c) 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 authorisation to manage Comarch S.A.'s accounts in bank Pekao S.A., a promissory note and a declaration of submission to enforcement are security for this credit. As at the 30th of September, 2016, the credit was not used, as well as at the 31st of December, 2015.

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 power of attorney to accounts of Comarch S.A. maintained in bank BGŻ BNP Paribas S.A. As at the 30th of September, 2016, the value of launched credit was EUR 160 thousand, i.e. PLN 690 thousand.

	30 September 2016	31 December 2015
Current credit lines granted, expiring within one year, including:	55,606	44,033
– used at the balance sheet date	690	-
– available at the balance sheet date	54,916	44,033

3.16. Other Financial Liabilities

	30 September 2016	31 December 2014
Liabilities due to finance lease	56	169
<i>Current portion</i>	21	137
<i>Non-current portion</i>	35	33
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities for fees for acquired shares	-	7,802
<i>Current portion</i>	-	7,802
<i>Non-current portion</i>	-	-
Total	56	7,972

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., a subsidiary of Comarch S.A., due to finance lease agreements for cars and IT hardware. As at the 30th of September, 2016, value of these liabilities amounted to PLN 56 thousand.

3.17. Liabilities due to Operating Lease

At 31 December 2015	Up to 1 year	Up to 5 years	Total
Liabilities due to lease of usable space	19,165	41,804	60,969
Liabilities due to lease agreements for electronic equipment and means of transport	1,038	568	1,606
Total	20,203	42,372	62,575

At 30 September 2016	Up to 1 year	Up to 5 years	Total
Liabilities due to lease of usable space	21,410	56,493	77,903
Liabilities due to lease agreements for electronic equipment and means of transport	1,285	1,920	3,205
Total	22,695	58,413	81,108

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

As at the 30th of September, 2016, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 3,205 thousand (PLN 1,606 thousand as at the 31st of December, 2015).

3.18. Contingent Liabilities

On the 30th of September, 2016, 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 36,982 thousand, whereas it was PLN 48,740 on the 31st of December, 2015.

On the 30th of September, 2016, 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, 2015.

On the 30th of September, 2016, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,689 thousand, whereas it was EUR 815 thousand, i.e. PLN 3,474 thousand on the 31st of December, 2015.

On the 30th of September, 2016, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 69 thousand, whereas it was EUR 16 thousand, i.e. PLN 68 thousand on the 31st of December, 2015.

Comarch S.A. declared a possibility to grant a financial support ("*letters of comfort*") for its subsidiaries: MKS Cracovia SSA (valid till the 30th of June, 2017) and Comarch Healthcare S.A. (valid till the 31st of December, 2018).

Granted credit lines for financing of current activities (guarantees, letters of credit, credit lines in current account)

	30 September 2016	31 December 2015
Credit lines*	183,702	159,876
	183,702	159,876

(*) they comprise credit lines at current account that are described in [3.15.3](#)

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 67,780 thousand. Provisions for part of these claims were presented in the balance sheet as at the 30th of September, 2016 and are worth PLN 9,311 thousand. They include provisions for claims recognised in 2016 and worth PLN 517 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 14,422 thousand. There are no provisions for part of these claims presented in the balance sheet as at the 30th of September, 2016. 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 2016 the Comarch Group created write-offs that revalue receivables in the amount of PLN 4,569 thousand. Due to the matters in disputes, in 2016 the Comarch Group didn't create write-offs that revalue receivables.

3.19. Deferred Income Tax

	30 September 2016	31 December 2015
A deferred income tax assets		
- temporary differences	11,641	16,171
- basset due to a tax loss	8,983	6,820
- an asset due to activities in Special Economic Zone ("SEZ")	8,394	10,441
Total	29,018	33,432
- charged to financial result	29,018	33,432

In the first 3 quarters of 2016, the Group settled in part an asset due to activities in the SEZ that was worth PLN 2,047 thousand and established as at the 31st of December, 2015. This asset will be gradually dissolved within 2016 in proportion to the generated tax-exempt income in this period.

Comarch SA has five permits to operate in the Special Economic Zone in Krakow:

- obtained in 1999, with a period of validity until the 31st of December, 2017;
- obtained in 2007, with a period of validity until the 31st of December 2017;
- obtained in 2013, its validity term has not been specified;
- obtained in February 2016, its validity term has not been specified;
- obtained in March 2016, its validity term has not been specified.

The Company also notes that on the 23rd of July, 2013, The Council of Ministers adopted a regulation extending the term of functioning of special economic zones in Poland to 2026. Pursuant to IAS 12, unused tax relief as at the 30th of September, 2016, constitutes a deferred income tax asset. In the second quarter of 2016 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 23,293 thousand as at the 30th of September, 2016 (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 30th of September, 2016 (after discounting at the permit date).

In the first three quarters of 2016, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2015, and worth PLN 7,975 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 3,445 thousand. An asset due to tax loss was recognized in the amount of PLN 2,163 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 4,414 thousand.

	30 September 2016	31 December 2015
Provision for deferred income tax		
- temporary differences	16,058	7,665
- provision due to fair value valuation of assets recognised as a result of acquisition of the Comarch SuB, ESAProjekt sp. z o.o. and A-MEA Informatik AG and due to valuation of MKS Cracovia SSA's real estates	5,465	5,780
- provision due to valuation of certificates in CCF FIZ	22,307	24,174
Total	43,830	37,619
- charged to equity	5,430	5,430
- charged to financial result	38,365	31,839
- provision due to acquisition of A-MEA Informatik AG and ESAProjekt sp. z o.o.	35	350

Due to valuation of net assets of CCF FIZ, in 2016 the Group dissolved in part a deferred tax provision, which was recognised in the previous years and was worth PLN 1,867 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 9,767 thousand and dissolved in the amount of PLN 1,374 thousand. In 2016 the Group dissolved a provision due to acquisition of A-MEA Informatik AG (currently Comarch Swiss AG) and ESAProjekt sp. z o.o. (currently Comarch Healthcare S.A.) which was worth PLN 315 thousand. The total effect of the all above-mentioned operations on the net result of 9 months of 2016 was minus PLN 6,211 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 10,625 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.

3.20. Provisions for Other Liabilities and Charges

Current	Costs related to current period which will be incurred in future	Provisions for costs of contracts	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for premiums	Total
At 1 January 2016	4,630	21,692	16,214	22,378	82,833	147,747
Change:	2,957	(6,550)	3,307	4,065	(45,767)	(41,988)
- provisions created	13,869	11,183	4,667	17,497	31,966	79,182
- provisions used and dissolved	(10,912)	(17,733)	(1,360)	(13,432)	(77,733)	(121,170)
At 30 September 2016	7,587	15,142	19,521	26,443	37,066	105,759

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

3.21. Related-Party Transactions

3.21.1. Revenues from Sales of Goods and Services

	9 months ended 30 September 2016	9 months ended 30 September 2015
Revenues from sales of goods:		
SolInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenues from sales of services:		
SolInteractive S.A.	614	129
	5,241	271
Thanks Again LLC	5,855	400
	5,855	400

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

	9 months ended 30 September 2016	9 months ended 30 September 2015
Purchases of goods:		
SolInteractive S.A.	1,410	291
Thanks Again LLC	-	-
	1,410	291
Purchase of services:		
SolInteractive S.A.		
<i>included in generation costs</i>	2,699	3,091
<i>included in other costs</i>	2,070	2,281
	4,769	5,372
Thanks Again LLC		
<i>included in generation costs</i>	-	-
<i>included in other costs</i>	-	-
	-	-
Total	6,179	5,663

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

	30 September 2016	31 December 2015
Receivables from related parties:		
SolInteractive S.A.	471	233
Thanks Again LLC	557	1,120
	1,028	1,353
Payables to related parties:		
SolInteractive S.A.	1,647	2,073
Thanks Again LLC	-	-
	1,647	2,073

3.21.4. Transactions with Associates and Personally Related Entities

PLN'000	9 months ended 30 September 2016	9 months ended 30 September 2015
Purchases from personally related entities	2,011	1,526
Sales to personally related entities	129	83
Loans and interest on loans repaid by personally related entities	6,439	2,821
Loans and interest on loans granted to personally related entities	1,000	4,871
Purchases from associates	6,179	5,663
Sales to associates	5,855	400
Loans and interest on loans repaid by associates	128	171
Loans and interest on loans granted to associates	5	805

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

PLN'000	30 September 2016	31 December 2015
Trade receivables from personally related parties	115	7
Loans receivables from personally related parties	674	5,970
Trade payables to personally related parties	331	436
Liabilities due to loans from personally related parties	-	-

3.22. Earnings per Share

	9 months ended 30 September 2016	9 months ended 30 September 2015
Net profit for the period attributable to equity holders of the Company	21,037	36,184
Weighted average number of shares in issue	8,133,349	8,129,541
Basic earnings per share (PLN)	2.59	4.45
Diluted number of shares	8,133,349	8,129,541
Diluted earnings per share (PLN)	2.59	4.45

Basic earnings per share in the column "9 months ended 30 September 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 30th of September, 2016 by the weighted average number of shares in issue between the 1st of January, 2016, to the 30th of September, 2016, where the number of days is the weight. Basic earnings per share in the column "9 months ended 30 September 2015" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2015, to the 30th of September, 2015, by the weighted average number of shares in issue between the 1st of January, 2015, to the 30th of September, 2015, where the number of days is the weight.

Diluted earnings per share in the column "9 months ended 30 September 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 30th of September, 2016, by the sum of the weighted average number of shares in issue between the 1st of January, 2016, to the 30th of September, 2016, where the number of days is the weight and diluted number of shares pursuant to IAS 33. Diluted earnings per share in the column "9 months ended 30 September 2015" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2015, to the 30th of September, 2015, by the sum of the weighted

average number of shares in issue between the 1st of January, 2015, to the 30th of September, 2015, where the number of days is the weight and diluted number of shares pursuant to IAS 33.

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

4.1.1. 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 14 November 2016

- Janusz Filipiak held 1,997,027 shares (24.55% of the Company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;
- Elzbieta Filipiak held 1,323,461 shares (16.27% of the Company's share capital), which gave her 4,707,461 votes at the AGM and constituted 31.12% of all votes at the AGM;
- MetLife Otworthy Fundusz Emerytalny managed by MetLife PTE S.A. held 841,097 shares (10.34% of the Company's share capital), which gave them 841,097 votes at the AGM and constituted 5.56% of all votes at the AGM.

4.1.2. Change in the Total Number of Votes at Comarch S.A.

On the 5th of July, 2016, the Management Board of Comarch S.A. received from a person discharging managerial responsibilities, Chairman of the Board of Supervisors of Comarch S.A., a notification of transaction dated the 30th of June, 2016, referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned the free of charge disposal of 677,461 ordinary bearer shares outside the trading system, as a result of the division of joint property at the price of PLN 141.00 (closing price of the 29th of June, 2016) per 1 share. The value of the transaction amounted to PLN 95,522,001.00.

The Company announced details in current report [RB-13-2016](#) dated the 5th of July, 2016.

On the 5th of July, 2016, the Management Board of Comarch S.A. received from Mr. Janusz Filipiak a Notification, pursuant to Art. 69 par. 2 point 2 of the Act on Public Offering, the terms for introducing and trading financial instruments on the stock exchange, as well as public companies, that contained information about the change of so far held over 33% of the total number of votes by at least 1% of the total number of votes in Comarch S.A. Reduction of the involvement of at least 1% of the total number of votes was a result of disposal of shares of the Company on the 30th of June, 2016. Directly before the change Mr. Janusz Filipiak held 2,674,488 of shares, representing 32.88% of the share capital of the Company and entitled to 6,246,488 votes at the General Shareholders Meeting, which constituted 41.30% of total votes at the General Shareholders Meeting of the Company. Currently, Mr. Janusz Filipiak holds 1,997,027 shares, representing 24.55% of the share capital and entitling to 5,569,027 votes at the General Shareholders Meeting, which constitutes 36.82% of total votes at the General Shareholders Meeting of the Company.

The Company announced details in current report [RB-14-2016](#) dated the 5th of July, 2016.

On the 5th of July, 2016, the Management Board of Comarch S.A. received from a person discharging managerial responsibilities, President of the Management Board of Comarch S.A., a notification of transactions dated the 30th of June, 2016, referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transactions concerned:

1. Free of charge acquisition of 677,461 ordinary bearer shares outside the trading system, as a result of the division of joint property at the price of PLN 141.00 (closing price of the 29th of June, 2016) per 1 share. The value of the transaction amounted to PLN 95,522,001.00.
2. Disposal by making a donation of 200,000 ordinary bearer shares outside the trading system at the price of PLN 141.00 (closing price of the 29th of June, 2016) per 1 share. The value of the transaction amounted to PLN 28,200,000.00.

The Company announced details in current report [RB-15-2016](#) dated the 5th of July, 2016.

On the 5th of July, 2016, the Management Board of Comarch S.A. received from Mrs. Elżbieta Filipiak a Notification, pursuant to Art. 69 par. 2 point 1 letter a of the Act on Public Offering, the terms for introducing and trading financial instruments on the stock exchange, as well as public companies, that contained information about the change of so far held over 10% of the total number of votes by at least 2% of the total number of votes in Comarch S.A. Increase of the involvement of at least 2% of the total number of votes was a result of:

1. Acquisition of Company's shares on the 30th of June, 2016. Directly before the change Mrs. Elżbieta Filipiak held 846,000 of shares, representing 10.40% of the share capital of the Company and entitled to 4,230,000 votes at the General Shareholders Meeting, which constituted 27.96% of total votes at the General Shareholders Meeting of the Company. After acquisition, Mrs. Elżbieta Filipiak was holding 1,523,461 shares, representing 18.73% of the share capital and entitling to 4,907,461 votes at the General Shareholders Meeting, which constituted 32.44% of total votes at the General Shareholders Meeting of the Company.
2. Disposal of Company's shares on the 30th of June, 2016. Directly before the change Mrs. Elżbieta Filipiak held 1,523,461 of shares, representing 18.73% of the share capital of the Company and entitled to 4,907,461 votes at the General Shareholders Meeting, which constituted 32.44% of total votes at the General Shareholders Meeting of the Company. Currently, Mrs. Elżbieta Filipiak holds 1,323,461 shares, representing 16.27% of the share capital and entitling to 4,707,461 votes at the General Shareholders Meeting, which constituted 31.12% of total votes at the General Shareholders Meeting of the Company.

The Company announced details in current report [RB-16-2016](#) dated the 5th of July, 2016.

On the 5th of July, 2016, the Management Board of Comarch S.A. received from a person closely related to the persons discharging managerial responsibilities, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transactions concerned:

1. Free of charge acquisition of 200,000 ordinary bearer shares under the a donation agreement outside the trading system at the price of PLN 141.00 (closing price of the 29th of June, 2016) per 1 share. The value of the transaction amounted to PLN 28,200,000.00.
2. Disposal on the 30th of June, 2016, and the 4th of July, 2016, of 200,000 ordinary bearer shares on regulated market at the weighted average price of PLN 143.73 per 1 share. The value of the transaction amounted to PLN 28,745,000.00.

The Company announced details in current report [RB-17-2016](#) dated the 5th of July, 2016.

On the 7th of July, 2016, the Management Board of Comarch S.A. received from MetLife PTE S.A. a Notification, pursuant to Art. 69 par. 2 point 2 of the Act on Public Offering, the terms for introducing and trading financial instruments on the stock exchange, as well as public companies, in which informed that MetLife Otworthy Fundusz Emerytalny (open pension fund managed by MetLife PTE S.A.) increased its involvement over 5% of the total number of votes in Comarch S.A. Increase of the involvement over 5% was a result of purchase of shares of the Company on the 30th of June, 2016. Directly before the change MetLife OFE held 616,954 of shares, representing 7.59% of the share capital of the Company and entitled to 616,954 votes at the General Shareholders Meeting, which constituted 4.08% of total votes at the General Shareholders Meeting of the Company. Currently, MetLife OFE holds 841,097 shares, representing 10.34% of the share capital and entitling to 841,097 votes at the General Shareholders Meeting, which constitutes 5.56% of total votes at the General Shareholders Meeting of the Company.

The Company announced details in current report [RB-18-2016](#) dated the 7th of July, 2016.

4.1.3. Changes in Significant Holdings of Comarch S.A. Shares between 31 August 2016 and 14 November 2016

Entity	At 14 November 2016				At 31 August 2016			
	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

4.1.4. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between 31 August 2016 and 14 November 2016

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the consolidated report for H1 2016 was published, i.e. on the 31st of August, 2016, and on the 14th of November, 2016, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 14 November 2016		At 31 August 2016	
		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	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	37,539	0.50	37,539	0.50
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
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

In first three quarters of 2016, the Group settled in part deferred tax assets in the amount of PLN 10,022 thousand and created the deferred tax assets in the amount of PLN 5,608 thousand.

In the first three quarters of 2016, the Group dissolved in part provisions for deferred tax in the amount of PLN 3,556 thousand and created deferred tax provisions in the amount of PLN 9,767 thousand.

Total changes in deferred tax resulted in a decrease in net profit by PLN 10,625 thousand.

Details are described in point [3.19.](#)

4.2.2. Valuation of Currency Exchange Rate Differences

The impact of changes in exchange rates on revenue and results of the Comarch Group in the first 9 months of 2016 was inconsiderable. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of September, 2016, decreased revenue and operating profit of Comarch Group by PLN 68 thousand (while in the first 9 months of 2015 increased by PLN 594 thousand). Exchange rate

differences from other activities decreased the result of Comarch Group in the first 9 months of 2016 by PLN 525 thousand (while in the first 9 months of 2015 decreased by PLN 141 thousand). The total effect of exchange rate differences on the net result of the Comarch Group in the first 9 months of 2016 amounted to minus PLN 593 thousand (plus PLN 453 thousand in the first 9 months of 2015).

4.3. Other Events in Q3 2016

4.3.1. The List of Shareholders Holding at Least 5% of the Total Number of Votes at the AGM

None present.

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

4.4.1. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of October, 2016 and the 16th of November, 2016, Comarch S.A. concluded forward contracts for sales of EUR 10,400 thousand and USD 7,900 thousand. The total net value of open forward contracts as of the 14th of November, 2016, amounted to EUR 34,940 thousand, USD 16,000 thousand and GBP 500 thousand. The open forward contracts as of the 14th of November, 2016, were valued at PLN 4,765 thousand. The contracts will be settled within 27 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 S.A., 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.

4.4.2. Concluding significant agreements with Telefonica Group

On the 1st of August, 2016, the Management Board of Comarch S.A. announced that the value of contracts signed in the past 12 months between the entities of the Comarch Group and the Telefonica Group entities exceeded 10% of the equity of Comarch S.A. Considering the above, the Management Board of Comarch S.A. recognized these agreements as significant agreements.

The Company announced details in current report [RB-19-2016](#) dated the 1st of August, 2016.

4.4.3. Information on the lack of significant impact of one-off event at the financial results of the Comarch Group

On the 3rd of August, 2016, MKS Cracovia SSA, a member of Comarch Group, signed an agreement with Leicester City Football Club (the "Agreement") on sale of intangible assets by MKS Cracovia SSA (player's card of Bartosz Kapustka). The total value of the Agreement doesn't exceed 10% of the equity of Comarch S.A., in the opinion of the Management Board this is not a significant agreement. The Agreement will have no significant impact on the consolidated financial statement of Comarch Group in 2016, as well as in subsequent years. Comarch S.A. announced details in current report [RB-20-2016](#) dated the 3rd of August, 2016.

4.4.4. Investment Credit Agreement with DNB Bank Polska

The Management Board of Comarch S.A. announces that on the 19th of August, 2016, Comarch S.A. signed an investment credit agreement with bank DNB Bank Polska Spółka Akcyjna with its registered office in Warsaw, for financing/refinancing 100% of net 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 (exchange rate as of the date of signing the agreement). The crediting period lasts until the 30th of December, 2023, the interest rate of the credit is based on a variable rate. The credit should be taken out by the 30th of December, 2016. The credit is secured by:

- a) registered pledge on financed equipment to the amount of 150% of the credit amount;
- b) cession of rights in the insurance policy of the financed equipment.

Comarch S.A. announced details in current report [RB-21-2016](#) dated the 19th of August, 2016.

4.4.5. Establishment of a Mortgage on Assets of Comarch S.A.

On the 24th of August, 2016, Comarch S.A. received a notice from the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register, dated the 22nd of July, 2016,

on registration of a contractual mortgage of EUR 12,000 thousand, i.e. PLN 51,246 thousand (exchange rate as of the date of signing the agreement) established on the second place on the property belonging to Comarch S.A. located at ul. prof. Michała Życzkowskiego 23, Cracow (the SSE4 building). The basis for the establishment the above mentioned mortgage is an investment credit agreement dated the 18th of March, 2016, between the bank BGŻ BNP Paribas S.A. and Comarch S.A.S., a subsidiary of Comarch S.A. and Comarch S.A. (as co-borrower). The value of the obligation secured by the mortgage is EUR 8,000 thousand, i.e. PLN 34,164 thousand (exchange rate at the date of the agreement).

The Company announced details in the current report [RB-22-2016](#) dated the 24th of August, 2016.

The Management Board of Comarch S.A. announced that on the 16th of September, 2016, received a notice from the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register, dated the 8th of September, 2016, on registration of a mortgage with a value of EUR 16,665,800, i.e. PLN 71,866,262,76, as at the date of registration of the mortgage, established on the property owned by Comarch S.A. located in the Special Economic Zone in Krakow. The current book value of the real estate amounts to PLN 19,140,932,01. The basis for registration of above mentioned mortgage is an investment credit agreement dated the 17th of May, 2016, concluded between a bank Bank Handlowy w Warszawie S.A. and Comarch S.A. Value of the liability secured with the mortgage, i.e. the value of the credit, amounts to EUR 13,332,640, i.e. PLN 57,493,010,21 as at the date of registration of the mortgage.

The Company announced details in the current report [RB-24-2016](#) dated the 16th of August, 2016.

4.4.6. Registration of Changes in Comarch S.A. Articles of Association

The Management Board of Comarch S.A. announced that on the 6th of September, 2016, received a notice, concerning registration on the 29th of August, 2016, by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register of changes in the Company's Articles of Association adopted by the General Meeting on the 15th of June, 2016.

Article 16 par. 3 of the Company's Articles of Association: "3. Acquiring and disposing real estate properties or shares in real estate properties to not require a resolution of the General Meeting. If this is the case, only obtaining consent of the Supervisory Board is required."

is worded as follows: "3. Acquiring and disposing real estate properties, perpetual usufruct or shares in real estate properties to not require a resolution of the General Meeting. If this is the case, only obtaining consent of the Supervisory Board is required."

The unified text of Comarch S.A.'s Articles of Association, registered with the decision of the Court of the 29th of August, 2016 was published in the current report [RB-23-2016](#) dated the 6th of September, 2016.

4.4.7. Registration of a Mortgage on Assets Owned by Comarch S.A.

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 for Q3 2016.

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 value of the guarantee equals the value of the contract, i.e. approximately EUR 53,666 thousand. The financial conditions, that the surety was provided on, do not differ from the market conditions.
- 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 Inc., a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch S.A. granted a surety for Comarch Inc. The surety was granted up to the amount of USD 420 thousand and is valid till the termination of the contract.
- bb) 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.
- cc) 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.
- dd) 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 9,570 thousand and is valid for the duration of the contract.
- ee) 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.

**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 Third Quarter of 2016 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter

5.1. Revenues and Financial Results

Within 3 quarters of 2016, the Comarch Group generated revenue in the amount of PLN 740.4 million. They were higher by PLN 11.5 million, i.e. 1.6% more than in the similar period of 2015. Operating result amounted to PLN 45.7 million and was lower by PLN 3.1 million than within three quarters of 2015. Net result attributable to the shareholders of the parent company was PLN 21.0 million and decreased by PLN 15.1 million compared to the three quarters of 2015. The EBIT margin was +6.2% and net margin amounted to +2.8%. During the described period, the Comarch Group generated EBITDA in the amount of PLN 93.1 million, i.e. higher by PLN 4.6 million than in the similar period of the previous year.

In the third quarter of 2016, the Comarch Group generated revenue in the amount of PLN 224.0 million. They were higher by PLN 0.6 million, i.e. 0.2% than those achieved in the third quarter of 2015. Operating result amounted to PLN 10.5 million and was higher by PLN 6.0 million than in Q3 2015. Net result attributable to the shareholders of the parent company was PLN +8.3 million and increased by PLN 7.9 million compared to the third quarter of 2015. The EBIT margin was +4.7% and net margin amounted to +3.7%.

The level of EBIT margin and net margin over three quarters of 2016 were satisfactory, but slightly lower than those in the previous year as a result of, inter alia:

- a) significant decline in revenues from sales to customers in the public sector (by 30.7%) and the medical sector (by 52.8%), which was caused by the slowdown in the settlement of public tenders,
- b) significant decline in sales of proprietary finished products - in the first 3 quarters of 2016, it fell by 72.3% compared to the same period of 2015 due to significantly reduced supply of its own products to customers in the public sector,
- c) high growth of revenues from sales to customers in the trade and services industry,
- d) significant increase in operating costs, especially employment costs – related to a large increase in the number of people employed in 2015, resulting in the basic wage bill in the reporting period over 19% higher than in the first three quarters of 2015,
- e) consideration of an associate - Thanks Again, LLC - in the financial results under the equity method resulted in a decrease in the net result of the Group Comarch by PLN 6.6 million,
- f) positive result on financial activities in the amount of PLN 5.3 million, achieved mainly due to the fair value measurement of financial instruments,
- g) changes in the value of deferred tax assets and provisions, which resulted in a decrease in the net result by PLN 10.6 million.

The financial results achieved in the 3rd quarter of 2016 was affected by, among other things:

- a) achievement of positive result on other operating activities in the amount of PLN 12.8 million, primarily due to lower write-offs revaluating receivables as a result of the recovery of parts for doubtful receivables from foreign customers and as a result of sale of fixed assets by MKS Cracovia SSA,
- b) positive result on financial activities in the amount of PLN 9.3 million, achieved mainly as a result of fair value measurement of financial instruments,
- c) change in the value of deferred tax assets and provisions, which resulted in a decrease of the net result by PLN 4.7 million.

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 increase in operating expenses and a decrease in the current financial result of the Comarch Group, while they will contribute in the future to increase of revenues generated in these business areas.

In the third quarter of 2016, employment level in the Comarch Group increased by 6.7%. As at the 30th of September, 2016, the Comarch Group (excluding MKS Cracovia SSA) hired 5,374 persons, i.e. 337 persons more than as at the 31st of December, 2015. It is related to the successful completion of the summer program of internships for students and undertaking permanent cooperation with its members.

The financial results achieved on the Group's core activity, confirm the effectiveness of Group's strategy – a strategy that is based on:

- a) the sale of IT solutions, most of which are developed in-house,
- b) the sales development on international markets, especially in Western Europe and both Americas,
- c) the stable improvement of operational performance through the ongoing improvement of procedures and cost rationalisation,
- d) development of new technologies and business areas, especially in the medicine sector,
- e) growing share in sales of IT in services model.

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. Very good financial standing of the Comarch Group 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 competitiveness.

5.2. Sales Structure

Products sales structure

In the third quarter of 2016, Group's sales of proprietary software was much higher than a year before – it grew by PLN 12 million, i.e. 48.7% - mainly due to the sale of licenses to one of the customers in the trade and services sector on the market of Western Europe. The sales of services decreased by PLN 8.7 million, i.e. 5.0%. In the reporting period, there was an increase in revenues from the sale of finished products (proprietary hardware), which amounted to PLN 2.3 million, i.e. 130.3%, due to the implementation in Q3 2016 deliveries of finished products for one of the clients from the public sector. Revenues from sale of third party software fell by 52.0% and reached PLN 3.1 million, and sales of computer hardware fell by PLN 4.4 million, i.e. 72.7%, which is related to the general downslide in demand for these categories of goods offered by the Group. In Q3 2016 other sales increased by PLN 2.7 million, i.e. 30.7%, which is the effect of improving sales revenue by MKS Cracovia SSA.

Products sales structure	Q3 2016	%	Q3 2015	%	Zmiana PLN	Zmiana %
Services	166,689	74.4	175,411	78.5	(8,722)	(5.0)
Proprietary software	36,731	16.5	24,696	11.1	12,035	48.7
Third party software	3,118	1.4	6,499	2.9	(3,381)	(52.0)
Proprietary hardware	4,122	1.8	1,790	0.8	2,332	130.3
Third party hardware	1,671	0.7	6,118	2.7	(4,447)	(72.7)
Others	11,634	5.2	8,901	4.0	2,733	30.7
Total	223,965	100.0	223,415	100.0	550	0.2

In the first 9 months of 2016, Group's total sales of services and proprietary software grew (an increase of PLN 64.7 million, i.e. 10.4%). This is a consequence of an increase both in sales of services (an increase of PLN 29.8 million, i.e. 5.5%) and proprietary software (an increase of PLN 34.9 million, i.e. 44.2%), as a derivative of implementation of a large number of contracts in foreign markets, concluded in previous periods. Total share of sales of services and proprietary software in total sales amounted to 93.2%. Total sales of third party software and computer hardware decreased by PLN 42.4 million, i.e. 68.8%, and they amounted to PLN 19.2 million, which constitutes 2.6% in total sales. This is the result of reduced deliveries of third party software to customers in the telecommunications sector in the domestic market (in H1 2015, the Group realized this type of delivery in the amount of over PLN 20 million). In the first three quarters of 2016, sales of finished goods decreased by PLN 10.9 million, i.e. 72.3% compared to the same period in 2015, due to the significant reduction of supplies of proprietary products to

customers in the public sector. Other sales increased by PLN 0.1 million, i.e. 0.4%. Within 9 months, 2016, products sales structure was characterised by continuous increase in sales of proprietary solutions. This is related to the ongoing changes into business model of services in sales of IT solutions.

Products sales structure	9 months ended 30 September 2016	%	9 months ended 30 September 2015	%	Change in PLN	Change in %
Services	572,231	77.3	542,453	74.4	29,778	5.5
Proprietary software	113,901	15.3	78,972	10.8	34,929	44.2
Third party software	12,681	1.7	41,864	5.8	(29,183)	(69.7)
Proprietary hardware	4,194	0.6	15,143	2.1	(10,949)	(72.3)
Third party hardware	6,529	0.9	19,708	2.7	(13,179)	(66.9)
Others	30,854	4.2	30,716	4.2	138	0.4
Total	740,390	100.0	728,856	100.0	11,534	1.6

Market Sales Structure

In Q3 2016 revenues from sales of the Comarch Group to customers in the TMT sector amounted to PLN 36.1 million, which represents a decrease of PLN 16.3 million (i.e. 31.2%) compared to Q3 2015, which is mainly due to reduced sales of services to customers in Western Europe. Customers in finance and banking sector bought products and services worth PLN 33.3 million, similar to that achieved in the corresponding period of the previous year. The highest sales growth was achieved in the case of the customers in the trade and services sector (PLN 13.3 million, i.e. 39.0%), which is related to, among others, sales of licenses to one of the customers operating in trade and services business on the market of Western Europe. Sales to customers in the industrial sector increased compared to Q3 2015 by PLN 1.1 million, i.e. by 4.0%. In the third quarter of 2016 there was a further decrease in revenues from sales to customers in the public sector, but the rate of decline was lower than observed in the first two quarters of 2016. The decline in revenues amounted to PLN 1.7 million, i.e. 9.6%. A similar phenomenon occurred in the case of customers in the medical sector, where sales revenues fell in Q3 2016 by PLN 1.6 million, i.e. 32.9%. Steadily grew sales was achieved to customers in the small and medium-sized enterprises in Poland and in the DACH region. The increase in sales amounted to PLN 2.4 million (i.e. 11.4%) and PLN 0.6 million (i.e. 2.5%).

Market sales structure	Q3 2016	%	Q3 2015	%	Change in PLN	Change in %
Telecommunications, Media, IT	36,064	16.1	52,412	23.5	(16,348)	(31.2)
Finance and Banking	33,309	14.9	34,195	15.3	(886)	(2.6)
Trade and Services	47,559	21.2	34,217	15.3	13,342	39.0
Industry & Utilities	28,835	12.9	27,721	12.4	1,114	4.0
Public sector	16,106	7.2	17,826	8.0	(1,720)	(9.6)
Small and Medium-Sized Enterprises - Poland	23,881	10.7	21,439	9.6	2,442	11.4
Small and Medium-Sized Enterprises - DACH	26,088	11.6	25,452	11.4	636	2.5
Medicine	3,349	1.5	4,988	2.2	(1,639)	(32.9)
Others	8,774	3.9	5,165	2.3	3,609	69.9
Total	223,965	100.0	223,415	100.0	550	0.2

Within 9 months of 2016 there has been a drop in sales (by PLN 23.3 million, i.e. 30.7%) to customers in the public sector, which is associated with a reduction of purchases by customers in this sector, due to a smaller number of adjudicated public tenders and transition restricting in access to EU funding. The public sector was responsible for 7.1% of Group revenues in the reporting period. The value of sales to customers in the medical sector within 9 months of 2016 amounted to PLN 10.6 million. It fell significantly (by PLN 11.9 million, i.e. 52.8%) compared to last year, which is the result of a smaller number of the projects related to computerization of health professionals, particularly regional projects of IT-development of hospitals. Medical

sector is currently responsible for 1.4% of total revenues from sales of the Comarch Group. Revenues from sales of the Comarch Group to customers in the TMT sector amounted to PLN 181.5 million, which represents a decrease of PLN 17.3 million (i.e. 8.7%) in relation to the comparative period – decrease in the number of supplies of third-party software on the domestic market and revenues from sales to customers in the DACH region. Their share in total sales was 24.5%, therefore the TMT sector remains the largest sector in terms of sales revenue. Customers in finance and banking sector bought products and services with a value exceeding PLN 6.5 million (i.e. 6.8%) than achieved in the corresponding period of the previous year. This is due to the acquisition of new customers in foreign markets. The share of this sector in total revenues amounted to 13.8%. Strong revenue growth was recorded in case of customers in the trade and services sector (PLN 16.7 million, i.e. 15.6%), mainly due to the sale of proprietary software for newly acquired customers in foreign markets. The share of industry&utilities sector in total sales amounted to 16.7%. The dynamic growth of sales (PLN 19.6 million, i.e. 27.2%) due to increased supply of software and services for international companies from the automotive and fuel industries, and also for one of the national energy companies. Industry&utilities sector accounted for 12.4% of total sales. The increase in sales was recorded in the case of customers in the small and medium-sized enterprises in Poland (PLN 6.6 million, i.e. 9.9%) and in the case of SME customers in the DACH region (about PLN 8.0 million, i.e. 10.6%). A significant increase in other sales (PLN 6.7 million, i.e. 43.9%) is the result of increased sales revenue achieved by MKS Cracovia SSA.

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

Market sales structure	9 months ended 30 September 2016	%	9 months ended 30 September 2015	%	Change in PLN	Change in %
Telecommunications, Media, IT	181,483	24.5	198,811	27.2	(17,328)	(8.7)
Finance and Banking	101,937	13.8	95,471	13.1	6,466	6.8
Trade and Services	123,649	16.7	106,991	14.7	16,658	15.6
Industry & Utilities	91,665	12.4	72,054	9.9	19,611	27.2
Public sector	52,426	7.1	75,688	10.4	(23,262)	(30.7)
Small and Medium-Sized Enterprises - Poland	72,972	9.9	66,421	9.1	6,551	9.9
Small and Medium-Sized Enterprises - DACH	83,679	11.3	75,661	10.4	8,018	10.6
Medicine	10,629	1.4	22,501	3.1	(11,872)	(52.8)
Others	21,950	3.0	15,258	2.1	6,692	43.9
Total	740,390	100.0	728,856	100.0	11,534	1.6

Geographical Sales Structure (customers)

In the third quarter of 2016, Group's export sales amounted to PLN 121.7 million and decreased by PLN 4.6 million, i.e. 3.6% compared to those in Q3 2015. Domestic sales increased by PLN 5.1 million, i.e. 5.3% compared to those in Q3 2015.

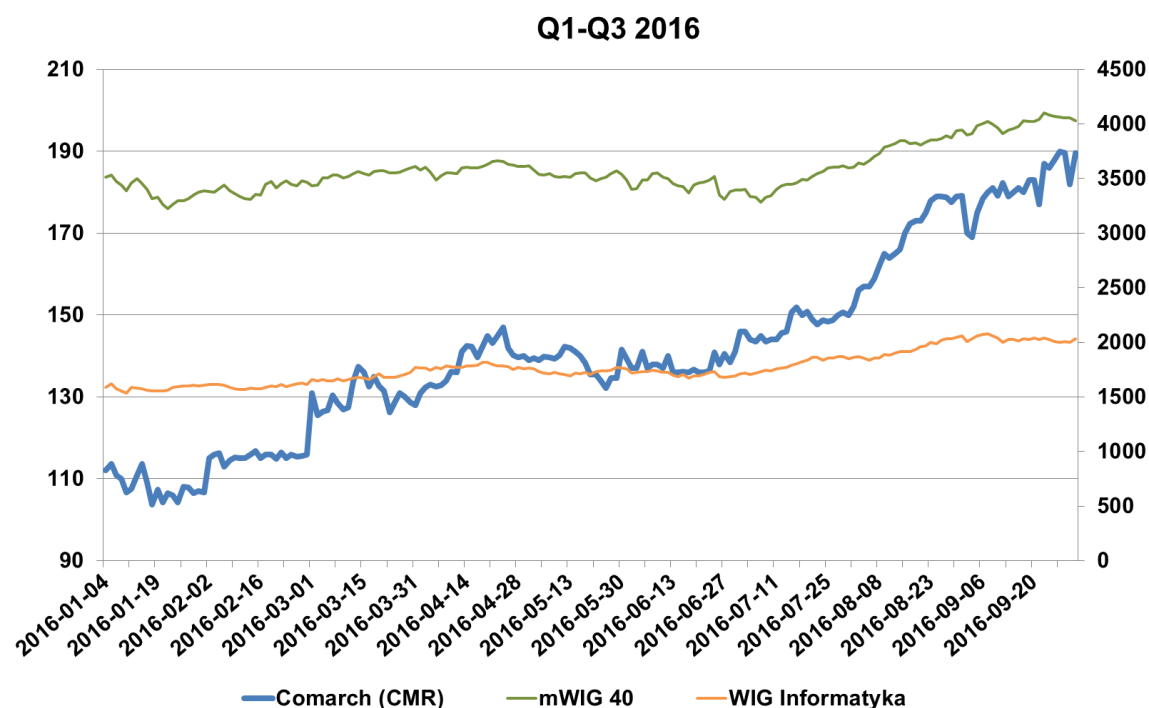
Geographical sales structure	Q3 2016	%	Q3 2015	%	Change in PLN	Change in %
Domestic (Poland)	102,297	45.7	97,172	43.5	5,125	5.3
Export	121,668	54.3	126,243	56.5	(4,575)	(3.6)
TOTAL	223,965	100.0	223,415	100.0	550	0.2

Within 9 months of 2016, Group's export sales grew much more dynamically than its domestic sales. Export sales amounted to PLN 437.5 million and were higher by PLN 55.0 million, i.e. 14.4% compared to those in the previous year. Domestic sales dropped by PLN 43.5 million, i.e. 12.5%, mainly due to lower value of services and finished products for customers in the public

and medical sector. As a consequence, share of export sales in total sales grew from 52.5% to 59.1% in a reporting period.

Geographical sales structure	9 months ended 30 September 2016	%	9 months ended 30 September 2015	%	Change in PLN	Change in %
Domestic (Poland)	302,913	40.9	346,380	47.5	(43,467)	(12.5)
Export	437,477	59.1	382,476	52.5	55,001	14.4
TOTAL	740,390	100.0	728,856	100.0	11,534	1.6

5.3. Comarch S.A. Stock Price Performance



On the 30th of September, 2016, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange amounted to PLN 189.55 and increased by 66.2% compared to PLN 114.05 on the 31st of December, 2015. 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 the condition of the economy on the Polish and the European markets, the financial situation of medium-sized and large enterprises (which constitute the basis of Group's clients), EUR/PLN and USD/PLN exchange levels and the rate of increase in the remuneration of IT employees.

5.4. Events in the Third Quarter of 2016 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

None present.

VII. Quarterly Summary of Comarch S.A. Financial Statement for the Third Quarter of 2016

I. Balance Sheet (PLN'000)	30 September 2016	30 June 2016	31 December 2015	30 September 2015
ASSETS				
I. Non-current assets	691,319	673,064	689,344	687,524
1. Intangible assets	8,517	9,367	10,469	10,730
2. Property, plant and equipment	280,985	262,815	258,116	258,582
3. Non-current investments	394,090	392,431	412,612	409,631
3.1. Non-current financial assets	365,504	363,473	382,917	379,581
a) in related parties	363,205	362,638	382,358	379,036
b) in other entities in which the Company holds equity interests	390	420	480	510
c) in other entities	1,909	415	79	35
3.2 Real estates	28,543	28,915	29,652	30,007
3.3 Other non-current investment	43	43	43	43
4. Non-current prepayments	7,727	8,451	8,147	8,581
4.1 Deferred income tax assets	6,100	7,355	7,348	7,404
4.2 Other accruals	1,627	1,096	799	1,177
II. Current assets	370,203	376,953	427,964	337,241
1. Inventories	42,897	37,448	27,746	28,856
2. Current receivables	229,067	265,134	291,780	221,478
2.1 from related parties	125,468	144,483	148,358	114,942
2.2 from other entities in which the Company holds equity interests	466	575	233	145
2.3 from other entities	103,133	120,076	143,189	106,391
3. Current investments	48,178	24,464	71,127	31,179
3.1 Current financial assets	48,178	24,464	71,127	31,179
a) in related parties	241	161	-	1,075
b) in other entities in which the Company holds equity interests	172	154	110	143
c) in other entities	2,352	1,961	632	712
- interest and shares	1	1	1	1
- granted loans	-	-	-	4
- other current financial assets	2,351	1,960	631	707
c) cash and cash equivalents	45,413	22,188	70,385	29,249
4. Short-term prepayments	50,061	49,907	37,311	55,728
Total assets	1,061,522	1,050,017	1,117,308	1,024,765
EQUITY AND LIABILITIES				
I. Equity	749,018	744,812	731,905	722,366
1. Share capital	8,133	8,133	8,133	8,133
2. Supplementary capital	619,975	619,975	562,292	562,293
3. Revaluation reserve	95,091	96,419	103,052	97,115
4. Other reserve capitals	745	745	745	745
5. Previous years' profit (loss)	-	-	-	-
6. Net profit (loss)	25,074	19,540	57,683	54,080
II. Liabilities and provisions for liabilities	312,504	305,205	385,403	302,399
1. Provisions for liabilities	97,932	107,302	140,669	85,462
1.1 Provision for deferred income tax	23,681	23,855	25,412	24,044
1.2 Other provisions	74,251	83,447	115,257	61,418
a) current	74,251	83,447	115,257	61,418
2. Non-current liabilities	115,765	97,817	101,209	103,902
2.1 to related parties	17,456	2,858	3,530	3,551
2.2 to other entities in which the Company holds equity interests	-	-	-	-
2.3 to other entities	98,309	94,959	97,679	100,351
3. Current liabilities	85,226	87,072	131,535	103,828
3.1 to related parties	20,310	18,019	20,996	29,164
3.2 to other entities in which the Company holds equity interests	1,523	1,548	1,932	678

3.3 to other entities	61,411	65,064	107,152	72,221
3.4 Special funds	1,982	2,441	1,455	1,765
4. Accruals	13,581	13,014	11,990	9,207
4.1 Other accruals	13,581	13,014	11,990	9,207
a) current	13,581	13,014	11,990	9,207
TOTAL EQUITY AND LIABILITIES	1,061,522	1,050,017	1,117,308	1,024,765
Book value	749,018	744,812	731,905	722,366
Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	92.09	91.58	89.99	88.82
Diluted number of shares	8,133,349	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	92.09	91.58	89.99	88.82

II. Income Statement	Q3 2016	9 months ended 30 September 2016	Q3 2015	9 months ended 30 September 2015
For the periods 01.01 – 30.09.2016 and 01.01 – 30.09.2015 (PLN'000)				
I. Net revenues from sales of products, goods and materials, including:	154,865	499,735	151,372	494,639
- revenues from related parties	43,295	132,443	42,414	128,485
1. Net revenues from sales of products	141,998	464,091	141,599	435,100
2. Net revenues from sales of goods and materials	12,867	35,644	9,773	59,539
II. Costs of products, goods and materials sold, including:	120,198	369,381	106,062	349,790
- to related parties	6,580	20,390	7,551	22,725
1. Manufacturing cost of products sold	108,194	337,151	96,963	293,212
2. Value of products, goods and materials sold	12,004	32,230	9,099	56,578
III. Gross profit (loss) on sales	34,667	130,354	45,310	144,849
IV. Costs of sales	13,075	44,247	15,249	45,346
V. Administrative expenses	10,825	31,145	10,751	31,261
VI. Profit (loss) on sales	10,767	54,962	19,310	68,242
VII. Other operating revenues	214	880	360	1,976
1. Profit on disposal of non-financial non-current assets	108	196	166	328
2. Other operating revenues	106	684	194	1,648
VIII. Other operating costs	(5,274)	12,682	4,458	14,990
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	1,996	7,619	1,585	7,445
3. Revaluation of non-financial assets	6	6	-	-
4. Other operating costs	(7,276)	5,057	2,873	7,545
IX. Profit (loss) on operating activities	16,255	43,160	15,212	55,228
X. Financial revenues	4,162	6,902	832	5,834
1. Interest, including:	217	798	405	1,268
- from related parties	191	612	225	584
2. Dividends and share in profits	285	542	-	1,378
- from related parties	285	542	-	-
3. Profit on disposal of investment	1,569	1,569	-	-
4. Revaluation of financial assets	3,993	3,993	-	-
5. Other	(1,902)	-	427	3,188
XI. Finance costs	12,648	20,516	942	3,054
1. Interest	379	1,509	324	1,028
- from related parties	94	162	33	83
2. Revaluation of investments	11,580	17,492	-	220
3. Loss on disposal of investments	(247)	-	734	1,525
4. Other	936	1,515	(116)	281
XII. Profit (loss) on business activities	7,769	29,546	15,102	58,008
XIII. Gross profit (loss)	7,769	29,546	15,102	58,008
XIV. Income tax	2,235	4,472	1,769	3,928
XV. Net profit (loss)	5,534	25,074	13,333	54,080
Net profit (loss) (annualised)		28,677		63,753
Weighted average number of shares		8,133,349		8,128,566
01.10.2015 – 30.09.2016				
Earnings (losses) per single share (PLN)		3.53		7.84
Diluted weighted average number of shares		8,133,349		8,128,566
01.10.2015 – 30.09.2016				
Diluted earnings (losses) per single share (PLN)		3.53		7.84

III. Changes in Equity (PLN'000)	Q3 2016	9 months ended 30 September 2016	12 months ended 31 December 2015	9 months ended 30 September 2015
I. Opening balance of equity	744,812	731,905	677,089	677,089
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	744,812	731,905	677,089	677,089
1. Opening balance of share capital	8,133	8,133	8,125	8,125
1.1 Changes in share capital	-	-	8	8
a) increases (due to)	-	-	8	8
- shares issue	-	-	8	8
1.2 Closing balance of share capital	8,133	8,133	8,133	8,133
2. Opening balance of supplementary capital	619,975	562,292	521,244	521,244
2.1 Changes in supplementary capital	-	57,683	41,048	41,049
a) increases (due to)	-	57,683	41,048	41,049
- profit-sharing for the previous years	-	57,683	41,048	41,049
2.2 Closing balance of supplementary capital	619,975	619,975	562,292	562,293
3. Opening balance of revaluation reserve	96,419	103,052	105,926	105,926
3.1 Changes in revaluation reserve	(1,328)	(7,961)	(2,874)	(8,811)
a) increases (due to)	312	1,867	674	2,068
- provision for deferred income tax due to certificates valuation	312	1,867	674	2,068
b) decreases (due to)	1,640	9,828	3,548	10,879
- balance sheet valuation of investment certificates	1,640	9,828	3,548	10,879
3.2 Closing balance of revaluation reserve	95,091	95,091	103,052	97,115
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	745
5.1 Closing balance of other reserve capitals	745	745	745	745
6. Opening balance of previous years' profit	-	57,683	41,049	41,049
a) changes to adopted accounting principles (policies)	-	-	-	-
6.1 Opening balance of previous years' profit after adjustments	-	57,683	41,049	41,049
a) decreases (due to)	-	57,683	41,049	41,049
- transferring the result from the previous years to capital	-	57,683	41,049	41,049
6.2 Closing balance of previous years' profit	-	-	-	-
7. Result for H1 2016 (opening balance)	19,540	-	-	-
7.1 Net result for the period	5,534	25,074	57,683	54,080
7.2. Net result	25,074	25,074	57,683	54,080
II. Closing balance of equity	749,018	749,018	731,905	722,366
III. Equity including proposed profit-sharing (loss coverage)	749,018	749,018	731,905	722,366

IV. Cash Flow Statement

**For the period 01.01– 30.09.2016
and 01.01-30.09.2015 (PLN'000)**

	Q3 2016	9 months ended 30 September 2016	Q3 2015	9 months ended 30 September 2015
A. Cash flows from operating activities				
I. Net profit (loss)	5,534	25,074	13,333	54,080
II. Total adjustments	22,996	(8,225)	(22,874)	(45,030)
1. Depreciation	9,181	26,776	7,995	22,550
2. Exchange gains (losses)	(23)	(35)	1,041	3
3. Interest and profit sharing (dividends)	(562)	532	298	(180)
4. (Profit) loss on investing activities	11,153	16,755	(117)	(59)
5. Change in provisions	(9,059)	(40,870)	(8,479)	(42,149)
6. Change in inventories	(5,450)	(15,150)	(6,527)	(8,010)
7. Change in receivables	26,892	59,830	(12,334)	42,366
8. Change in current liabilities, excluding credits and loans	(10,273)	(45,324)	(2,417)	(35,120)
9. Change in prepayments and accruals	1,137	(10,739)	(2,334)	(24,431)
10. Other adjustments	-	-	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	28,530	16,849	(9,541)	9,050
B. Cash flows from investing activities				
I. Inflows	37,829	43,952	18,047	21,354
1. Disposal of property, plant and equipment and intangible assets	522	1,337	315	876
2. From financial assets, including:	37,307	42,615	17,732	20,478
a) in related parties	35,738	41,046	17,732	20,478
- repaid loans	18,570	23,281	17,562	18,860
- repaid interest on loans	1,374	1,374	170	240
- received loans	15,509	15,849	-	-
- received interest on loans	-	-	-	-
- received dividends	285	542	-	1,378
b) in other entities	1,569	1,569	-	-
- interest	-	-	-	-
- other proceeds from financial assets	1,569	1,569	-	-
3. Other investment proceeds	-	-	-	-
II. Outflows	(48,997)	(82,781)	(37,829)	(87,937)
1. Purchase of property, plant and equipment and intangible assets	(20,590)	(40,972)	(16,213)	(43,279)
2. Expenses for investment in real estates	(1)	(5)	-	-
3. For financial assets, including:	(28,406)	(41,804)	(21,616)	(44,658)
a) in related parties	(28,653)	(41,804)	(20,882)	(43,133)
- purchase of financial assets	(21,000)	(28,674)	(15,128)	(16,534)
- granted non-current loans	(6,349)	(11,147)	(5,754)	(26,599)
- repayment of loans from related parties	(1,304)	(1,726)	-	-
- repayment of interest on loans from related parties	-	(257)	-	-
b) in other entities	247	-	(734)	(1,525)
4. Other investment expenses	-	-	-	-
III. Net cash used in investing activities (I-II)	(11,168)	(38,829)	(19,782)	(66,583)
C. Cash flows from financing activities				
I. Inflows	11,679	18,067	1,887	11,891
1. Credits and loans	11,665	18,030	1,471	11,442
2. Net proceeds from shares issue	-	-	-	8
3. Repaid loans	10	30	422	422
4. Interest received on paid loans	4	7	19	19
5. Other financial inflows	-	-	(25)	-
II. Outflows	(5,801)	(21,156)	(4,244)	(12,029)
1. Dividends and other payments to owners	-	-	-	-

2. Expenses due to profit sharing but other than those to owners	-	-	(362)	(362)
3. Repayment of loans and credits	(5,326)	(19,501)	(2,921)	(9,710)
4. Interest	(475)	(1,655)	(461)	(1,457)
5. Granted loans	-	-	(500)	(500)
6. Other financial expenses	-	-	-	-
III. Net cash (used in)/generated from financing activities (I-II)	5,878	(3,089)	(2,357)	(138)
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	23,240	(25,069)	(31,680)	(57,671)
E. Balance sheet change in cash and cash equivalents, including:	23,224	(24,972)	(32,677)	(57,648)
- change in cash and cash equivalents due to exchange differences	(16)	97	(997)	23
F. Cash and cash equivalents opening balance	22,187	70,383	61,925	86,896
H. Closing balance of cash and cash equivalents (F+/- E), including:	45,411	45,411	29,248	29,248
- limited disposal	(2,233)	3,892	714	5,332

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, 2013, pos. 330 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 (Journal of Laws, 2009, No. 33 pos. 259 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, 2015, until the 31st of December, 2015. If this financial statement for the 9 months ended the 30th of September, 2016, was prepared according to IFRS, the financial results would amount to PLN 22,958 thousand.

Earnings according to Act on Accounting	25,074
Depreciation of perpetual usufruct	(69)
Assets due to activity in the SEZ	(2,047)
Profit according to IFRS	22,958

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

Over three quarters of 2016, Comarch S.A. created write-offs that revaluated goods, materials and finished products in the amount of PLN 7 thousand. The Company dissolved write-offs in the amount of PLN 1 thousand, which had been created in the previous years.

No hedges were made on inventories owned by the Company.

As at the 30th of September, 2016, in relation with payments of receivables, Comarch S.A. dissolved revaluating write-offs worth PLN 10,304 thousand and recognised write-offs worth PLN 11,078 thousand that revaluated bad debts. As at the 30th of September, 2016, Comarch S.A. created write-off for impairment of long-term financial assets (shares, stock) in the amount of PLN 17,492 thousand.

Due to the fact that the Company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In 2016 an asset due to temporary differences in income tax worth PLN 1,107 thousand was recognised. A tax asset worth PLN 2,354 thousand and recognised as at the 31st of December, 2015, was dissolved in part. A

provision for deferred income tax due to temporary differences was recognised in the amount of PLN 314 thousand and a provision in the amount of PLN 178 thousand was dissolved. The total effect of these operations on the result of 2016 was minus PLN 1,384 thousand.

Provision for deferred income tax related to valuation of investment certificates in CCF FIZ was diminished by PLN 1,867 thousand. This provision as well as valuation of certificates are settled with revaluation reserve.

3. Selected Notes to the Summary Financial Statement

3.1. NON-CURRENT FINANCIAL ASSETS	30 September 2016	30 June 2016	31 December 2015	30 September 2015
a) in subsidiaries and correlated parties	363,205	362,908	382,688	379,546
- interest or shares	236,043	226,733	230,402	235,919
- loans granted	8,589	15,099	23,052	21,651
- other securities	118,457	120,096	128,284	120,955
- other non-current financial assets, including:	116	980	950	1,021
- interest on granted loans	116	980	950	1,021
b) in other entities in which the Company holds equity interests	390	150	150	-
- interest or shares	150	150	150	-
- loans granted	240	-	-	-
c) in other entities	1,909	415	79	35
Non-current financial assets, TOTAL	365,504	363,473	382,917	379,581

3.2. CHANGES IN NON-CURRENT FINANCIAL ASSETS (TYPES)	Q3 2016	9 months ended 30 September 2016	Q3 2015	9 months ended 30 September 2015
a) Opening balance	363,473	382,917	359,034	345,891
- interests or shares	226,883	230,552	200,781	199,594
- loans granted	15,099	23,052	32,514	13,956
- other securities	120,096	128,284	124,891	131,833
- other non-current assets, including interest on granted loans	980	950	756	508
- others	415	79	92	-
b) increases (due to)	28,377	36,609	42,242	63,980
- purchases of shares in related parties	20,890	23,133	35,138	36,545
- loans granted to related parties	-	4,798	5,757	25,521
- loans granted to other entities	-	-	360	360
- due interest to non-current loans	164	587	213	594
- balance sheet valuation of non-current loans	(409)	11	41	135
- balance sheet and adjusted valuation of interest on loans	18	30	17	17
- valuation of forward contracts	1,494	1,830	(57)	35
- dissolution of write-offs on loans	6,220	6,220	565	565
- dissolution of write-offs on interest on loans	-	-	208	208
c) decreases (due to)	26,346	54,022	21,695	30,290
- repayment of related entities' loans	12,220	16,931	17,562	18,860
- repayment of other entities' loans in which the Company holds equity interest	30	30	-	-
- repayment of related parties' interest on	1,033	1,376	170	240

loans				
- change in the nature of loans on short-term (related entities)	20	241	-	-
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	60	60	-	-
- valuation of participation units in CCF FIZ	1,639	9,827	3,936	10,878
- revaluation of shares	11,580	17,492	-	220
- redemption of loans in related parties	-	664	-	-
- redemption of interest on loans in related parties	-	12	-	-
- balance sheet and adjusted valuation of interest on loans	-	-	11	28
- balance sheet valuation of loans and exchange differences realised in relation to repaid loans and from the balance sheet valuation	(159)	-	-	-
- creating revaluation write-offs on loans to related parties	(90)	7,326	24	26
- creating revaluation write-offs on interest on loans to related parties	13	63	(8)	38
d) Closing balance	365,504	365,504	379,581	379,581
	30	30	31	30
3.3. CURRENT FINANCIAL ASSETS	September 2016	June 2016	December 2015	September 2015
a) in related parties	241	161	-	1,075
- loans granted	241	161	-	1,075
b) in other entities in which the Company holds equity interests	172	154	110	143
- loans granted	170	150	110	140
- other financial assets	2	4	-	3
c) in other entities	2,352	1,961	632	712
- loans granted	-	-	-	4
- interest or shares	1	1	1	1
- other current financial assets, including:	2,351	1,960	631	707
- forward contracts	2,351	1,960	631	707
d) cash and cash equivalents	45,413	22,188	70,385	29,249
- cash in hand and at banks	45,411	22,187	70,383	29,248
- other monetary assets	2	1	2	1
TOTAL current financial assets	48,178	24,464	71,127	31,179

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 three quarters of 2016, Comarch S.A. reached very favourable financial results. Revenue from sales were higher by PLN 5.1 million compared to the previous year (PLN 499.7 million compared to PLN 494.6 thousand in Q1-Q3 2015). Net sales of products constituted 92.9% of total Company's sales and were higher by PLN 29.0 million, i.e. 6.7% more compared to those in Q1-Q3 2015. In the first three quarters of 2016, the Company's operating profit amounted to PLN 43.2 million and net profit was PLN 25.1 million. EBIT margin amounted to 8.6% and net margin was 5.0%.

In the third quarter of 2016, Comarch S.A. reached revenue in the amount of PLN 154.9 million, i.e. an increase of 2.3% compared to the similar period in 2015. Net sales of products constituted 91.7% of total sales of the Company and were higher by PLN 0.4 million than in the similar period of 2015. The Company's net profit achieved in Q3 2016 amounted to PLN 16.3 million, and net profit was PLN 5.5 million. EBIT margin was 10.5% and net margin was 3.6%.

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 2015, Comarch Group revenue structure was as follows: 24% of annual sales were achieved in the first quarter, 22% in the second quarter, 20% in the third quarter and 34% in the fourth quarter. Over 2016, the Company expects the distribution of sales revenue similar to that of 2015.

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

Over three quarters of 2016, Comarch S.A. created write-offs that revaluated goods and materials and finished products in the amount of PLN 7 thousand. The Company resolved write-offs in the amount of PLN 1 thousand, 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 2015	37,933	2,914	-	-	40,847
Change:	220	(39)	-	-	181
-creation	220	-	-	-	220
-dissolution	-	(39)	-	-	(39)
At 30 September 2015	38,153	2,875	-	-	41,028

Revaluating write-offs in relation to impairment of	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
At 1 January 2015	37,933	2,914	-	-	40,847
Change:	19,706	(39)	-	-	19,667
-creation	19,706	-	-	-	19,706
-dissolution	-	(39)	-	-	(39)
At 31 December 2015	57,639	2,875	-	-	60,514

Revaluating write-offs in relation to impairment of	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
At 1 January 2016	0	2,875	-	-	60,514
Change:	17,492	-	-	-	17,492
-creation	17,492	-	-	-	17,492
-dissolution	-	-	-	-	-
At 30 September 2016	75,131	2,875	-	-	78,006

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 2015	18,610	8,694	14,593	61,711	103,608
Change:	(7,720)	1,543	1,437	(37,450)	(42,190)
-creation	4,831	2,369	8,015	27,667	42,882
-dissolution	(12,551)	(826)	(6,578)	(65,117)	(85,072)
At 30 September 2015	10,890	10,237	16,030	24,261	61,418

Current	Provisions for contracts costs	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for cash rewards	Total
At 1 January 2015	18,610	8,694	14,593	61,711	103,608
Change:	(936)	570	1,609	10,406	11,649
-creation	13,928	3,203	10,010	85,485	112,626
-dissolution	(14,864)	(2,633)	(8,401)	(75,079)	(100,977)
At 31 December 2015	17,674	9,264	16,202	72,117	115,257

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:	(1,984)	36	2,041	(41,099)	(41,006)
-creation	5,484	178	10,298	24,615	40,575
-dissolution	(7,468)	(142)	(8,257)	(65,714)	(81,581)
At 30 September 2016	15,690	9,300	18,243	31,018	74,251

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	
At 1 January 2015	6,733
Creation in Q1-Q3 2015	787
Dissolution in Q1-Q3 2015	(116)
At 30 September 2015	7,404
Provision due to deferred income tax	
At 1 January 2015	26,071
Creation in Q1-Q3 2015	73
Dissolution in Q1-Q3 2015	(2,100)
At 30 September 2015	24,044

Asset due to deferred income tax	
At 1 January 2015	6,733
Creation in Q1-Q4 2015	1,094
Dissolution in Q1-Q4 2015	(479)
At 31 December 2015	7,348
Provision due to deferred income tax	
At 1 January 2015	26,071
Creation in Q1-Q4 2015	73
Dissolution in Q1-Q4 2015	(732)
At 31 December 2015	25,412

Asset due to deferred income tax	
At 1 January 2016	7,348
Creation in Q1-Q3 2016	1,106
Dissolution in Q1-Q3 2016	(2,354)
At 30 September 2016	6,100
Provision due to deferred income tax	
At 1 January 2016	25,412
Creation in Q1-Q3 2016	314
Dissolution in Q1-Q3 2016	(2,045)
At 30 September 2016	23,681

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 22,287 thousand, land for the amount of PLN 3,831 thousand and intangible assets for the amount of PLN 1,587 thousand. The Company also incurred expenditures for the construction of an office building in the amount of PLN 6,316 thousand and the construction of a production hall in the amount of PLN 3,894 thousand.

As at the 30th of September, 2016, revenue from sales of property, plant and equipment amounted to PLN 514 thousand.

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

As at the 30th of September, 2016, Comarch S.A. holds an investment liabilities amounted to PLN 3,620 thousand related to the construction of an office building SSE7 and production hall in Krakow, liability due to purchase of computer hardware in the amount of PLN 4,397 thousand, liability due to purchase of company cars in the amount of PLN 373 thousand and liability due to purchase of intangible assets in the amount of PLN 11 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 3,432 thousand. Settlement of this obligation is provided for the 31st of December, 2016.

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 Recognised in Fair Value or in Adjusted Purchase Price (Depreciated Cost)

None present.

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

None present.

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

None present.

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

None present.

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

None present.

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

None present.

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

None present.

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 30th of September, 2016, 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 36,982 thousand, whereas it was PLN 48,740 thousand on the 31st of December, 2015.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 60,979 thousand. Provisions for part of these claims were presented in the balance sheet as of the 30th of September, 2016 and are worth PLN 7,603 thousand (while

provisions for claims relating to the court proceedings were not created in 2016). 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. Claims by third parties in relation to the matters in disputes were not covered by provisions as at the 30th of September, 2016.

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.