

ANNUAL REPORT 2007



COMARCH
INFORMATION TECHNOLOGY

ANNUAL REPORT 2007



TABLE OF CONTENTS

TABLE OF CONTENTS 4

- 6 Letter to the Shareholders from the President of the Management Board

FINANCIAL RESULTS 8

- 11 Selected financial data

COMARCH SALES STRUCTURE 14

- 15 Important contracts concluded in 2007
- 20 Geographical sales structure
- 22 Sales structure by customer
- 23 Sales structure by type

THE COMARCH CAPITAL GROUP 24

- 25 Comarch SA management and supervisory boards
- 27 Share ownership structure
- 28 Comarch Group organizational structure

**COMARCH'S POSITION
ON THE IT MARKET 31**

- 33 Comarch awards in 2007

COMARCH SECTORS 36

- 37 Public administration
- 40 Finance and banking
- 43 Small and medium companies
- 45 Telecommunications
- 49 Services

**THE FINANCIAL SITUATION
OF THE COMARCH GROUP IN 2007 52**

- 53 Financial analysis of the Comarch Group in 2007
- 58 Financial liquidity and assets turnover ratios

**GROWTH AND
DEVELOPMENT PROSPECTS 59**

**TECHNOLOGIES, RESEARCH
AND DEVELOPMENT 62**

SOCIAL INVOLVEMENT 64

CORPORATE GOVERNANCE AT COMARCH 68

**THE OPINION OF AN
INDEPENDENT AUDITOR 71**

- 72 To the Shareholders and Supervisory Board of ComArch SA

Letter to the Shareholders from the President of the Management Board

Cracow, 8th May 2008

DEAR SHAREHOLDERS,

THE COMARCH GROUP ENJOYED ANOTHER SUCCESSFUL YEAR IN 2007.

Revenues from sales increased by 18.2 % and accounted for PLN 581 million, while net profit amounted to PLN 44 million and EBIT margin reached 7.6 %. The Group's other entities grew dynamically and they now contribute a more and more significant share to the overall financial results.

In 2007, the Comarch Group continued to pursue its long-term growth strategy based on proprietary products. The Comarch brand, after several years of international expansion, is steadily gaining worldwide recognition and is associated with technologically advanced IT systems and a modern customer-focused approach. Comarch systems serve customers in various sectors in over twenty countries, not only in Central Europe but also in Western Europe, both of the Americas and the Middle East. This year, the Comarch Group plans to intensify its marketing operations to win additional international customers for its high-tech products. This initiative will be concentrated on Western Europe. In 2007, Comarch signed a contract with the Ministry of Interior Affairs and Administration to implement the first stage of e-PUAP (Electronic Public Administration Platform), a contract to deliver the Comarch BSS billing platform to the Middle East operator TeleYemen, and a contract with PZU SA to implement a comprehensive IT solution for financial insurance.

To secure its long-term development, Comarch continues to invest in human resources and innovative, high-tech products. In 2007, Comarch employed 389 more people with most of them graduates of Poland's best universities. The company's new domestic branches as well as its foreign subsidiaries are also developing dynamically.

Research and development work exceeded 16% of revenue and was financed from Comarch's own funds and those won from the European Union. These investments strengthened Comarch's position among international IT companies.

Comarch's decision to sell INTERIA.PL SA shares was a significant event in 2007. This year, 2008, the cash resources generated by the transaction will be dedicated to financing innovative investment projects enabling further expansion of the company into new areas of activity and onto new markets.

With dynamic development creating demand for new capacity, Comarch continued to expand its production resources. At the beginning of 2007 the third production and office building in the Kraków Special Economic Zone was completed. Work on the fourth building continues and will be completed this year.

The Management Board of Comarch SA shall do all in their power to ensure that dynamic growth is linked to increased operational effectiveness to deliver the results that will ensure stable growth in the company's value to shareholders.



PROFESSOR JANUSZ FILIPIAK
President of the Management Board
Comarch SA

FINANCIAL RESULTS

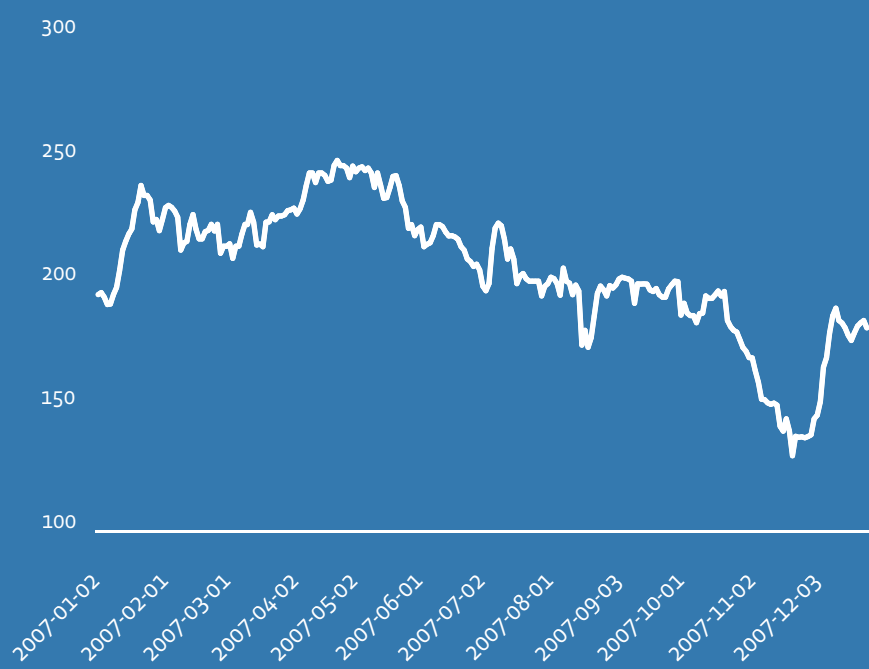
THE COMARCH GROUP ACHIEVED VERY GOOD FINANCIAL RESULTS IN 2007.

Sales revenues amounted to PLN 581 million more than 18.2 % up on PLN 491.6 million in 2006. At PLN 44 million, operating profit was similar to last year's level of PLN 45.6 million. As a result, operating profitability was 7.6% and lower than in 2006 when it was 9.3%. This is mainly due to the cumulative effects of investing in human capital. The pressure to increase remuneration in IT remains with us. As of 31 December 2007, the Comarch Group employed 2,853 people – 389 more than at the end of 2006 and an increase of 15.8 %.

The value of the Group's assets rose by 21% on 2006 to PLN 558.5 million. There were comparable increases in fixed assets of 18.5% and in current assets of 23%. The increase in fixed assets of PLN 37.8 million was mostly caused by extensive outlay on tangible fixed assets, including the continuing work on the new office buildings in the Kraków Special Economic Zone as part of the first two stages of the investment. On 15 May 2007, a new office building and a sports and recreation centre in the Zone were officially opened for use by the Archbishop of Kraków, His Eminence Stanisław Dziwisz, the Chair of Kraków City Council, Professor Jacek Majchrowski, and the Marshal of Małopolskie, Marek Nawara.

The increase in current assets in 2007 of PLN 59.1 million was mainly due to the changes in the level of trade receivables and the state of financial resources. The balance sum regarding liabilities is mostly the effect of a significant rise in 2007 in equity capital due to the high net shareholders' profit of PLN 42.8 million made in the financial year.

Comarch share price 2007



PERIOD	HIGHEST	LOWEST
2007, Quarter 1	240.0	191.0
2007, Quarter 2	250.1	205.5
2007, Quarter 3	224.6	174.1
2007, Quarter 4	197.0	130.0

On 31 December 2007 Comarch SA shares closed at PLN 182 on the Warsaw Stock Exchange. This was a 4.7% decrease compared to the final closing rate of PLN 191 in 2006.

Selected financial data

Comarch Capital Group – 2007 in figures

PLN 581 million

SALES REVENUES

PLN 44 million

OPERATING PROFIT

PLN 42.8 million

NET SHAREHOLDERS' PROFIT

PLN 5.46

EARNINGS PER SHARE

2 853

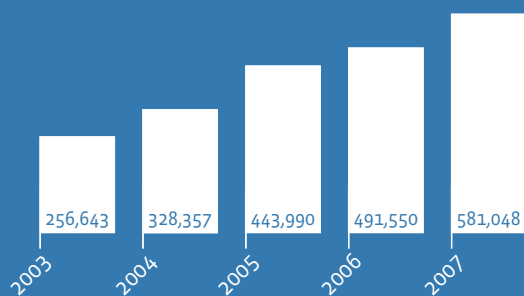
EMPLOYMENT

As of 31 December 2007 (excluding MKS CRACOVIA SSA employees)

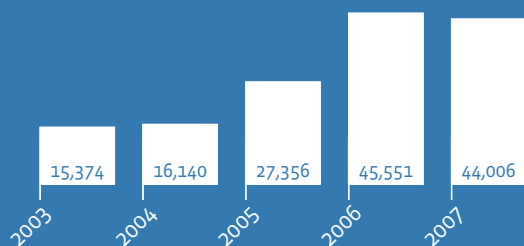
389

NEW POSTS CREATED BY COMARCH IN 2007

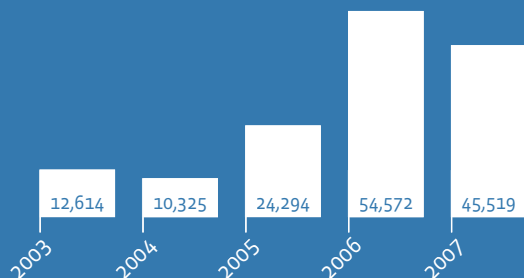
Sales revenue
(thousands of PLN)



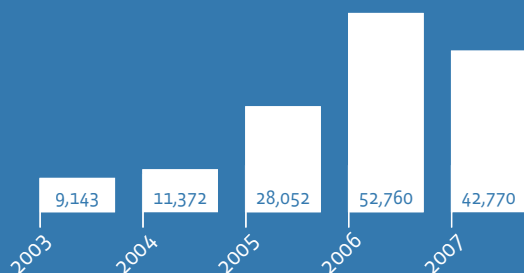
Operating profit
(thousands of PLN)



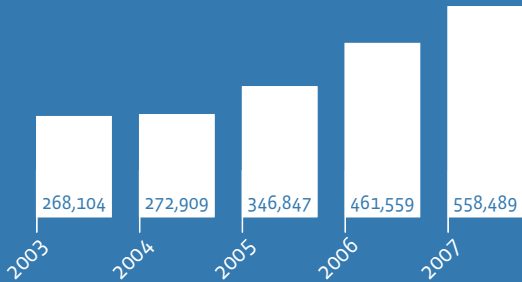
Profit before
income tax
(thousands of PLN)



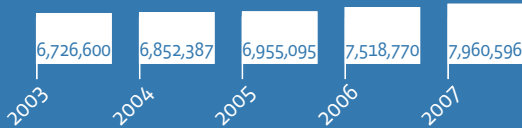
Net profit
per Comarch shareholder
(thousands of PLN)



Total assets
(thousands of PLN)



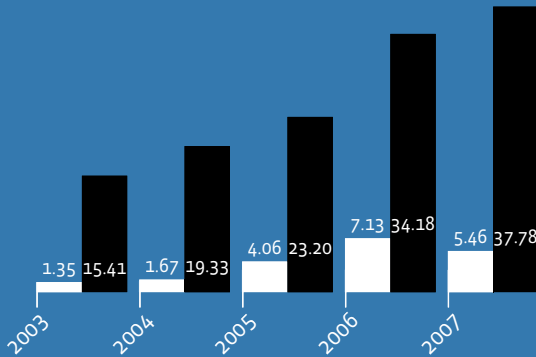
Number of shares
(units)



Earnings per share (PLN)

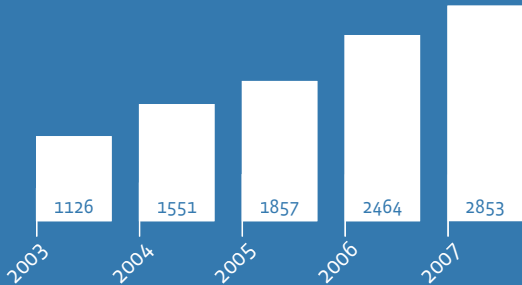


Book value per share (PLN)



Employment
(number of people)*

* Excluding
MKS CRACOVIA SSA
employees



COMARCH
SALES STRUCTURE

Important contracts concluded in 2007

COMARCH ASSET MANAGEMENT AT QUERCUS TFI SA

Comarch concluded a licensing and Comarch Asset Management platform implementation with Quercus TFI SA. The newly-created Association of Investment Funds made a decision to start using professional Comarch tools from the very beginning of its operation. Comarch Asset Management will also be implemented at the Polish Financial Supervision Authority (KNF) to ensure process support, including fund valuation, asset management and reporting.

PIOTR PŁUSKA, Vice President of the Quercus TFI SA Management Board commented,

We analyzed the profitability of a professional IT solution to support our everyday work at the association. Having had positive experience using that system in an earlier institution, we decided that it would be a good one to choose from among the solutions available on the market.

COMARCH NONLIFE INSURANCE IMPLEMENTATION AT PZU SA

Comarch concluded a contract with Powszechny Zakład Ubezpieczeń SA (PZU SA) to deliver and implement a complete IT solution for financial insurance services. The contract covers the introduction of a complex solution for sales process support, application forms, insurance policies and customer settlement services. Among the important system elements are the risk evaluation functionality for contracts and the monitoring options for debt recovery and invoices. The solution will automate insurance reporting processes and operational and managing reporting.

COMARCH WILL CREATE AN E-GOVERNMENT SOLUTION FOR THE PROVINCE OF SILESIA

Comarch concluded a contract worth more than PLN 1 million to implement an electronic platform and document circulation system (Solis) for Silesia's local government headquarters. The e-government system supports all the individual government offices in the province province with the EU Infrastructure for an Information Society structural initiative providing financing. The e-government system will cover the main office in Katowice and departments in Bielsko-Biała and Częstochowa. It will also cover local passport offices in Bielsko-Biała, Częstochowa, Bytom, Gliwice and Rybnik. The main aim of the implementation is to make it easier for businesses and members of the public to conduct their affairs with government offices in Silesia. The electronic platform will guarantee 24/7 access for all citizens to electronic forms they can sign digitally and return to offices directly from the Internet site. Each case will be monitored in the Public Information Bulletin. Additionally, the implementation of the document and issue system service inside the office will see Comarch configuring such processes as the Governor's Proxy Register or the Central Record of MPs' and Senators' Interventions and Requests.

COMARCH FOR THE SILESIA PROVINCE

The Silesia Province Governor, **TOMASZ PIETRZYKOWSKI**, said,

It is a source of great satisfaction that we have begun to implement the electronic platform and are preparing for the implementation of document and case circulation. In the near future, this will enable people in Silesia to handle and track their business, in whole or in part, with us on the Internet. The e-government project financed with EU resources will guarantee improved quality and accessibility with regard to the services provided by the Silesian Province Office.

ALMA MARKET CLUB

FOR CONNOISSEURS WITH COMARCH LOYALTY MANAGEMENT

Comarch Loyalty Management, one of the most technologically and functionally advanced systems for loyalty program services in the world, was implemented at the Alma chain of food outlets to support Alma's prestigious Club for Connoisseurs loyalty program, whose members the company targets at its best customers.

IWO MAKÓWKA, Marketing Director of Alma Market SA, commented,

The loyalty program prepared by Alma Market is probably more refined than other solutions now being suggested on the market. We concentrate on a very demanding target group, so the set of tools used to create the solution has to meet the highest standards. There is now a great deal of interest in being a member of the Connoisseur Club and we hope that soon, based on our customer data base, we will be able to take full advantage of the spectrum of possibilities offered to us by the system we implemented.

ALMA MARKET SA is a chain of delicatessens offering a rich assortment of food products imported, often exclusively, from all over the world. Alma Market SA focuses on taking great care of its most valued customers and maintaining a dialogue with them. The Club for Connoisseurs, a loyalty program based on the Comarch Loyalty Management system, will undoubtedly contribute to strengthening the company's market position.

COMARCH BILLING PLATFORM FOR TELEYEMEN

Comarch concluded a contract with TeleYemen – Yemen International Telecommunications of Sana'a, Yemen, to license and implement the modules of a Comarch BSS billing platform. The value of Comarch's contract with TeleYemen is around USD 2 million. The solution implemented at TeleYemen includes most modules of the Comarch BSS platform: Billing System, Customer Management, Billing Mediation, InterPartner Billing, Service Provisioning, CashDesk, 3arts and SelfCare. Comarch's solution is a significant element of the TeleYemen development strategy accepted by the Company's Supervisory and Management Boards, which assumes dynamic development of the customer database, the beginnings of modern, convergent teleinformation technology services and preparation for the de-regulation of Yemen's telecommunications market. This contract, along with those already concluded and being performed in Yemen and the United Arab Emirates, represents a further strengthening of Comarch's presence in the Middle East, where demand for advanced IT services and systems is now very strong.

TELEYEMEN is a leading telecommunications operator in Yemen, providing ISP services and international data/voice gateway services. TeleYemen is also the national operator in Yemen.

COMARCH IT INNOVATION AT CARLSBERG POLSKA

Carlsberg Polska introduced an innovative sales formula and was the first on the Polish FMCG market to change its cooperation policy with distributors and shift from an ex-factory system to a resale model. The Comarch ECOD Distribution system implemented at Carlsberg Polska enables direct electronic communication with trading partners all around Poland.

AGATA SERWIN, customer service development and logistics manager at Carlsberg Polska, commented,

Within 8 months of the main phase of implementation we made nearly 350 connections. Such a speedy pace of enterprise implementation was possible because the distributors could easily see the advantages of joining the platform – the more so that system maintenance requires minimum effort from the distributors. The system sends and delivers information automatically, with full control by the distributor. Undoubtedly, choosing Comarch for a partner to carry out the implementation services significantly accelerated the implementation time.

COMARCH ASSET MANAGEMENT IN UKRAINE

Comarch concluded a contract with KINTO to implement Comarch Asset Management. KINTO is a leading financial company in Ukraine, providing intermediary services for securities and investment funds. The implementation project covers key regions of the KINTO Group activity, including securities brokerage and providing asset management services. The system will automate investment and transactional processes, integrate accounting processes and comply with the reporting duties of the Ukrainian regulatory bodies. An important element of that implementation will be the integration with the PFTS electronic stock exchange.

SERGEY VEREMIYENKO, Executive director of KINTO, said, *We were looking for an all-round solution that would help our business grow quickly – especially in asset management. One of the important aims of implementing Comarch's system is to support our internal processes. Investment product managers on the Ukrainian market have taken a close interest in the successes of their western neighbors and we want to base our success on those tried and tested methods.*

Thanks to its long-term experience on domestic and foreign markets, Comarch was able to offer a fully developed and mature management-aid tool for insurance, asset management and retirement fund companies in Poland and Russia.

KINTO is the oldest player on the Ukrainian investment market and is its acknowledged leader. The company was set up in 1992 and since then has been actively developing its financial services. The company now manages nine investment funds and five pension funds.

COMARCH TO CONSTRUCT E-PUAP

Comarch signed a contract with the Ministry of Interior and Administration to deliver stage one of the e-PUAP (Electronic Public Administration Services Platform) IT system. The value of the contract signed is close to a gross sum of PLN13.7 million. The e-PUAP project is the biggest element in the Polish government's program to introduce IT to state administration in 2007-2010.

Comarch President, **PROFESSOR JANUSZ FILIPIAK**, commented,

The e-PUAP system fits well with Comarch's e-Government project expertise. The system will support central and regional public services that need access to central registers. We specialize in the design, implementation and integration of advanced e-Government IT systems for public administration and also in turnkey projects. The e-PUAP platform will make it easier and simpler for individuals and companies and other institutions to communicate with public administration offices. This solution means that Polish citizens will be able to attend to their formalities at one counter with no need to run around from office to office or from department to department.

Using defined basic services, the e-PUAP project will create a platform for public institutions to make a set of e-government interaction options available from a single access point on the Internet. This will enable further processes for public and company services to be defined in the future and provide access to more and more public administration systems at the local and national level.

COMARCH AT THE MINISTRY OF FINANCE

Comarch has concluded a contract to deliver computer equipment and service provision for the central POLTAX system layer.

The contract for the tiers of the Ministry of Finance is part of the e-Declarations electronic tax settlement project, which delivers a communication channel and services to companies via the Internet. The contract covers the delivery of enterprise-class infrastructure, including a database server cluster, a data storage system and a data archive system. The infrastructure delivered is all based on IBM technology and forms the central POLTAX system layer in the Ministry of Finance. The gross value of the contract with the Ministry of Finance is PLN 27.596 million. The agreed delivery and implementation period for the equipment, software and connected services is three months. Comarch will provide maintenance and support services for the system and equipment for three years from the moment the delivery and implementation is complete.

PROFESSOR JANUSZ FILIPIAK, Comarch's President, said,

The e-Declarations project is all about perfecting services provided to entrepreneurs through efficient communication between the company and the tax office. It is Comarch, a Polish IT company, that is implementing and launching the central layer of the POLTAX system, which I think will make a significant contribution to the development of Polish business.

COMARCH ASSET MANAGEMENT SOFTWARE
IMPLEMENTATION AT UNION INVESTMENT TFI SA

Comarch concluded a contract with Union Investment TFI SA to implement the Comarch Asset Management system. Union Investment TFI SA is one of the leading investment funds in Poland, with managed assets valued at PLN 4 billion.

ZBIGNIEW JAKUBOWSKI, Vice President of the Union Investment TFI SA Management Board, gave this view,

Implementing a uniform asset management system allows us to automate routine operational processes so that we can concentrate even more on customer service. Thanks to Comarch's system, we will be able to automate the ordering and generation of securities, and make risk management, clearing and bookkeeping processes more efficient. An additional advantage of the system is the chance to generate reports automatically to Gold GIPS standards, which makes a difference in institutional customer service.

UNION INVESTMENT TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH SA was set up in 1995 (initially as part of Korona TFI SA). It deals with creating and managing investment funds, and provides asset management services and financial assistance. It is a part of the Union Investment Group, which was founded in 1956. The company is wholly owned by Union Asset Management Holdings AG of Frankfurt.

THE FIRST POLISH ERP SYSTEM IMPLEMENTATION IN THE USA

Krak Imports Inc., of Bensenville near Chicago, concluded a contract for the Comarch CDN XL integrated company management system.

Krak Imports Inc. is one of the biggest importers of food products from Europe to the USA and is the first U.S. customer to decide to modernize and buy English language ERP software in the form of CDN XL. Krak Imports Inc. is now implementing the system for Internet and other sales, purchasing, imports, warehousing and bookkeeping.

Krak Imports Inc. will use the CDN XL integrated system for imports, filling orders from U.S. suppliers, and for the sale and purchase of over 2,000 articles in a warehouse with a total area of over 100,000 square feet. Krak Imports Inc. provides goods to Wally's International Markets and other U.S. supermarkets.

COMARCH CDN XL FOR ACTION UKRAINE

Comarch will implement CDN XL at Action Ukraine, which owns a chain of over a dozen supermarkets selling household appliances and equipment including the KREZ and SZOK brands. Comarch will deliver logistics, bookkeeping, and controlling modules to over a hundred users. The CDN XL system will deliver the very latest European standards of multi-department company management to the Ukraine.

Action Ukraine's decision to implement CDN XL is the latest in a line of similar moves made by other Comarch customers to the east. The Polish Meat Concern, Duda SA, has also decided to adopt this software. Most of the companies using CDN XL in the Ukraine are in the construction sector and include Jukom, a producer and distributor of sheet metal, and Eurokeramika which manages wholesale ceramics and building materials stores.

Geographical sales structure

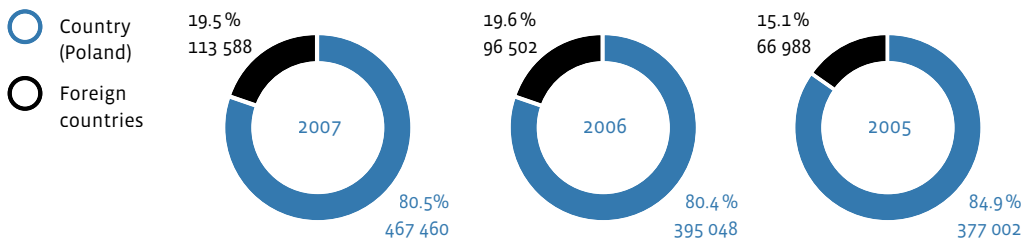
IN 2007, COMARCH'S SALES REVENUE was PLN 581.5 million and was 18.3 % higher than the figure of PLN 491.6 million recorded for 2006. Operating profit was PLN 44.9 million with little move against the previous year's result of PLN 45.6 million.

Overseas sales at PLN 113.6 million in 2007 were PLN 17.1 million higher than 2006's PLN 96.5 million, which constitutes a 17.7% increase. Overseas sales accounted for 19.5% of overall sales and, compared to the previous year's 19.6%, remained at almost the same level. Boosting overseas sales in selected markets is still one of the main strategic objectives of the Group. European sales rose by PLN 22 million in 2007 and constitute 78.6% of the overseas sales of the Comarch Group. Sales in North and South America fell by 41.1% on 2006 from PLN 25.5 million to PLN 15 million. The proportion of sales in other countries has not changed significantly compared to previous years.

Sales revenue by market (thousands of PLN)

	12 MONTHS 2007	12 MONTHS 2006	12 MONTHS 2005
Poland	467 460	395 048	377 002
Europe	89 256	67 298	41 181
North and South America	15 009	25 483	14 428
Remaining countries	9 323	3 721	11 379
TOTAL	581 048	491 550	443 990

20
annual report 2007



	2007	2006	2005
SALES REVENUES	581 048	491 550	443 990

The order portfolio for the current year was PLN 450 million at the end of April 2008 and was 10.3% higher than in the same period in 2007. The share of foreign contracts in the order portfolio remained stable at 19.2%, while the share in sales of proprietary services and licenses was steady at nearly 70%.

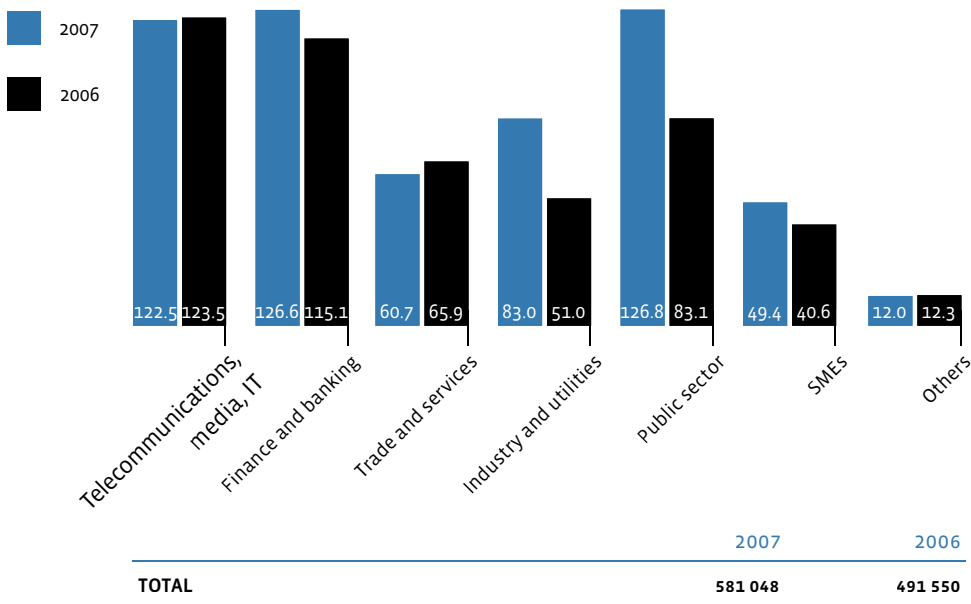
The significant rise in the order portfolio in comparison to the same periods in previous years further confirms the Group’s dynamic development potential.

BACKLOG FOR THE CURRENT YEAR (THOUSANDS OF PLN)	30 APRIL 2008	30 APRIL 2007	CHANGE
Revenue contracted for the current year	450 412	408 496	10.3 %
Share of foreign contracts in revenue contracted for the current year	86 339	82 533	4.6 %
Percentage of foreign contracts	19.2 %	20.2 %	
Share of proprietary services and software in revenue contracted for the current year	325 221	282 769	15.0 %
Percentage share of proprietary software and services in the above figure	72.2 %	69.2 %	

Sales structure by customer

IN 2007, SALES TO PUBLIC SECTOR customers increased significantly by PLN 43.9 million and by 52.5% in comparison to 2006. This was caused by an increase from 16.9 to 21.8% in the contribution of public sector sales to total sales. The increases in sales to this sector mainly resulted from completing deliveries of computers to schools in 2007. There was also a considerable increase in sales to the industrial sector of PLN 32 million, that is, 62.7%, with the contribution to total sales of this sector rising from 10.4 to 14.3%. In 2007, sales to customers from the financial and banking sector also increased, by PLN 11.5 million and 10%. Sales to the telecommunications sector remained at a level comparable to 2006, while sales to small and medium-size companies increased by PLN 8.8 million and 21.8%, with their share at 8.5%. During the four quarters of 2007, overseas sales were higher by PLN 17.1 million and 17.7% than in 2006 with a return of PLN 113.6 million against PLN 96.5 million in 2006. The share of overseas sales in total sales, at 19.5%, remained at a similar level to 19.6% in 2006. Over recent years, the share of each sales sector has remained at a relatively constant level, and any significant fluctuations have been caused by periodical increases or decreases in the share of the sales of computer equipment (hardware) due to public sector contracts.

Income by sector 2006-2007 (thousands of PLN)



Sales structure by type

IN 2007 SALES REVENUES ADVANCED BY 18.2%, which is the result of the growth in sales of products, goods and services offered by the Group. The structure of sales changed only slightly in comparison with the previous year. The most important revenue generating area is still IT services with 50.8% of total sales. Total sales of services and proprietary software in 2007 accounted for PLN 49.4 million, which is a 15.5 % increase in comparison with 2006, and the total share remained at a similar level to 2006 – 63.2%. Total sales of external hardware and software in 2007 rose by PLN 36.6 million and by 22.7 % in comparison to 2006. Remaining revenue constituted 2.8% of sales and remained at a similar level to the previous year.

Sales structure by type

	12 MONTHS 2007	%	12 MONTHS 2006	%
Services	295 330	50.8 %	246 767	50.2 %
Proprietary software	72 048	12.4 %	71 208	14.5 %
Third party software	74 276	12.8 %	70 223	14.3 %
Hardware	123 374	21.2 %	90 821	18.5 %
Others	16 020	2.8 %	12 531	2.5 %
TOTAL	581 048	100.0 %	491 550	100.0 %

THE COMARCH CAPITAL GROUP

Comarch SA management and supervisory boards

Comarch SA's Management Board as of 31 December 2007.



PROF. JANUSZ FILIPIAK

President of the Management Board

Janusz Filipiak has been a full Professor at Kraków's Mining and Steel academy since 1997, where, from 1991-98 he was the Director of the Telecommunications Department.

Professor Filipiak has written more than one-hundred papers on telecommunications and data communications, as well as six books, three of which, on telecommunications, have been published in the United States and Western Europe. He also edits academic journals, is a consultant to a number of Polish and foreign institutions, and is a member of the Electronics and Telecommunications Committee at the Polish Academy of Science. He completed his business education in Japan.

PIOTR PIĄTOSA

Vice President of the Management Board

Piotr Piątosa has a Master's degree in Technological Physics from Kraków's Mining and Steel Academy and also studied Physics at the Johannes Gutenberg University in Mainz, Germany. He holds an MBA and is a graduate of both Oxford Brookes University and the Open University. He has worked at Comarch since 1998 and in 2000-03 he directed subdivisions of the Services, and the Industry and Trade, sectors. In 2003-05 he was Director of the consulting centre for the Services, and Industry and Trade, sectors, and later of the Finance and Services sectors. He has been a Vice-President of the Management Board at Comarch S.A. since 2006.



PAWEŁ PROKOP

Vice President of the Management Board

Paweł Prokop graduated from Kraków's Mining and Steel Academy, where, studying in the department of Electrical Engineering, Automation and Electronics, he specialized in Information Technology and gained an MSc. He is also a graduate of the Executive MBA program at the Warsaw Polytechnic Business School.

He has worked at Comarch since 1995 and has been a member of the Management Board since 1996. Since 2003 he has been Director for the Public Administration, Utilities and Local Government sectors.



PIOTR REICHERT

Vice President of the Management Board

Piotr Reichert graduated with an MSc in Economics from the Kraków School of Economics, where he studied Finance and Banking. He also has an MBA diploma from Oxford Brookes University and the Polish Open University. He has been working for the Group since 1998. Initially, between 1998 and 2000, he worked for CI HTS-Comarch SA as an ERP systems implementation specialist. In 2000-2005, he worked as the director of the Liabilities Centre in the Finance and Services sector. From 2005-2007, he was the director of the sub-sector responsible for operations and loyalty systems in the Finance and Services sector and is now vice president responsible for the Banking, Insurance and Capital Markets Sector.

ZBIGNIEW RYMARCZYK

Vice President of the Management Board

Zbigniew Rymarczyk graduated in Marketing and Management from the Kraków School of Economics. He has been involved with the Group since 2000 and has been a board member since June 2002. Among the posts he has held are those of Finance Director and Vice-President of Comarch Internet Ventures SA. Since April, 2002 he has been President of the Management Board of CDN-COMARCH SA. Before joining Comarch he was Director of the Application Service Provider Centre at CDN SA. He began his career as Finance Director and Chief Accountant at Krzysztof Kapera SA, an authorized Mercedes-Benz dealer, and later became a member of its Management Board.



MARCIN WARWAS

Vice President of the Management Board

Marcin Warwas graduated with an M.Sc. Eng. from Kraków's AGH University of Science and Technology in Kraków, where he studied telecommunications. In 2006, he began studying for the MBA jointly awarded by Oxford Brookes University and the Polish Open University. Marcin Warwas has been working for Comarch SA since 1996, when he started working as a member of the Board of Directors of Comarch Systemy Sieciowe (Comarch Network Systems). In 1997-1998, he was the director of the Warsaw branch of Comarch SA. From 1998, he worked as Sales Director until, in 2007, he became Services Sector Director.

*) On 19 October 2007 Mr Rafał Chwast, Comarch SA Management Board Vice President submitted his resignation (with effect from 31 December 2007).

**) On 6 June 2007 it was announced that Management Board Vice President, Paweł Przewięźlikowski, had decided not to seek a further term of office as a Management Board member. On 28 June 2007 at the Comarch SA AGM Piotr Reichert and Marcin Warwas were appointed as Vice Presidents of the Management Board.

NAME	FUNCTION
Elżbieta Filipiak	Supervisory Board President
Maciej Brzeziński	Supervisory Board Vice-President
Wojciech Kucharzyk	Supervisory Board Member
Anna Ławrynowicz	Supervisory Board Member
Tadeusz Syryjczyk*	Supervisory Board Member

*) On 28 June 2007 at the Comarch SA AGM, Tadeusz Syryjczyk was appointed as a Comarch SA Supervisory Board Member. Krzysztof Zielinski acted as Vice Chair of the Supervisory Board until 28 June 2007.

Share ownership structure

THE INITIAL CAPITAL OF COMARCH SA constitutes 7,960,596 shares of a nominal value of PLN 7,960,596. According to information in the possession of Comarch SA the shareholders entitled to at least 5% of the votes at the Shareholders' Annual General Meeting were Elżbieta and Janusz Filipiak and BZ WBK AIB Asset Management SA.

Shareholders entitled to at least 5 % of the total number of votes at the AGM of the dominant entity

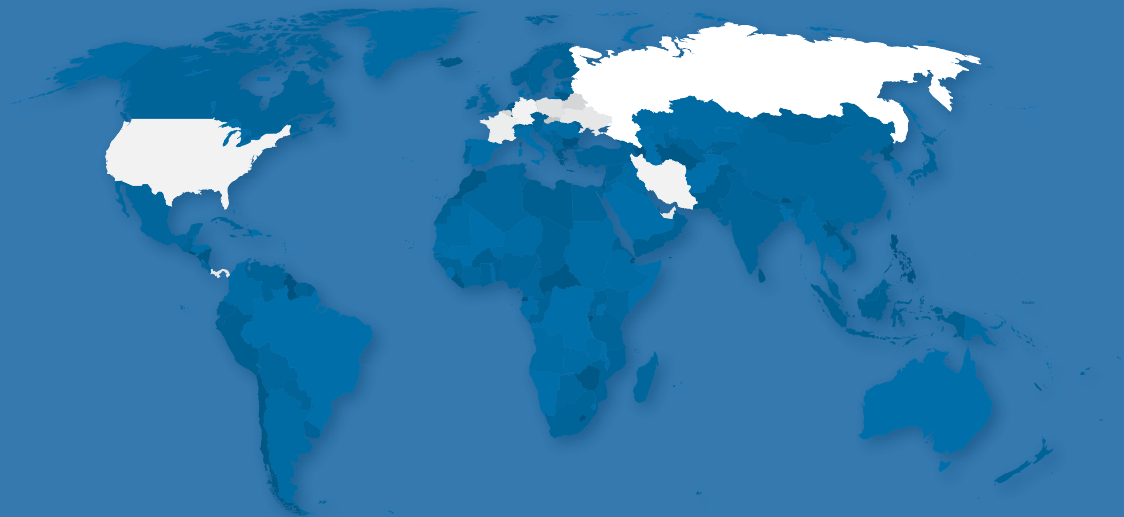
SHAREHOLDERS	NUMBER OF SHARES	% OF SHARE CAPITAL	NUMBER OF VOTES AT AGM	% OF VOTES AT AGM
Elżbieta and Janusz Filipiak	3 411 383	42.85 %	10 367 383	68.98 %
The remaining Management Board Members	72 368	0.91 %	109 968	0.73 %
Customers of BZ WBK AIB Asset Management SA,	1 504 869	18.90 %	1 504 869	10.01 %
including Comarch shares owned by BZ WBK TFI SA	829 619	10.42 %	829 619	5.52 %
Other shareholders	2 971 976	37.34 %	3 047 176	20.28 %
TOTAL	7 960 596	100.00 %	15 029 396	100.00 %

Comarch Group organizational structure

COMARCH JOINT STOCK COMPANY KRAKÓW	POLAND	
	CA Services SA Kraków	(100.00 %)
	MKS Cracovia SSA Kraków	(49.15 %)
	Comarch Management Spółka z o.o. Kraków	(100.00 %)
	Comarch Corporate Finance Closed Investment Fund Kraków	(100.00 %)
	Comarch Management Spółka z o.o. Spółka Komandytowo-Akcyjna Kraków	(100.00% owned by Comarch Coraporate Finance FIZ)
	EUROPE	
	Comarch Software AG Dresden	(100.00%)
	Comarch Software S.A.R.L. Lille	(100.00% owned by Comarch Software A.G.)
	Comarch LLC Kiev	(100.00%)
	Comarch s.r.o. Bratislava	(100.00%)
	OOO Comarch Moscow	(100.00%)
	UAB Comarch Vilnius	(100.00%)
	NORTH AND SOUTH AMERICA	
	Comarch, Inc. Chicago	(100.00%)
	Comarch Panama, Inc. Panama	(100.00 % owned by Comarch, Inc.)
	OTHER	
	Comarch Middle East FZ-LLC Dubai	(100.00%)

*) MKS Cracovia SSA is a subsidiary of Comarch SA on the basis of IAS point 27.13

Comarch in Poland and abroad



COMARCH, INC.
(USA)

COMARCH PANAMA, INC.
(Panama)

COMARCH SOFTWARE AG
(Germany, Belgium)

COMARCH LTD
(Ukraine)

OOO COMARCH
(Russia)

COMARCH SOFTWARE S.A.R.L.
(France)

COMARCH MIDDLE EAST
FZ-LLC
(Dubai)

COMARCH S.R.O.
(Slovakia)

UAB COMARCH
(Lithuania)



BIELSKO-BIAŁA
GDAŃSK
KATOWICE
KRAKÓW
LUBLIN
ŁÓDŹ
POZNAŃ
SZCZECIN
WARSAW
WROCŁAW

In January 2007 Comarch opened a new branch in Lublin. The aim is to support the economic development of the Lublin Region by investing in the generation of new jobs and the transfer of innovative IT technologies to increase the competitive power of companies. The branch cooperates with Lublin universities within the framework of European research and development projects. Within a short period of time, the Lublin branch will employ a hundred people.

Responding to the needs of the dynamically growing telecommunications and financial markets, Comarch has intensified its activity in the German market, opening its second (after Dresden) competence and trade centre in Frankfurt. The highly qualified local staff and technological sophistication of Comarch's inexpensive products give the company a significant advantage on German-language markets and make it easier to establish business contacts in the region.

COMARCH'S POSITION ON THE IT MARKET

COMARCH ATTAINED THE TITLE OF THE BIGGEST POLISH EXPORTER OF IT SYSTEMS

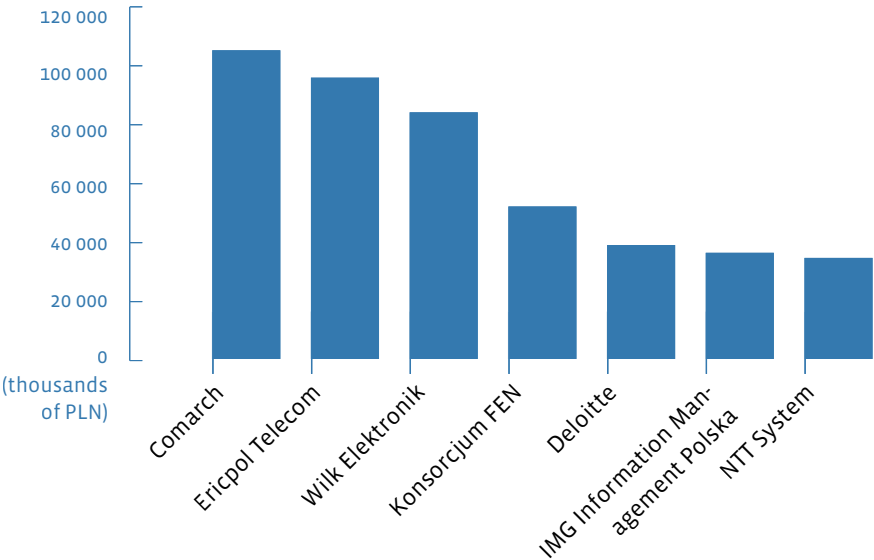
FOR THE YEAR 2007 For the fourth consecutive year, Comarch was recognized as the largest Polish integrator of IT systems in the prestigious rankings of Computerworld TOP 200. The enterprise also became a leader among companies achieving income from the wholesale service sector. In 2007 the company reinforced its position on the IT market, which according to the renowned analytic company IDC Poland, has grown approximately 25% in relation to 2006 and has achieved a level of 9.9 billion dollars.

The positive economic situation on international markets was conducive to Comarch’s dynamic development. Comarch has increased its exports of innovative IT solutions and has become a leader in this field among Polish producers of information technology solutions. Comarch’s revenue from exports has exceeded 100 million zloty, which is approximately 20% of the overall company revenue. The company’s position abroad has been systematically developing over the past few years through the participation in international tradefairs (CeBIT, Mobile World Congress), industry conferences and competitions for awarding innovative solutions. Every year the company increases the budget for marketing activities aimed at international markets. The main direction for Comarch’s diversified expansion is towards France and Gemany. Comarch has already achieved a good standing in these markets.

Global clients are searching for specialized tools for the management of business processes and are asking Comarch to present its offer for their requirements. The result of many of these business contacts is the signing of many lucrative contracts regarding the comprehensive implementation of IT systems produced by Comarch.

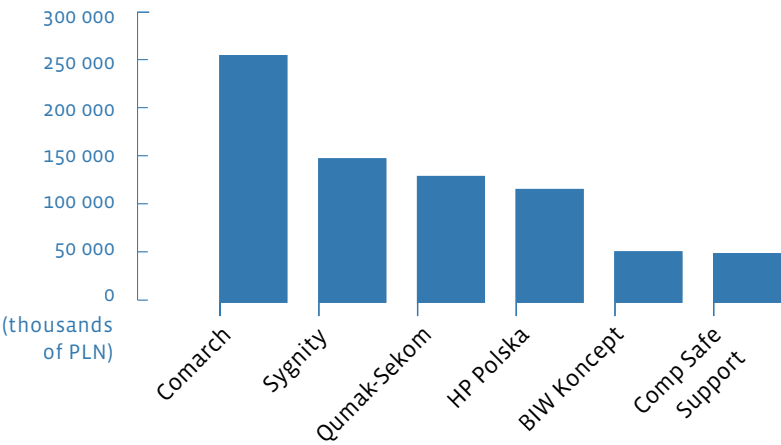
Companies gaining revenue from export sales in 2007

(based on the Computerworld TOP 200 report for 2007)



Companies offering integration services in 2007 – revenue from integration services

(Based on the Computerworld TOP 200 report of 2007)



Computerworld TOP 200 Ranking, directed towards the Polish IT market, has appeared since 1995. The report includes financial data of the largest Polish IT and telecommunication companies as well as the rankings of IT companies that offer services and trainings as well as producers of equipment, distributors and integrators.

Exporting is an unavoidable direction for development if we want to continue to offer our solutions to companies here in Poland. These companies are choosing global solutions, therefore we must be able to offer them suitable global solutions and become a global company – says PIOTR PIĄTOSA, vicepresident of Comarch.

Comarch awards in 2007

COMARCH – THE MOST INNOVATIVE COMPANY IN 2006

In a competition with 2,000 other Polish companies, Comarch received the prize for the most innovative company of 2006 in the rankings prepared by Rzeczpospolita. The winner was chosen by a committee, which included representatives of PricewaterhouseCoopers, the Adam Smith Centre and the Institute for Market Economy Studies. In choosing the winners, the committee took into account the changes in sales over the previous four years and the increase in assets and capital. Efficiency indicators for the profitability of sales over the last two years (ROA) and the profitability of capital and assets (ROE) were also taken into consideration. The ability of the companies to develop was also assessed and this was achieved by referring to investment indicators.

STEEL MAGNOLIA
FOR COMARCH LOYALTY PROGRAM

Comarch’s Loyalty Management IT system was awarded first prize in the best loyalty program competition in 2007, which was held by Business Center ABG Ltd. The voting took place at the Warsaw Loyalty Forever conference. Comarch competed with seven other companies presenting their own IT systems or loyalty programs. The voting took place via a dedicated website during the conference. Comarch Loyalty Management is an advanced IT system which offers comprehensive loyalty program solutions at an attractive price. The solution is used by both local companies and multinationals all over the world.

COMARCH OCEAN GENRAP WINS INNOVATIVE EU FUNDING USE AWARD

Comarch OCEAN GenRap received an award in the innovative product category in the first edition of the national competition, European Company. Comarch OCEAN GenRap was developed within the New Generation Languages for Intelligent Business Data Reporting and Analysis project completed in March 2007 as part of SOP-ICE (Sectoral Operational Program – Improvement of the Competitiveness of Enterprises, sub-measure 1.4). The competition aimed to reward exceptional companies which had, as a result of the project, implemented innovative business ideas, brought new products or services to market or deployed a new technological process or management method to improve competitiveness. The winners were selected by a jury consisting of members of the Ministry of Regional Development, the Polish Regional Development Agency, Gazeta Prawna, Fortis Bank SA and the Fundusze Online portal. The jury assessed whether, while launching an innovative product, service or process, the company's competitiveness improved as a result. Was there growth in sales and exports? Did more people find work at the company? How old was the technology being used? What led the innovative product, service or process to appear on the Polish market? What level of R&D investment was there? How many funding sources did the company attract? How much funding did they win?

LONDON AWARD FOR COMARCH AND INTERIA.PL

The Multimedia Content Distribution Platform Fulmido project, www.fulmido.pl, carried out by Comarch and implemented at INTERIA.PL, was awarded first prize in the Best Content / Partner Management Implementation category at the World BSS Awards, organized by IIR in London. www.fulmido.pl

The results were announced at the Great Hall of the Honourable Society of Lincoln's Inn during the Billing & Information Management Systems conference and exhibition. Comarch and INTERIA.PL received the prestigious award for developing an innovative project with high income potential.

HUGH ROBERTS, the Chairman of the Jury of the BSS Awards and the Consultant Director of BSS/OSS and RM Events organized by IIR, commented, *We especially liked the holistic nature of the approach and methodology adopted by the company. The distribution of multimedia content via the Internet is becoming an important and growing market. Successful solutions, such as this one, will become more and more important in the light of the requirements of the convergent services providers, including the Internet, mobile phone and IPTV networks.*

FULMIDO is Poland's first and biggest commercial multimedia materials site. It offers music, videos, movies and useful content such as books, guidebooks and educational materials.

COMARCH RECOGNIZED AS AN IDEAL EMPLOYER

The Polish Graduate Survey 2007 selected Comarch as one of thirty companies considered by students as ideal employers. Comarch was awarded in the Engineering/IT category. Graduate Survey distinctions have been awarded annually every year for ten years by students from five continents and in thirty countries. The surveys include 180.000 respondents from 800 universities. In 2007 the survey was conducted for the first time in Poland. Five and a half thousand business and engineering final-year students took part in the survey. The students supplied answers to online questionnaires distributed by career offices at the best Polish universities. The respondents answered questions about their careers, future goals, and the factors that would attract them to an employer. They were also asked to select an ideal employer and justify their choice.

COMARCH AWARDED RZECZPOSPOLITA EAGLE FOR STABILITY AND GROWTH

Comarch was awarded the Rzeczpospolita Eagle in the service and infrastructure category. Tomasz Matysik, Consulting Director in Comarch SA's Administration sector, received the award from Deputy Prime Minister Zyta Gilowska on behalf of Comarch. The winners of the competition are chosen from a list prepared by Rzeczpospolita containing the names of the biggest companies operating in Poland. The award committee takes into account the effectiveness of the companies, their stability and their ability to grow. However, only companies that have handed over their full reports on the results reached the previous year and that have positive equity capital have a chance to win the award.

COMARCH OCEAN GENRAP MOST INNOVATIVE SME REPORTING APPLICATION

The German organization Initiative Mittelstand chose Comarch OCEAN GenRap as the most innovative application in the Reporting Tools for Small and Medium Companies category. Comarch was awarded the Innovationspreis 2007 ITK prize. More than 1.200 products in 33 categories were entered. The winner was announced at the CeBIT fair. The Innovationspreis jury members are independent experts and journalists writing on telecommunications. The total value of the prizes is EUR 50.000. Comarch is the first Polish company to receive the prize. As well as supporting small and medium-sized companies, Initiative Mittelstand aims to give advice to its partners on marketing, business communication and IT solutions.

INITIATIVE MITTELSTAND was established by the publishing house Huber Verlag für Neue Medien, which also created Internet websites for companies such as IT-Zeitung or Seminar-Spiegel.

COMARCH FACTORING INNOVATION AWARD

Bank DnB NORD Polska was awarded a prize in the Transaction Systems category in the Financial Institutions – IT Leaders competition organized by Gazeta Bankowa. The product concerned was NORDfaktor, which is a factoring application implemented by Comarch. This is a further award for Comarch systems as last year the company was recognized for its Comarch Credit Process Management application implemented at BPH Bank.

COMARCH SECTORS

Public administration

IN 2007 A NEW GOVERNMENT WAS ELECTED IN POLAND and this slowed down decision making associated with the National IT Program and other large, central IT projects. To a company such as Comarch, which devotes major R&D efforts to public administration, this situation posed an additional challenge.

To meet increased demand from local government Comarch extended its range of products targeted at public administration in 2007 and concluded contracts with the Ministry of Science and Higher Education on SOP-ICE (Sectoral Operational Program – Improvement of the Competitiveness of Enterprises) financing for:

- » An integrated e-government system enabling businesses and the public to conduct their administrative affairs online
- » Implementing the integrated ERP IT system for managing a local government unit.

The financing was allocated to create complex back-office and front-office solutions for regional and local governments units. Despite the political uncertainties, Comarch strengthened its position as a producer of innovative IT systems for state administration in 2007 and, independent of external funding, began to implement new document management systems in local government units. This is one element in an R&D strategy developed over many years and oriented to the development of innovative and technologically advanced products.

A further example of implementing solutions which innovatively combine various products was the Integrated Education Management System implemented from February to December of 2007 for the Municipal Office in Kraków. The project involved implementing and delivering digital signature infrastructure, document circulation, organizational spreadsheets, financial and accounting and HR systems to 350 locations and 2.000 simultaneous users.

One example of winning an important local government administration contract is the electronic platform and document circulation system (Solis) for Silesia's local government headquarters. The e-government system supports all the individual government offices in the province. The project involves a broad range of Comarch's technology and local government products, including document circulation, the public services electronic platform, the Public Information Bulletin, electronic forms and digital signatures. The major aim of implementing the system is to simplify various official procedures for the benefit of institutions and members of the public. The electronic platform will guarantee 24/7 access to e-government data. Silesians will be able to fill in forms online, sign them with a digital signature and send them directly to the office from the website. The progress of each case can be monitored in the Public Information Bulletin.

Spectacular success was also achieved in implementing ERP products for public administration. An excellent example is the successful implementation of a management process IT system at the Lower Silesian Provincial Drainage, Irrigation and Infrastructure authority in Wrocław. The project involved the CDN Egeria system, document circulation and the creation of a complete technical infrastructure.

Comarch also achieved success in implementing an integrated management system at the Supreme Chamber of Control. There were also solutions implemented based on the CDN Egeria system used by state institutions such as the Ministry of Infrastructure, the Office of Electronic Communications, the Ministry of the State Treasury, the National Bank of Poland, the Ministry of Foreign Affairs and the Agricultural Market Agency.

One of the most important central administration contracts Comarch won in 2007 was the agreement concluded with the Ministry of the Interior and Administration on launching the first stage of the e-PUAP (Electronic Platform for State Administration Services) system. The contract is worth PLN 13.77 million. The e-PUAP project is the biggest element in the Polish government's program to introduce IT to state administration in 2007-2010.

The e-PUAP project will create a platform where, by the use of defined basic elements (services), public institutions will make a set of options available from a single access point on the Internet. This will enable further processes for public and company services to be defined in the future and provide access to more and more public administration systems at local and national level.

Comarch also entered into contracts to deliver equipment infrastructure. In May 2007 a contract was concluded to deliver computer equipment and provide services for the central layer of the POLTAX system within the framework of the e-Declarations project for electronic tax settlement, which will provide a communication channel and services for entrepreneurs via the Internet. The contract involved delivering enterprise class equipment infrastructure including a database server cluster, and a data-storage and filing system. The gross value of the contract is PLN 27.596 million. Within the terms of the contract the equipment, software and services were delivered within three months with Comarch undertaking to provide maintenance and support services for the system and equipment for the three years beginning when the delivery and implementation ended.

The year also saw contracts concluded with the Ministry of Education to deliver 961 computer rooms and provide, install and integrate all components for the Multimedia Information Internet Centers (ICIM) in 849 school libraries.

The year 2007 also saw Comarch strengthen its position on international markets and in the public sector of those markets. In this respect a contract was concluded to design and implement an integrated resource management system for the Albanian police force.

Comarch won a tender to design and implement a new tax settlement system for the Macedonian Tax Administration. The previous system lacked flexibility and will be replaced with a more modern SOA-based solution that complies with regulatory frameworks making it easier to integrate the system with others in the European Union. It will be implemented at all levels of the tax administration. This is the second major public tender won by Comarch in Macedonia and a further contract executed in this region.

Additionally, a consortium including Comarch concluded a contract with the Agricultural Funding Agency in Cypress to design and implement an IT system for processing European Union support for agriculture in 2007-2013. Comarch experts are now designing the solution. The specialized knowledge and experience they have gained in the past from implementing an IT System interacting with the Common Agricultural Policy and from implementing other agricultural IT systems will now be used to create European Union indices for monitoring and assessing applications and making payments to farmers.

Finance and banking

FINANCE, BANKING AND INSURANCE SECTOR customers include both established and newly-founded banks, brokerage houses, investment and pension funds, insurance agencies and leasing companies. The sector specializes in producing, implementing and integrating banking and insurance IT systems. The expertise and experience of the sector staff guarantee that the solutions implemented are thoroughly supported and that they adapt to changing market conditions, legal issues and customer needs.

The year 2007 saw further growth in the finance, banking and insurance sector, where sales were 9.1% up on the previous year and were worth PLN 126 million.

Comarch undertakes its mission by providing world class applications and basing its sales structure on proprietary products and services. In 2007, the company signed a number of contracts for implementation:

- » a contract with ING Bank Śląski to implement Comarch Credit Process Management for corporate customers
- » a contract with Invest Bank to implement Contact Center infrastructure with Comarch Contact Center, which is part of the Comarch Front End Platform (CAFE), for telephone consultants
- » a contract with BZ WBK Brokerage to expand Internet platform access to BZ WBK Brokerage services by a mobile channel – Investor Mobile, based on the Comarch Mobile Investments system, allowing access to brokerage accounts and stock exchange investment management using mobile devices with an Internet browser, such as mobile phones or palmtops
- » further contracts with Getin Bank SA and BGŻ Bank SA to implement Comarch Factoring
- » a contract with WARTA SA Insurance Company to design and implement an insurance product management data warehouse
- » a contract with AEGON PTE to implement Comarch Portfolio for pension fund valuing and accounting processes
- » a contract with Powszechny Zakład Ubezpieczeń SA to provide and implement Comarch NonLife Insurance, which is a comprehensive financial insurance IT solution, the implementation is designed to support the sales process, deal with applications and insurance policies and handle customer settlements.

The solutions Comarch offers are attractive to both big, established companies and to start-ups. In 2007 Comarch concluded a contract to license and implement Comarch Asset Management for Quercus TFI. The newly-founded Investment Fund Association made a decision to use professional Comarch tools right from the start. Comarch Asset Management will support fund valuation, asset management and interaction with the Polish Financial Supervision Authority (KNF).

This period also saw the introduction of e-banking systems at three other financial institutions: ING Bank Śląski, Raiffeisen Bank and Fortis Bank. There were also successful implementations of Call Center for Nordea TUnŻ and of the Comarch Debt Management system at the Allianz insurance group.

Comarch products and solutions have been visible on international markets for a long time now. In 2007 Comarch concluded a contract with the Ukrainian KINTO company to implement Comarch Asset Management. KINTO is a leading financial company in Ukraine, providing intermediary services for securities and investment funds.

Following the penetration of the Russian capital investment management market the breakthrough in the Ukraine confirms that Comarch is fully-equipped and ready to offer products and services to financial institutions beyond Poland. The company's present strategy assumes not only winning new contracts on its existing markets, but also expanding into western markets. To achieve this, selected products will be adapted for specific customer requirements and, for example, offered to customers in Germany from 2008.

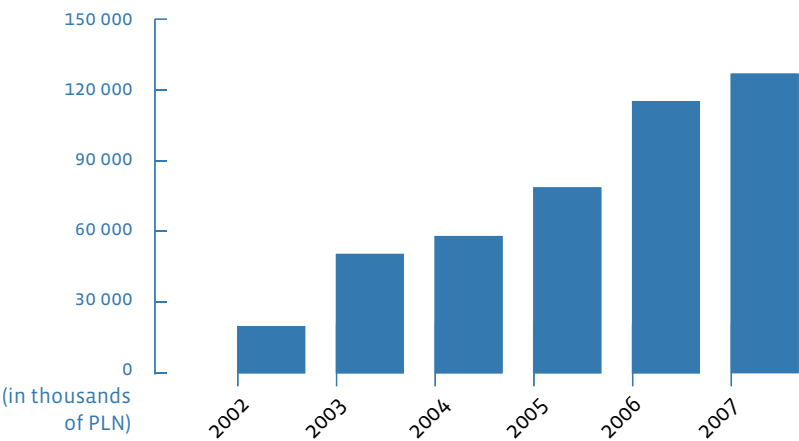
In 2007, based on experience gained from previous implementations and drawing strength from its leading position on the domestic e-banking market, the sector launched the CAFE (Comarch Front End) Platform, which is a versatile front-end solution for financial institutions that provides an intuitive and ergonomic interface for all bank employees. The CAFE platform supports customer service by a set of communication channels including the Internet, telephone, smart phone or palmtop. The Comarch solution is an integrated front-end platform supporting e-banking and mobile banking as well as operative CRM for account executives working outside the office, in bank subsidiaries and at call centers. Comarch CAFE can be complemented with comprehensive solutions supporting financial products, such as Comarch Credit Process Management and Comarch Factoring.

In 2007 Comarch's finance banking and insurance products continued to attract Gazeta Bankowa awards. The systems concerned included CAFE Platform (Comarch Front-End) in the Solutions category and the Pl@net 3 version of Comarch Internet Banking implemented at Fortis Bank Polska SA in the e-banking and e-finance category. Continuing the scroll of honour, Comarch Factoring implemented at Bank DnB NORD Polska, was awarded a prize in the Transaction Systems category.

As in 2006, the conferences organized by Comarch were in great demand. These included Comarch Asset Management Day, Comarch Insurance Technology Outlook and Sales and Service for Bank Customers. The conference attracted a lot of interest from leading financial institutions, while the lecturers were experts with practical knowledge and experience of the investment market from Poland, Russia and Ukraine as well as top-ranking managers from

the banking sector. The meetings were an excellent opportunity not only to present the latest achievements of the company and its plans for the future, but also to share experiences with the conference participants

Annual income of Comarch's Financial Sector

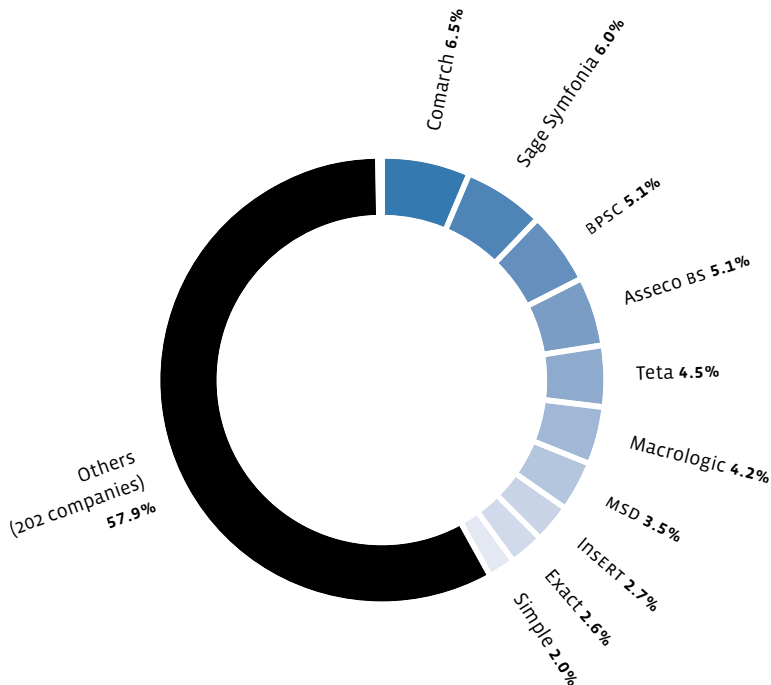


Small and medium companies

COMARCH CONTINUES TO STRENGTHEN ITS POSITION ON THE SMALL AND MEDIUM COMPANY SOFTWARE MARKET. Within the last few years this market has achieved permanent, dynamic growth. According to estimates provided by DiS agency analysts, growth dynamics for 2007 increased by 20%.

Comarch is the biggest provider of ERP systems in Poland with a market share of 6.5%.

SME software producers share in the license market in 2006



SME sector profits continued their upward trend and increased by 26% on the previous year. Moreover, the share of the SME sector in the profits of the Comarch group is dynamically increasing every year. Employment in this Comarch sector increased in 2007 by 30%, reaching a level of more than 350 people.

In April 2007 the ERP system offered by the sector, CDN XL, was granted an award by Digital Week Highlight as the best IT company management solution. The award was granted at the EnterEX2007 fair in Kiev. EnterEX fairs are the biggest in Ukrainian and among the biggest in Eastern Europe.

With the rapid development of domestic and foreign activity there was an increase in the number of contracts concluded and implementations developed. In 2007 more than 6,000 companies purchased one of the products offered by the SME sector: CDN OPT!MA, CDN Klasyka or CDN XL, and Comarch software is now used by 60,000 SMEs. The CDN XL ERP solution has been implemented at more than 400 companies, including the Bruk-Bet manufacturing and trading company in Tarnów, a chain of electro-technical warehouses in Akkop, the Equus forwarding company, and the AGATA SA Furniture Company in Katowice. Implementation of CDN XL was also successfully completed at Sokółów SA. The system supports forty-two warehouses in Poland and communicates in an offline mode with the database in the central office.

With more than 900 companies, the SME sector has one of the biggest partner networks in Poland.

Comarch is steadily strengthening its position on the SME software market. Moreover, the sector is successively extending its activity on international markets. In the last ten years, this market has seen continuous, dynamic growth. There are not only more subsidiaries beyond Poland, but there are also new products being developed specially for foreign markets. An example is the latest product, Comarch ALTUM. The sector now has 30 foreign customers.

As a result of the economic upturn in Poland, the forecasts for the SME sector for 2008 are very optimistic. The important factor stimulating the sector's development is the growth in Internet access.

Apart from the well-established solutions, the SME sector offers CDN Online, the integrated program for management available for customers via the Internet, and CDN e-Shop.

The sector's goal in 2008 is to further increase sales incomes and percentage share on the SME market, which will surely strengthen Comarch's position as the biggest Polish provider of ERP systems.

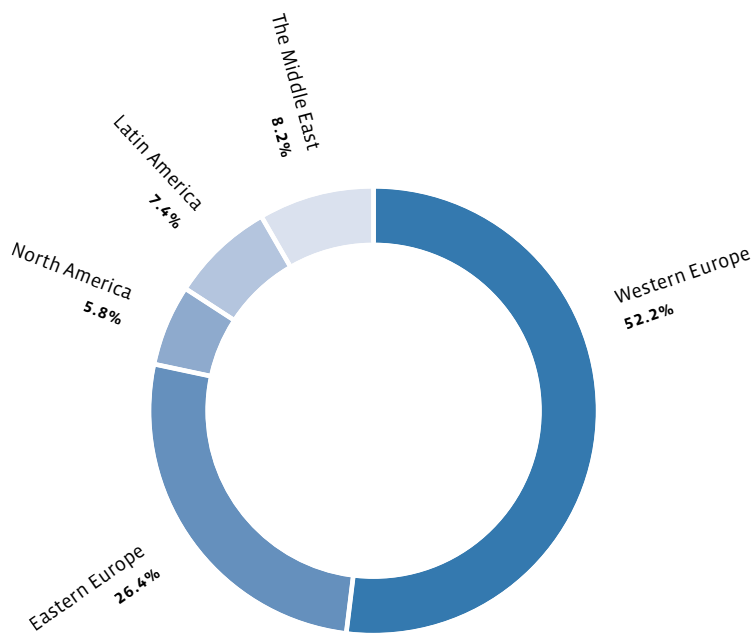
Telecommunications

THE TELECOMMUNICATIONS SECTOR AT COMARCH is developing dynamically on the domestic market and also in Europe, the Middle East and both of the Americas. Telecommunications sector sales in 2007 amounted to 21.3% of total Comarch sales. Of this, 85% came from export sales.

The telecommunications sector focuses on providing world-class applications and professional services which improve the everyday business activity of the company's customers. Comarch has earned a very strong position in providing complete telecommunications solutions which, compared to solutions based on standard technologies, applications and equipment, show greater flexibility and innovation.

Comarch has made a strong impression in the west of Europe. This is the best market to act as a proving and testing ground for the company's service and product quality. The experience gained in the markets of Western Europe has acted as a springboard to markets further away. In 2007, Comarch made an impression on the extremely demanding U.S. market.

Telecommunications sector revenue
by geographical division



The major aim of Comarch's strategy is to create partnerships and work with customers during and after projects. This distinguishes the company from software providers. The project for O2 in Germany is an excellent example of a very fruitful cooperation. Thanks to Comarch, the operator gained macro operating cost reductions and process automation. For Comarch, working with O2 brought the company many ideas for further improvements in the effectiveness, functionality and ergonomics of the solutions concerned. The customer gained the solution they needed and Comarch deepened its knowledge of the field.

Comarch also works with Auchan France, enabling the company to set up as an MVNO (Mobile Virtual Network Operator) in a very short time. Now, along with the development of Auchan's business, Comarch will support further functional and geographical areas in the telecommunications activity of this customer. Auchan was also provided with the Comarch Voucher Management System, which manages and distributes the authorization codes of operators in the global distribution chains.

Comarch continues to work with Telekomunikacja Polska SA, one of the biggest operators in Poland. This involves implementing the Comarch Field Workforce Management system within the eDys project. The work the two companies share is now developing further with IP billing as well as a comprehensive system supporting human resources and workflow organization. The solution meets the customer's requirement for a comprehensive organizing tool.

Working with PTC in 2007, Comarch updated the customer's IT environment with its OSS platform. In response to orders placed, the Comarch Matrix system operated at PTC is continuously being improved and extended with new functionalities. Comarch also provides this customer with support and maintenance services. The system implemented at PTC Era sets world-class standards and has proven to be an extremely functional and useful tool for managing a complicated telecommunications network integrated with the operator's IT environment.

Comarch is strengthening its position at the Golden Telecom Group in Ukraine, where the company is implementing the innovative Comarch Real-Time Billing solution. Golden Telecom's billing, data mediation and service activation in the network is supported by Comarch solutions.

In the first half of 2007, Comarch concluded a contract with TeleYemen – Yemen International Telecommunications of Sana'a, Yemen, to license and implement the modules of a Comarch BSS billing platform including an inter-operator settlements system. Building on the contracts already concluded by Comarch in Yemen, the United Arab Emirates and the Gulf States, this contract represents a further firm step in strengthening Comarch's position in the Middle East.

In cooperation with the German virtual operator Vistream, Comarch provides a comprehensive solution to manage key MVNO processes which is, at the

same time, fully integrated with the existing infrastructure. At present, the system assists in managing thirty or forty virtual operators in one system instance. The solution encompasses the Convergent Billing System, InterPartner Billing, Customer Management, Self Care and Billing Mediation & Service Provisioning.

Comarch has now been working for almost two years with BT InMo, a Dutch operator which belongs to British Telecom. The company has implemented six modules of Comarch BSS Suite: Billing System, InterPartner Billing, Business Process Management, Customer Management, Corporate Self Care, Service Provisioning and Billing Mediation. Now, in addition to work going on to provide secure access to applications (Support Mobile Business), further phases of the implementation and hosting services at the Comarch Data Center are in progress.

The project launched with T-Mobile International confirms that Comarch has all the necessary competences to develop international IT projects for Tier One operators. The system Service and Resource Inventory has been implemented at this operator.

In 2007 Comarch extended its work with Polkomtel SA, a mobile network operator with brands such as Plus and Sami Swoi. The inter-operator settlement and partnership systems implemented at Polkomtel SA, including InterPartner Billing and Comarch Least Cost Routing are, alongside traditional billing systems, fundamental tools for telecommunications operators. In addition to inter-operator accounts, the system can also support settlements with service providers.

Comarch is extending its work with the Lithuanian company BITE, which is a part of the Vodafone Group. The Comarch Self Care solution was recognized as a useful and versatile system enabling subscribers and partners to review and analyze financial documents as well as the information on their accounts, where they can also activate and deactivate services and send comments to the operator in a simple and flexible way.

Among the awards granted to Comarch it is worth mentioning the Comarch Content Delivery Solution for multimedia content distribution, which was recognized in the Best Content/Partner Management Implementation category at the World BSS Awards in London. The solution was implemented at the INTERIA.PL portal for the Fulmido.pl. service. Comarch also performed well in the Top EXPO Marketing competition during the COMPTTEL PLUS Spring Convention & EXPO fairs. This award is given to the company that promotes its presence at the fair in the most creative way and concentrates its assessment on the ways companies approach meetings with customers and partners, placing information on websites and sending newsletters. Comarch is a member of the major telecommunications sector associations, such as the GSM Association, ETIS and the TeleManagement Forum. This keeps the company up-to-date with the latest standards for the sector such as, TAP/RAP.

In 2007, as in previous years, Comarch's consultants took part in international telecommunications conferences, where they had an opportunity to present their knowledge and Comarch's newest solutions. The most interesting lectures included an idea for the television service of the future presented at the ICIN Conference 2007 in Bordeaux, a presentation at the Telecommunication Strategies conference in Warsaw on migration to next generation networks, and an address at the Optimizing OSS conference in Barcelona called Improving Your Business with Process-Based Service and Resource Management.

The technologies Comarch selects and tests are then implemented in existing and newly-created products and Comarch has its own telecommunications laboratory where it continuously conducts research.

According to Gartner, the IT research and advice company, Comarch BSS Suite is ranked among the top five in the world, while Comarch OSS Suite is not far behind in the world's top ten. Moreover, in 2007, Comarch extended its telecommunications activities into Value-Added Services with products such as Comarch Next Generation TV and Comarch MobiLoc. Comarch Next-Generation TV (NGTV), which is a new interactive-television project, enables telecommunications operators to offer access to television channels and interactive video services by television, mobile phone and computer. A further solution, MobiLoc, is Comarch's response to the trend for developing services based on localization technologies. It is unique because it connects traditional GPS network infrastructure localization with social localization based on the Web 2.0 paradigm. It will deliver enhanced service quality and generate a great deal of traffic for operators' Voice, Data and SMS services.

The telecommunication sector actively participates in projects with around 15% of the sector's income allocated for that purpose. The most important R&D projects implemented in 2007 include:

- » Control and accounting of user sessions in next generation telecommunication networks (3G,4G)
- » MOK, Inter-operator Cost Optimizer for Telecommunications, to create and implement an advanced IT tool for optimizing interconnect traffic
- » New Generation Languages for the Intelligent Business Data Reporting and Analysis project aimed at creating a report processor which will be easy to use and have more functions than the products now available on the market
- » Intelligent WAN analysis system to optimize and monitor telecommunications structures and develop advanced systems to automate network optimization
- » MAGON project, which is the joint initiative of ten partners from Europe, including research institutes, telecommunications operators and telecommunications industry enterprises. The aim of the project is to conduct research and development work on next-generation optical network management
- » Comarch Next-Generation TV, which is an innovative IPTV-class middle-ware system. It was co-financed by SOP-ICE (Sectoral Operational Program, Improvement of the Competitiveness of Enterprises), which is a Ministry of Science and Higher Education program drawing on state budget and European Union Regional Development resources.

Services

FOR THE SERVICES SECTOR 2007 WAS A YEAR OF STABLE, SIGNIFICANT GROWTH.

Despite some major organizational changes, which involved making the sector an individual department, and the change in the member of the Management Board responsible for the sector, the necessary discipline was maintained and the budgetary targets for 2007 were achieved. At the same time the changes resulted in a considerable growth in sales, which should have positive effects on the results for 2008 and on those delivered in the future.

The Services sector has three product hubs:

1. **ECOD** (Electronic Center of Documents) – ECOD modules support customers in various sectors and operating various business models in exchanging electronic documents with trading partners. ECOD is now used in thirteen countries and services more than seven thousand customers, of which more than two thousand are abroad. ECOD is the leading operator of EDI services on the Polish, Russian and Ukrainian markets. The major target market for ECOD is the Retail & FMCG branch but it is also present in pharmaceuticals, construction and the electro-technical sector. The increase in the invoiced foreign sales of ECOD in 2007 amounted to more than 50%, and we predict this result will be repeated in 2008. In 2007 there was an opportunity to develop international cooperation in ECOD with such global Retail & FMCG market leaders as Auchan, Carrefour and Metro. As a result of this cooperation, it will be possible to develop ECOD in 2008 on further foreign markets so that more than 20% of ECOD Operator service revenues come from that source.
- » **Loyalty** – the year 2007 was a very good one for developing Comarch loyalty systems. It was possible to strengthen our position in this capacity on the retail market. In Poland a contract was concluded and successfully executed with Lotos Paliwa. Abroad, cooperation was developed with X5 Retail (the biggest retail chain in Russia) as well as with BP Germany and BP France. As a result of positive references gained from these projects, Comarch concluded a contract with BP on implementing its solution in Spain. In Poland, cooperation continued in supporting the country's most popular loyalty programs, such as BP Partner Club, Premium Club or Dbam o Zdrowie (I take care of myself).
- » It was important for Comarch to be present in loyalty programs in new sectors. Thanks to the investments developed for extending the sales chain in Germany it was possible to conclude a prestigious contract to implement the loyalty system at the central office of one of the biggest Swiss banks. This led to a contract with one of the biggest Polish banks. At the same time, sales activities in the USA mean that in 2008 it will be possible to conclude Comarch's first airline loyalty program contract, as well as a contract with one of the United States' biggest financial institutions. In 2007 more than 30% of Comarch loyalty system sales came from foreign markets.
2. **Infrastructure**. In 2007, Comarch consistently extended its infrastructure offer. This offer is addressed to all sectors of economy. The Infrastructure subsector has both Polish and foreign customers. What is more, this includes customers purchasing infrastructure as an addition to already-implemented applications and those buying only infrastructure. The key

projects developed in 2007 by the Infrastructure subsector for Data Center systems and services were the implementations for Fortis International, Esselte Ltd, Auchan Telecom and BPH. The most important telecommunications outsourcing projects were with BP Renault, Statoil and Tesco, with telecommunications networks built for PSE and the Ministry of Finance and a modern contact center established for Nordea TU. In IT management and outsourcing there were projects for CEZ Group, Kęty Group, Santander Consumer Bank and an implementation ordered by the Ministry of National Education of 453 IT rooms and 423 Multimedia Information Internet Centers.

The main priorities for the Services sector last year were:

1. To consistently improve the quality of the key product group and systematically strive to reach new customers
2. To increase sales network and marketing effectiveness
3. To extend the foreign sales networks and increase sales to foreign customers
4. To prepare investment in new product versions for loyalty and ECOD
5. To prepare investment projects to extend Comarch's infrastructure offer.

All products offered by services are sold to customers with different service models (ASP, SaaS etc.), and the different mixes that result deliver a very significant part of the sector revenues. This stabilizes the sector's development by providing dependable revenue for two or three years in the future, increases infrastructure sales and also results in better margins on contracts.

2008 will see further consistent development of the aims adopted in 2007. At the same time, the sector has to increase its efforts to meet the most significant market trends. These include:

- » greater demand for business services instead of licensing, servers and implementation
- » greater centralization and globalization of purchasing processes.

The realization of ambitious budget goals for 2008 (growth of a few dozen percent in the results and contracts achieved in 2007) seems not to be at risk.

It would appear that there is no threat to the ambitious budgetary targets set for 2008 which provide for an increase of between 30 and 40% on 2007.

The greatest growth opportunities for services are:

- » implementing ready-made products on a massive scale and having prestigious foreign references
- » extending the product offer within the key solutions that are most popular with customers, including foreign customers.

THE FINANCIAL SITUATION OF THE COMARCH GROUP IN 2007

Financial analysis of the Comarch Group in 2007

THE VALUE OF THE COMARCH GROUP'S ASSETS INCREASED, in comparison to 2006, by 21%, to reach PLN 558.5 million. The increase was visible in non-current assets with a rise of 18.5%, as well as in current assets, where there was an increase of 23%. The increase in non-current assets of PLN 37.8 million was due to expenditure on constructing new office buildings in the Special Economic Zone in Kraków within the framework of the second and third stage of the investment. The share of the various non-current assets categories in the overall assets structure was similar to those noted in 2006. Current assets increased by PLN 59.1 million, mainly due to a high level of trade liabilities as of 31 December 2007. The significant increase in inventory as of 31 December 2007, which rose by 63.1% to PLN 32.8 million, was temporary and resulted from Comarch's deliveries of computer equipment. The share of other asset items remained similar to 2006.

ASSETS	IN					
	31 DECEMBER 2007	%	31 DECEMBER 2006	%	% 2007/2006	%
NON-CURRENT ASSETS						
Property, plant and equipment	182 633	32.7 %	138 765	30.1 %	43 868	31.6 %
Goodwill	3 284	0.6 %	3 284	0.7 %	-	0.0 %
Other intangible assets	35 559	6.4 %	36 035	7.8 %	-476	-1.3 %
Long-term prepayments	8 458	1.5 %	8 118	1.7 %	340	4.2 %
Investments in associates	-	0.0 %	7 289	1.6 %	-7 289	-100.0 %
Other investments	106	0.0 %	102	0.0 %	4	3.9 %
Deferred income tax assets	12 341	2.2 %	10 994	2.4 %	1 347	12.3 %
Other receivables	-	0.0 %	3	0.0 %	-3	-100.0 %
	242 381	43.4 %	204 590	44.3 %	37 791	18.5 %
CURRENT ASSETS						
Inventory	32 839	5.9 %	20 136	4.4 %	12 703	63.1 %
Trade and other receivables	188 550	33.7 %	149 950	32.5 %	38 600	25.7 %
Receivables from current income tax	-	0.0 %	-	0.0 %	-	0.0 %
Receivables from long-term contracts	17 806	3.2 %	23 926	5.2 %	-6 120	-25.6 %
Financial assets available for sale	-	0.0 %	-	0.0 %	-	0.0 %

ASSETS		IN				
	31 DECEMBER 2007	%	31 DECEMBER 2006	%	2007/2006	%
Other financial assets at fair value	-	0.0%	167	0.0%	-167	-100.0%
Cash and its equivalents	66 362	11.9%	62 790	13.6%	3 572	5.7%
Assets classified as held for sale	10 551	1.9%	-	0.0%	10 551	100.0%
	316 108	56.6 %	256 969	55.7 %	59 139	23.0 %
TOTAL ASSETS	558 489	100.0 %	461 559	100.0 %	96 930	21.0 %

EQUITY						
	31 DECEMBER 2007	%	31 DECEMBER 2006	%	2007/2006	%
SHAREHOLDER EQUITY						
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS						
Share capital	7 960	1.4%	7 519	1.6%	441	5.9%
Other capital	128 875	23.1%	127 795	27.7%	1 080	0.8%
Exchange differences	321	0.1%	463	0.1%	-142	-30.7%
Net profit for the current period	42 770	7.7%	52 760	11.4%	-9 990	-18.9%
Retained earnings	106 626	19.1%	53 866	11.7%	52 760	97.9%
	286 552	51.4 %	242 403	52.5 %	44 149	18.2 %
Minority interest	14 228	2.5%	14 580	3.2%	-352	-2.4%
TOTAL EQUITY	300 780	53.9 %	256 983	55.7 %	43 797	17.0 %
LIABILITIES						
NON-CURRENT LIABILITIES						
Credits and loans	77 739	13.9%	51 471	11.1%	26 268	51.0%
Other liabilities	113	0.0%	-	0.0%	113	0.0%
Liabilities from deferred income tax	6 634	1.2%	6 309	1.4%	325	5.2%
Provisions for other liabilities and charges	2 669	0.5%	228	0.0%	2 441	1 070.6%
	87 155	15.6 %	58 008	12.5 %	29 147	50.2 %

EQUITY

	31 DECEMBER 2007	%	31 DECEMBER 2006	%	% 2007/2006	%
CURRENT LIABILITIES						
Trade and other payables	152 867	27.4 %	127 714	27.7 %	25 153	19.7 %
Liabilities from current income tax	3 037	0.5 %	3 424	0.7 %	-387	-11.3 %
Liabilities from long-term contracts	7 125	1.3 %	9 744	2.1 %	-2 619	-26.9 %
Credits and loans	4 945	0.9 %	3 033	0.7 %	1 912	63.0 %
Provisions for liabilities and charges	2 580	0.4 %	2 653	0.6 %	-73	-2.8 %
	170 554	30.5 %	146 568	31.8 %	23 986	16.4 %
TOTAL LIABILITIES	257 709	46.1 %	204 576	44.3 %	53 133	26.0 %
TOTAL EQUITY AND LIABILITIES	558 489	100.0 %	461 559	100.0 %	96 930	21.0 %

The increase in the balance amount in liabilities is largely the result of the increase in equity during 2007 caused by the high net profit of PLN 42.8 million generated in the business year. As a result of developing the manager option program, Comarch Management Board members and managers were issued 441,826 shares in Comarch SA, which increased the share capital by 5.9%. The share of equity in liabilities remained at a comparable level to the previous year. Liabilities and reserves on liabilities amounted to 46.1% of total liabilities in comparison to 44.3% in the previous year. Despite the increase by PLN 53.1 million, liabilities did not change in comparison to 2006. The increase in non-current liabilities, by PLN 29.1 million and 50.2%, is connected with long-term bank credits drawn to finance investments in the Special Economic Zone. The increase in current liabilities by PLN 24 million, 16.4%, is the result of seasonal increases in trade liabilities.

The Comarch Group maintained very good financial liquidity and financial debt ratios decreased only slightly. In the Management Board's opinion, the Comarch Group has no problems with meeting the contracted financial liabilities on-time. Temporarily, free funds are being invested by the company in safe financial instruments such as bank deposits and participation units in money investment funds.

FINANCIAL DEBT RATIOS	31 DECEMBER 2007	31 DECEMBER 2006	31 DECEMBER 2005
Debt ratio	14.80 %	11.81 %	17.62 %
Debt / equity ratio	28.85 %	22.48 %	41.58 %

CONSOLIDATED INCOME STATEMENT

	12 MONTHS 2007	%	12 MONTHS 2006	%	2007/2006	%
Revenues from sales	581 048	100.0 %	491 550	100.0 %	89 498	18.2 %
Cost of products, services goods and materials sold	-450 690	-77.6 %	-370 844	-75.4 %	-79 846	21.5 %
Gross profit	130 358	22.4 %	120 706	24.6 %	9 652	8.0 %
Other operating income	2 021	0.3 %	1 010	0.2 %	1 011	100.1 %
Costs of sales and marketing	-44 370	-7.6 %	-39 189	-8.0 %	-5 181	13.2 %
Administrative expenses	-36 479	-6.3 %	-32 965	-6.7 %	-3 514	10.7 %
Other operating expenses	-7 524	-1.3 %	-4 011	-0.8 %	-3 513	87.6 %
Operating profit	44 006	7.6 %	45 551	9.3 %	-1 545	-3.4 %
Net financial costs	-1 749	-0.3 %	6 431	1.3 %	-8 180	-127.2 %
Associates' share of profit/ loss	3 262	0.6 %	2 590	0.5 %	672	25.9 %
Profit before income tax	45 519	7.8 %	54 572	11.1 %	-9 053	-16.6 %
Income tax	-3 101	-0.5 %	-1 585	-0.3 %	-1 516	95.6 %
Net profit for the period	42 418	7.3 %	52 987	10.8 %	-10 569	-19.9 %
INCLUDING:						
Shareholder profit	42 770	7.4 %	52 760	10.7 %	-9 990	-18.9 %
Minority interest	-352	-0.1 %	227	0.0 %	-579	-255.1 %

The Comarch Group achieved very good financial results in 2007. Revenues from sales increased by 18.2% amounting to PLN 581 million, operating profit was maintained at a level comparable to the previous year, PLN 44 million compared to PLN 45.6 million. As a result, operating profitability decreased from 9.3 to 7.6%. Net profit to shareholders decreased by 18.9% to PLN 42.8 million, while net profitability declined from 10.7 to 7.4%.

PROFITABILITY ANALYSIS	31 DECEMBER 2007	31 DECEMBER 2006	31 DECEMBER 2005
Sales margin	22.43 %	24.56 %	20.28 %
EBIT margin	7.57 %	9.27 %	6.16 %
Gross margin	7.83 %	11.10 %	5.47 %
Net margin	7.36 %	10.73 %	6.32 %

The decrease in EBIT margin in 2007 is due to investments in human resources made in 2007 and over previous years and is due to the continuing upward pressure on pay in the IT sector. On 31 December 2007, the Group employed 2,853 people (excluding those employed at MKS Cracovia SSA). This is 389 more than at the end of 2006. The Group incurs the costs of recruiting the best IT staff and investing in building competitive advantage for the future. Any comparison of net margin in 2007 and 2006 should take account of the sale of INTERIA.PL shares that took place in 2006.

Financial liquidity and assets turnover ratios

TURNOVER RATIOS SHOW HOW EFFECTIVELY a company is using its resources. In 2007 there was a slight increase in the receivables turnover ratio, which is a result of the high level of trade liabilities as of 31 December 2007. The high level of trade liabilities itself was connected with the high level of revenues from sales in the fourth quarter of 2007. Moreover, long-term bank credits for investment financing in the Special Economic Zone meant there was an increase in the liabilities turnover ratio at Comarch SA. The turnover ratios did not change significantly.

LIQUIDITY RATIOS	31 DECEMBER 2007	31 DECEMBER 2006	31 DECEMBER 2005
Current liquidity ratio	1.85	1.75	1.58
Quick liquidity ratio	1.56	1.45	1.16
Cash to current liabilities ratio	0.39	0.43	0.40

TURNOVER RATIOS	31 DECEMBER 2007	31 DECEMBER 2006	31 DECEMBER 2005
Current assets turnover ratio (multiples)	1.84	1.91	2.29
Receivables turnover ratio (days)	117	110	75
Inventory turnover ratio (days)	58	43	45
Liabilities turnover ratio (days)	167	157	148
Liabilities turnover ratio excluding liabilities from bonds and investment credit (days)	117	121	107

GROWTH AND DEVELOPMENT PROSPECTS

IN 2007, THE POLISH IT INDUSTRY experienced very dynamic development and the economic upturn played an important role in this. A very significant factor in this process was the allocation of EU funds for accelerating the computerization of public administration. Polish membership in the EU enables Polish companies to use structural fund resources, which are proportionally distributed for the development of IT systems and financing research and development projects. Now that Poland is in the EU an increasing number of foreign companies are conducting business activities in Poland and this means more potential IT system consumers. There is also significant growth in Polish e-banking. The Internet has become the latest channel for distribution and promotion of financial products. The IDC market intelligence company has estimated that in 2007 Polish companies invested more than USD 8 billion in IT. This is 22% up on 2006 when they invested PLN 6.65 billion, which was 17.3% more than in 2005. The forecasts for the next five years indicate that IT spending will grow on average by 12.8% annually with a rapid expansion of the Polish IT market expected in all its sectors, and especially at SMEs. IT services outsourcing will also play an important role in increasing the sector's growth.

These factors are very positive for Comarch's development and financial results. Sales dynamics in the ERP systems segment have shown great dynamism with a rise in sales of 34% over a nine-month period. Comarch has the best results at SMEs with 90% of Comarch's 50,000 customers belonging to this segment. The strategy the company has consistently pursued of positioning itself on the market as an innovative technology company has secured it a consistently growing domestic and foreign customer base. Furthermore, intense and widespread activity on foreign markets has increased Comarch brand awareness among international corporations. Comarch has unwaveringly devoted care and effort to build an image as a technology company that successfully manufactures and sells products capable of competing in the worldwide marketplace. The company's strategic objective is to design competitive and innovative products to ensure further growth. Increasing expenditure on brand promotion and marketing in Poland and abroad will therefore be a priority in maintaining dynamic sales and securing this growth.

Comarch policy now provides for conducting research and development projects to implement new products and to standardize them at the stage when they are being prepared for the customer. In this way, even if a new product has been customized for a particular customer, some or all of the software and coding can be used to develop a standardized product. The result is maximum profitability for particular contracts and a growing customer base. In 2007, research and development investment exceeded 16% of sales profits. Comarch distributed not only its own resources, but also EU funds, for which it actively applied. In the near future, innovative investment projects will be conducted within the Comarch Group, which will enable further expansion of the company allowing it to diversify its portfolio and move into new market segments. Some of the finance from the projects will come from the financial resources obtained from selling the INTERIA.PL SA portfolio of shares. The first iMed24 SA fund company has been registered and it is researching an IT project for EHRs (Electronic Health Records). Bonus Development Sp. z o.o.

SKA, 100% owned by CCF FIZ, completed the purchase of a property in Łódź for the substantial extension of the Łódź branch and the Comarch Data Center. This cost PLN 10 million with an anticipated total investment cost of approximately PLN 25 million. The plans for 2008 provide for establishing further new companies and these should begin operating before the end of the year. The most important investment plans for the next year include the continuation of stage 3 of the investment in the Special Economic Zone in Kraków. This means constructing an 11 445 m2 building along with the necessary technological infrastructure to be used for office space and service purposes. The value of projects to be implemented in 2008 amounts to PLN 20.6 million. The project is due for completion on 31 August, 2008.

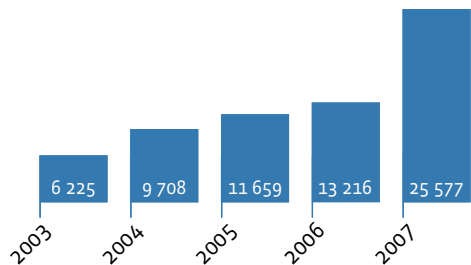
TECHNOLOGIES, RESEARCH AND DEVELOPMENT

THE DEVELOPMENT OF NEW, INNOVATIVE PRODUCTS is the central element of Comarch's business strategy. The company strives continuously to improve its products, implement new technologies and enter new market segments. To achieve this, numerous R&D projects are conducted, many of which involve work with domestic and international universities. This gives access to knowledge transfer and best practices in science, technology and business. Comarch's extensive R&D activities mean the company can offer its customers the very latest solutions to assist them in achieving their business goals.

Comarch spends 16.6% of annual revenue on R&D with some of this sourced from public funds. In 2005-2007, Comarch and its partners concluded fourteen contracts with an overall value of more than PLN 27.2 million within sub-measure 1.4.1 of SOP-ICE (Sectoral Operational Program – Improvement of the Competitiveness of Enterprises). The projects include: An Effective Business Decision-Making System Supported by a Controlling Data Warehouse; Internet Accessed Government Administrative Procedure Support for the Public and Businesses, Innovative Integrated Software Quality Control and Error Detection System; Deploying Integrated ERP Systems in Local Government.

Comarch also participated in international research programs, including Framework Programs six and seven, where Comarch coordinates two projects, and in a further four programs as a technological partner. In addition to this, Comarch is also involved in the EUREKA/CELTIC program, which includes a project to develop an advanced tool for managing telecommunications networks.

R&D Expenditure 2003 – 2007 (Euro, thousands)



SOCIAL INVOLVEMENT

THE COMARCH CAPITAL GROUP has been actively involved in social activities since its inception. The key idea was to create a social platform where culture, sport and the latest IT technologies would be promoted.

In 2007, Comarch was closely engaged with the ideas behind advanced IT solutions and organized IT conferences, such as Business and Science: the Transfer of New Technologies at Łódź University of Technology and The Internet as the Site of Globalization at the Poznań School of Economics. An important issue for Comarch is to promote IT solutions of the highest quality among young professionals and students. In this respect, the company sponsored the twelfth Polish Academic Team Programming Championship and the National Junior School IT Olympics.

During 2007, the Comarch Group sponsored local social and cultural activities in Kraków, Łódź, Katowice and Lublin. These included the exhibitions Munich and Europe's Past: Historical Nineteenth Century Paintings at the National Museum in Kraków and the year in celebration of Karol Szymanowski. The company also supported, for the sixth consecutive year, the Last Night of the Proms in Kraków, which is organized by the Confederation of Kraków Industry. As in 2006, the company lent its support to Nowa Huta, Why not? In 2007, the artist featured in this series of concerts was Grzegorz Turnau. Comarch also supported theatrical workshops for children with visual impairments. As a result of these activities, a performance, The Adventures of Koziołek Matołek, was given under the direction of the Scena Molier Association in Kraków. There was also sponsorship for the company for the Zachodniopomorskie Convention for IT Professionals in Public Administration. Finally, the company was proud to sponsor the Dolnośląskie Political and Economic Forum.

Comarch is also the sponsor of the oldest sports club in Poland, MKS Cracovia SSA, which participates in professional leagues and competitions in multiple sports disciplines and, most prominently, in football and ice hockey. Cracovia was established in 1906 and it is the oldest Polish sports club. The football team has won the Polish championship five times in 1921, 1930, 1932, 1937 and 1948 while the ice hockey team triumphed in 1937, 1946, 1947, 1948, and 1949. Paradoxically, Cracovia has legions of faithful fans all over the world but is also perceived as something of a cult and as Polish football's, and Kraków's, most outstanding asset. The late Pope John Paul II was the club's most distinguished supporter.

As a part of its social activity Comarch supports social institutions by making donations. During the last Christmas season, the company's employees organized a collection of funds, toys, stationery, cosmetics and clothes for children in orphanages in Kraków, Gdańsk, Katowice, Warsaw and Wrocław. Computers were also donated to the following:

- » Foundation for the Second Internal Diseases Ward of 8 ul. Skawińska, 31-066, Kraków
- » The Jan Siestrzyński Special Educational Center for Children with Hearing Impairment, of 1 ul. Spadochroniarzy, Kraków, where the computers were used to equip the Internet room in the dormitory
- » Panteon Narodowy na Skałce Foundation, at ul. Skałeczna 16, Kraków.

The company made financial donations to:

- » The Małopolska Scholarship Foundation Sapere Audo in Kraków, at ul. Lubelska 23 for the daily activities of the foundation
- » Anna Dymna's Foundation Mimo Wszystko, of Ul. Balicka 12A/5B, Kraków, to provide financial support for Natalia Niedbała.

Comarch also made the company's swimming pool in Kraków available to children from Jan Siostrzyński Special Educational Center for Children with Hearing Impairment. The pool is in the office and services building at al. Jana Pawła II 41 g in the Kraków Special Economic Zone. The children use the swimming pool on a regular basis and the classes include special rehabilitation exercises catering to their specific needs.

Selected social and cultural projects 2007

Munich and Europe's Past: Historical Nineteenth Century Painting	National Museum	Kraków	16 March – 29 April 2007
The Year of Karol Szymanowski (2007)	National Museum	Kraków/ Zakopane	2007
The Internet as the site of Globalization	Poznań School of Economics	Poznań	29 – 30 March 2007
Bike Expedition	Radio Merkury	Poznań	12 May 2007
National IT Olympics for Junior High Schools	IT Olympics University of Wrocław	Poland	10 January – 2 June 2007
RuPy 2007 Python & Ruby Conference	Adam Mickiewicz University	Poznań	13 –14 April 2007
Business and Science: Transfer of New Technologies Conference	Łódź University of Technology, the Association of New Technologies Institute	Łódź	19 February 2007
Conference Databases: Applications and Systems 2007	Silesian University of Technology	Katowice	28 April – 31 May 2007
Confederation of Kraków Industry	Last night of the Proms In Kraków	Kraków	September 2007
Sponsoring of the Twelfth Academic Polish Championship in Team Programming	Wielkopolskie IT Association in Poznań	Poznań	26 – 27 October 2007
Sponsoring the Wola Sport Paradise tennis tournament	Wola Sport Paradise	Kraków	22 – 23 September 2007
Sponsoring Grzegorz Turnau's Nowa Huta, Why not? concert	Nowa Huta Cultural Center	Kraków	17 November 2007

Comarch gives wide support to scientific activity at the Polish universities and is frequently a partner at conferences devoted to new trends in management and running businesses. The conferences have been held at Lublin University of Technology, Maria Curie Skłodowska University in Lublin and the Catholic University in Lublin. The Catholic University and University of Technology in Lublin had their first contact with e-learning through the Best Start advanced technology training sessions in the CDN system provided and conducted for free, including hardware and software, by Comarch. The program involved four one-day training sessions for students who were awarded certificates of completion confirming their knowledge of the CDN accounting and payroll system, which is a useful qualification for their future professional lives.

CORPORATE GOVERNANCE AT COMARCH

IN ACCORDANCE WITH THE PRINCIPLES OF BEST PRACTICE AT PUBLIC COMPANIES 2005

published by the Warsaw Stock Exchange Agency, Comarch SA has published the Management Board's annual statements on the binding principles of corporate governance since 2004. In 2007, the Company submitted the Management Board's updated statement on following the principles of corporate governance, which appeared as an appendix to the Annual Report of 4 April 2007. In 2007, with the exception of those listed below, the Company complied with all the principles of corporate governance included in the document Best Practice at Public Companies 2005.

- » principle no. 14 on Best Practices for General Meetings
- » principle no. 20 on Best Practices for Supervisory Boards
- » principle no. 28 on Best Practices for Supervisory Boards

These principles were the most controversial and difficult to implement.

On 1 January 2008, along with the new principles of corporate governance, the form of 2007's statement was changed. However, the scope of best practices did not change. The Report on Comarch SA's Application of Corporate Governance Principles in 2007 includes the principles which were not followed by the Company in 2007, a description of the proceedings of the general meeting and its authority, the principles of the Management and Supervisory boards and a description of the basic guidelines for internal control applied at the Company. In addition, there is material on risk management in the preparation of financial statements. The report was published on 3 April 2008 as an appendix to the Company's Annual Report.

APPLYING EXEMPLARY CORPORATE GOVERNANCE PRINCIPLES

In order to apply principle number two on best practices for general meetings, the Company presented drafts of resolutions to the Ordinary General Shareholders Meeting of Comarch SA, along with the justification and opinion of the Supervisory Board. However, in accordance with principle eighteen on best practices for supervisory boards, the Supervisory Board of Comarch presents a concise annual assessment of the Company and grants shareholders access to the publication of the drafts referred to earlier.

In order to implement principle forty-two on Best Practices for relations with external people and institutions, the Company ended its relationship with PricewaterhouseCoopers Sp. z o.o. and instead selected an auditor from Deloitte Audyt Sp. z o.o.

In accordance with principle forty-six on Best Practices for relations with external persons and institutions, the Company publishes the following corporate documents, and financial statement on its website:

1. Articles of Association (consolidated text)
2. The current Management Board statement on compliance with the principles of corporate governance
3. The rules of the Management Board
4. The rules of the General Meeting
5. The rules of the Supervisory Board

NEW PRINCIPLES OF CORPORATE GOVERNANCE

The new principles of corporate governance included in Best Practices for Companies listed on the Warsaw Stock Exchange have been effective since 1 January 2008. Good corporate governance builds the trust of shareholders and helps secure competitive advantage both on Polish and foreign markets. With this in mind, Comarch SA has aimed to deepen this trust by implementing and enforcing the best practices referred to above for management boards and members of the supervisory boards of listed companies, as well as the best practices introduced by shareholders in accordance with the appendix to Resolution No. 12/1170/2007 of the Exchange Supervisory Board of 4 July 2007.

THE OPINION OF AN INDEPENDENT AUDITOR

To the Shareholders and Supervisory Board of ComArch SA

We have conducted the audit of the Comarch Capital Group's consolidated financial report that appears above. The capital group's dominant entity is ComArch S.A. with its registered seat at Al. Jana Pawła II 39A, Kraków. We audited:

- » the consolidated balance sheet as of 31 December 2007, with total assets, total equity and liabilities amounting to PLN 558.489 million
- » the consolidated income statement for the period from 1 January 2007 to 31 December 2007, with the net profit for the year amounting to PLN 42.418 million
- » the changes in consolidated equity for the period from 1 January 2007 to 31 December 2007 showing an increase in the value of equity of PLN 43.797 million
- » the consolidated cash flow statement for 1 January 2007 to 31 December 2007 showing an increase in cash and cash equivalents in the amount of PLN 4.975 million
- » additional information and annotations.

The Management Board of the dominant unit takes responsibility for drawing up the financial report mentioned above. Our task was first to conduct an investigation and then to express our opinion concerning the reliability, correctness and clarity of this consolidated report.

The consolidated financial report was prepared in full with respect to the fourteen subsidiaries and by the equity method with respect to the single associated entity. The financial reports of three subsidiaries were subject to an audit by other entities authorized to conduct audits of financial reports. We received the financial statements of the three subsidiaries and single associate mentioned above, as well as the conclusions concerning the audited financial reports. It is our opinion that the audit of the consolidated financial report with respect to data concerning these entities is based on the opinions of statutory auditors qualified and authorized to conduct an audit. The data from the subsidiaries' financial reports, for which we relied entirely on the opinions of other statutory auditors, represent 9% of the consolidated assets and 13% of the consolidated revenue from sales, before adjustments made in consolidation.

To be certain that the consolidated financial statement does not include significant errors, the audit of the consolidated financial report was prepared and conducted according to:

- » the provisions of chapter seven of the Act of 29 September 1994 on Accounting (Journal of Laws 2002, no. 76, item 694 with amendments)
- » the Expert Auditors' Professional Code of Practice as issued by the National Board of Expert Auditors in Poland.

That audit included, in particular, verification confirming amounts and information presented in the consolidated financial statement. The audit also included an assessment of the accounting principles applied by the company in drawing up the consolidated financial statement and of any estimates applied in this process that may be significant. Finally, the audit made a general assessment of the statement's presentation.

We are convinced that the audit we carried out ensures sufficient grounds for expressing our opinion.

In our opinion, based on the results of the audit and other expert auditors' opinions, the audited consolidated financial statement for the financial year 2007 was prepared in all significant aspects in compliance with the International Financial Reporting Standards, as approved by the European Union. This financial statement presents a true and fair view on the equity and financial situation of the Capital Group as of 31 December 2007 and on the financial result for the financial year from 1 January to 31 December 2007.

The report regarding the activities of the Capital Group in 2007 is complete in the sense of art. 49 sec. 2 of the Act on Accounting and the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies traded on the stock exchange and includes information taken directly from the audited financial statement that is compliant with art. 49 sec. 2 of the Act on Accounting and the Regulation issued by the Minister of Finance



Radosław Kuboszek
Członek Zarządu
Biegły rewident
nr ewid. 90029



Grzegorz Warzocha
Członek Zarządu
Biegły rewident
nr ewid. 90035

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

.....
persons representing the company

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

Warsaw, 7 May 2008

POLAND ↓

COMARCH SPÓŁKA AKCYJNA
Aleja Jana Pawła II 39 a
31-864 Krakow,
Tel.: 012 646 10 00
Fax: 012 646 11 00

BIELSKO-BIAŁA
ul. Michałowicza 12
43-300 Bielsko-Biała
Tel.: 033 815 0734
Fax: 033 815 0735

GDAŃSK
ul. Strzelecka 7B
80-803 Gdańsk
Tel.: 058 326 45 50
Fax: 058 326 45 63

KATOWICE
ul. Krasińskiego 29
40-019 Katowice
Tel.: 032 603 3900
Fax: 032 603 3940

LUBLIN
ul. Rusałka 17a / Wesoła 9
20-103 Lublin
Tel.: 081 538 3400
Fax.: 081 528 9432

ŁÓDŹ
ul. Łagiewnicka 54/56
91-463 Łódź
Tel.: 042 617 4700
Fax: 042 617 4701

POZNAŃ
ul. Piątkowska 161
60-650 Poznań
Tel.: 061 827 6500
Fax: 061 827 6501

ul. Składowa 4
61-897 Poznań
Tel.: 061 828 6300
Fax: 061 828 6301

SZCZECIN
ul. Wielka Odrzańska 23/2
70-535 Szczecin
Tel.: 091 441 6950
Fax: 091 483 8056

WARSZAWA
Budynek Comarch „A”
ul. Puławska 525
02-844 Warsaw
Tel.: 022 855 4090
Fax: 022 644 4166

Budynek Comarch „C”
ul. Leśna 2
02-844 Warsaw
Tel.: 022 544 2800

Lokalizacja Centrum
Budynek ORCO Tower
02-001 Warsaw
Al. Jerozolimskie 81
Tel.: 022 564 2400
Fax.: 022 830 7400

WROCŁAW
ul. Długosza 2-6
51-162 Wrocław
Tel.: 071 335 6000
Fax. 071 335 6001

WORLDWIDE ↓

COMARCH, INC.
10 W. 35th St.
Chicago, IL 60616
Tel.: +1-800-786-4408
Fax: +1-800-786-4408

COMARCH PANAMA, INC.
Ave. Samuel Lewis, Calle 55
PH. Plaza Globus
5 piso, Oficina No. 2
Bella Vista, Panamá
Tel.: +507 263 25 69
Fax: +507 263 25 69

COMARCH SOFTWARE AG
Chemnitzer Str. 50
01187 Dresden, Germany
Tel.: +49 351 438 97 00
Fax: +49 351 438 97 10

Rue Capouillet 21
B-1060 Brussels, Belgium
Tel.: +32 2 536 86 23
Fax: +32 2 536 86 00

Lyoner Str. 20,
60528 Frankfurt/Main
Tel.: +49 69 962 37 62 00
Fax: +49 69 478 69 27 00

COMARCH SOFTWARE SAR.L.
12 place Saint Hubert
59000 Lille, France
Tel.: +33 3 59 56 06 84
Fax: +33 3 59 56 06 56

COMARCH MIDDLE EAST
FZ-LCC
PO. Box 500398 Dubaj
United Arab Emirates
Tel.: +971 4 3913262
Fax: +971 4 3918668

COMARCH LLC
18/7 Kutuzova Str.
01133 Kiev, Ukraine
Tel.: +(380) 44 492 28 42
Fax: +(380) 44 492 28 43

UAB COMARCH
Naugarduko 57
LT-03202 Vilnius, Lithuania
Tel.: + 370 52 33 79 95
Registration Nr.: 300150316

OOO COMARCH
Prechistensky Pereulok 14
building 1
119034 Moscow, Russia
Tel.: +7495 783 36 71,
+7495 783 36 72,
+7495 783 36 73

COMARCH S.R.O.
Kladnianska 34
821 05 Bratislava,
Slovakia
Tel.: +421 2 48210400
Fax: +421 2 48210401

CA SERVICES SA
oś. Teatralne 9a
31-946 Krakow
Tel.: 012 646 18 00
Fax: 012 646 18 50

COMARCH MANAGEMENT
SPÓŁKA Z O. O.
Aleja Jana Pawła II 39 a
31-864 Krakow
Tel.: 012 646 10 00
Fax: 012 646 11 00

COMARCH CORPORATE
FINANCE FUNDUSZ
INWESTYCYJNY ZAMKNIĘTY
ul. Starowiślna 13
31-038 Krakow
Tel.: 012 429 55 93

COMARCH MANAGEMENT
SPÓŁKA Z O. O. SPÓŁKA
KOMANDYTOWO-AKCYJNA
Aleja Jana Pawła II 39 a
31-864 Krakow
Tel.: 012 646 10 00
Fax: 012 646 11 00

MIEJSKI KLUB SPORTOWY
CRACOVIA SPORTOWA
SPÓŁKA AKCYJNA
ul. Kałuży 1
30-111 Krakow
Tel.: 012 292 91 00
Fax: 012 292 91 03

