

Comarch

Results for H1 2007

Janusz Filipiak

President of the Management Board of Comarch S.A.

16 August 2007

	Q2 2007	Q2 2006
Revenue	172,033 (an increase of 90%)	90,370
Operating Profit	10,403	9,707
Net profit	7,701	7,746

In thousands of PLN

	H1 2007	H1 2006
Revenue	270,409 (an increase of 45%)	186,824
Operating profit	19,258	19,233
Net profit	17,699	23,142

In thousands of PLN

After first half-year of 2006 we announced:

- Investment in development of our own products
- Investment in human resources
- Constant organic growth of sales network
- Increase in productivity through implementing procedures and business information systems
- Consistent growth of international sale

These strategies are being accomplished – we are working insistently at further growth of the company

1. Stock investors and analysts are rightly worried that both payment increase in IT sector and rising business expenses have the negative impact on financial results of IT companies
2. Gaining and keeping human resources within company is a subject of the costly battle
3. Competition between Polish companies has decreased, nevertheless it cannot be directly translated into the possibility of increasing prices for Comarch's products and services

1. Foreign IT companies operating on Polish market have less aggressive business approach than we have expected
2. Both in central and local government area, a movement in the field of public tenders is observed
3. The range of Comarch brand systematically increases in the country and it gains nationwide recognition
4. Middle management in Comarch evolve and mature intensively

1. The fact that Comarch is a Polish company is not important factor any more and that enables to achieve fair prices for products and IT services
2. Big Western IT companies aren't effective enough, however have a brand and range advantage over Comarch

Human Resources

International companies enter Polish market to achieve human resources rather than generate business here

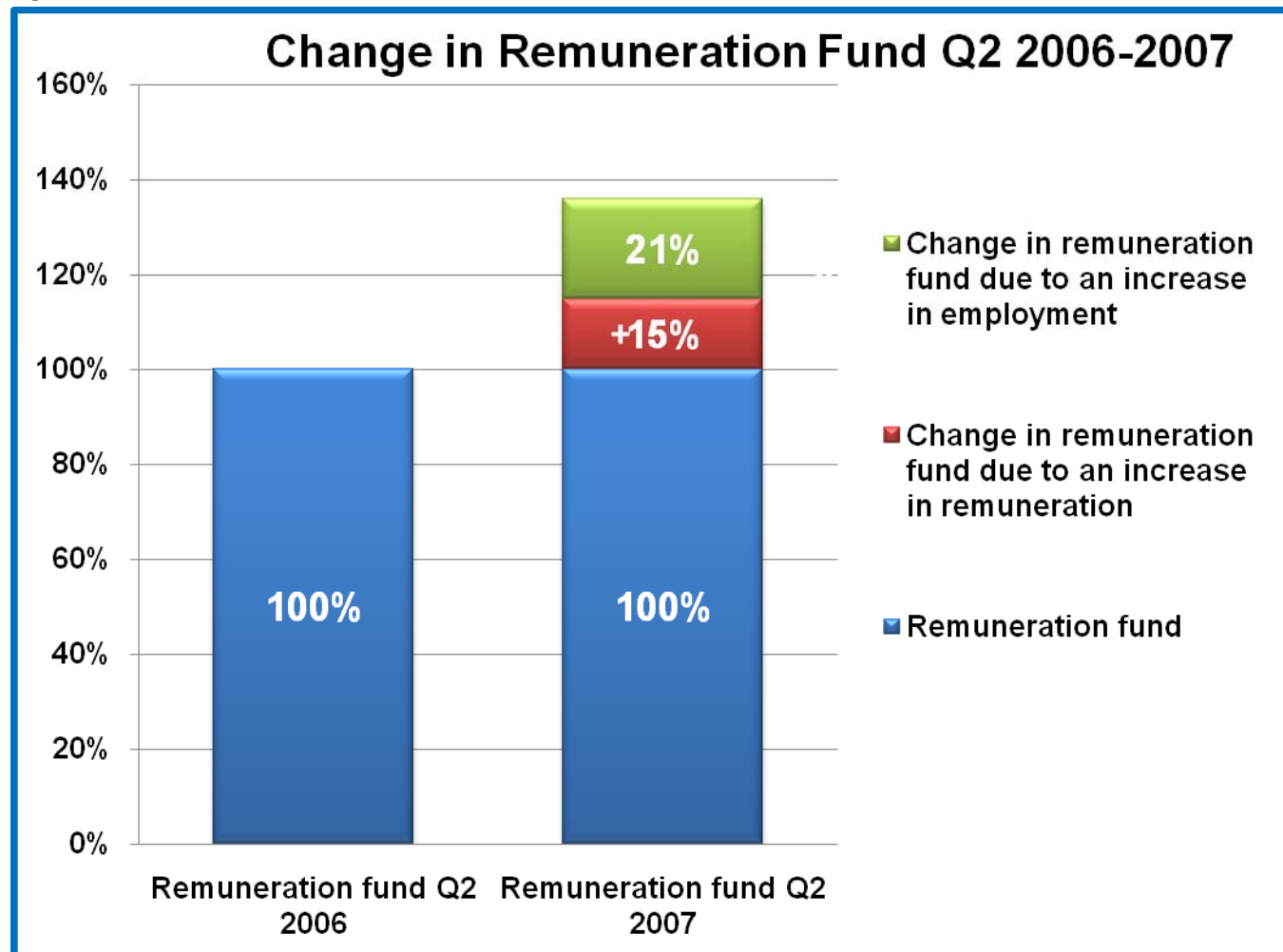
In Krakow there are software houses such as Motorola, IBM, Sabre and Google

Cisco and Microsoft also enter Krakow

Similar tendencies, though in a lesser degree, we observe in other Polish cities

Comarch has experienced how to operate and to compete for human resources in that area

Increase in Remuneration Fund in ComArch S.A. (excluding foreign subsidiaries: **Q2 2007 vs Q2 2006 an increase of 36 %**



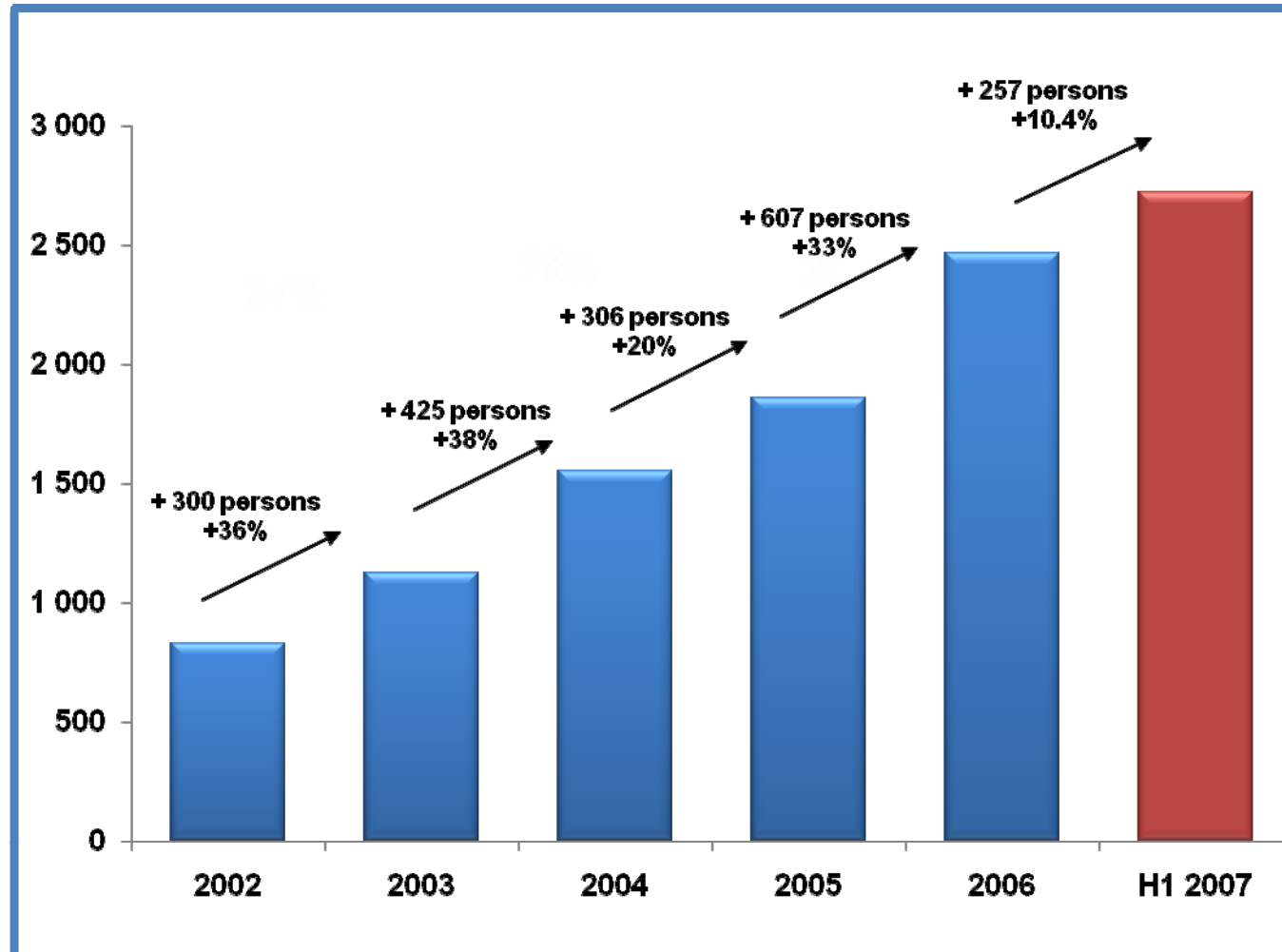
Slow-down in employment growth from 25% to 17% annually

Employment criterion were significantly increased

Dismissing poor employees, increases in remuneration of well-qualified ones – we do not lose employees we care about

Higher employment growth rate outside Krakow than in Krakow

Long-term development of human resources in Lviv – nowadays 22 persons – further development depending on needs



We diminished employment growth rate in Poland :

In 2006 we were creating 50 workplaces per month (600 per year)

For the first seven months of 2007 we have been creating average 30 workplaces per months (an increase in employment of 230 persons per 7 months)

During three-month Summer internships we choose very carefully 210 students

Human resources as at 31 July 2007

- 2565 persons in Poland, including circa

1500 in Krakow

1000 in other cities in Poland

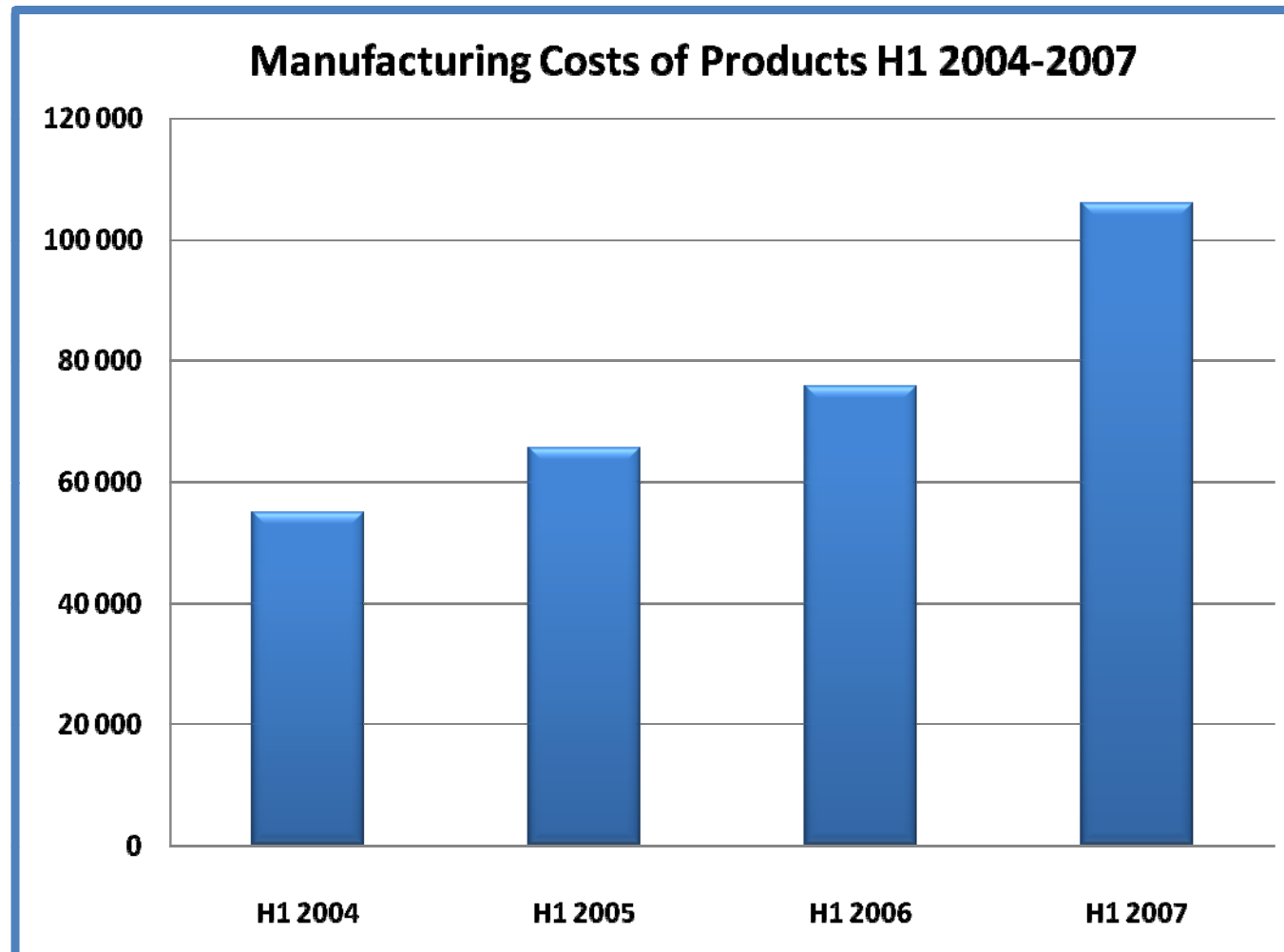
- 135 persons outside Poland

Total 2700 persons

An increase in costs of human resources results in an increase on costs of products manufacturing

When considering experienced IT professionals, we approach to level of Western remuneration in IT sector

We expect slow-down in growth rate of these costs in H2 2007



In thousands of PLN

Sales

As at 31 July contracted revenues for the current year amount to 487 million PLN and are higher by 26.2% than in the previous year

Share of export sales in total sales has remained at the level of 20%

Share of export sales in sales of proprietary services and licences has remained at the level of 30%

Comarch has a reach backlog of potential orders in Poland and abroad

Continuous Market Sales Diversification

(excluding contract with Ministry of National Education):

Telecommunication, Media, IT	23.5%
Finance and Banking	20.3%
Trade and Services	14.0%
Industry & Utilities	12.5%
Public Sector	18.6%
Small and Medium-Sized Enterprises	8.6%
Others	2.5%

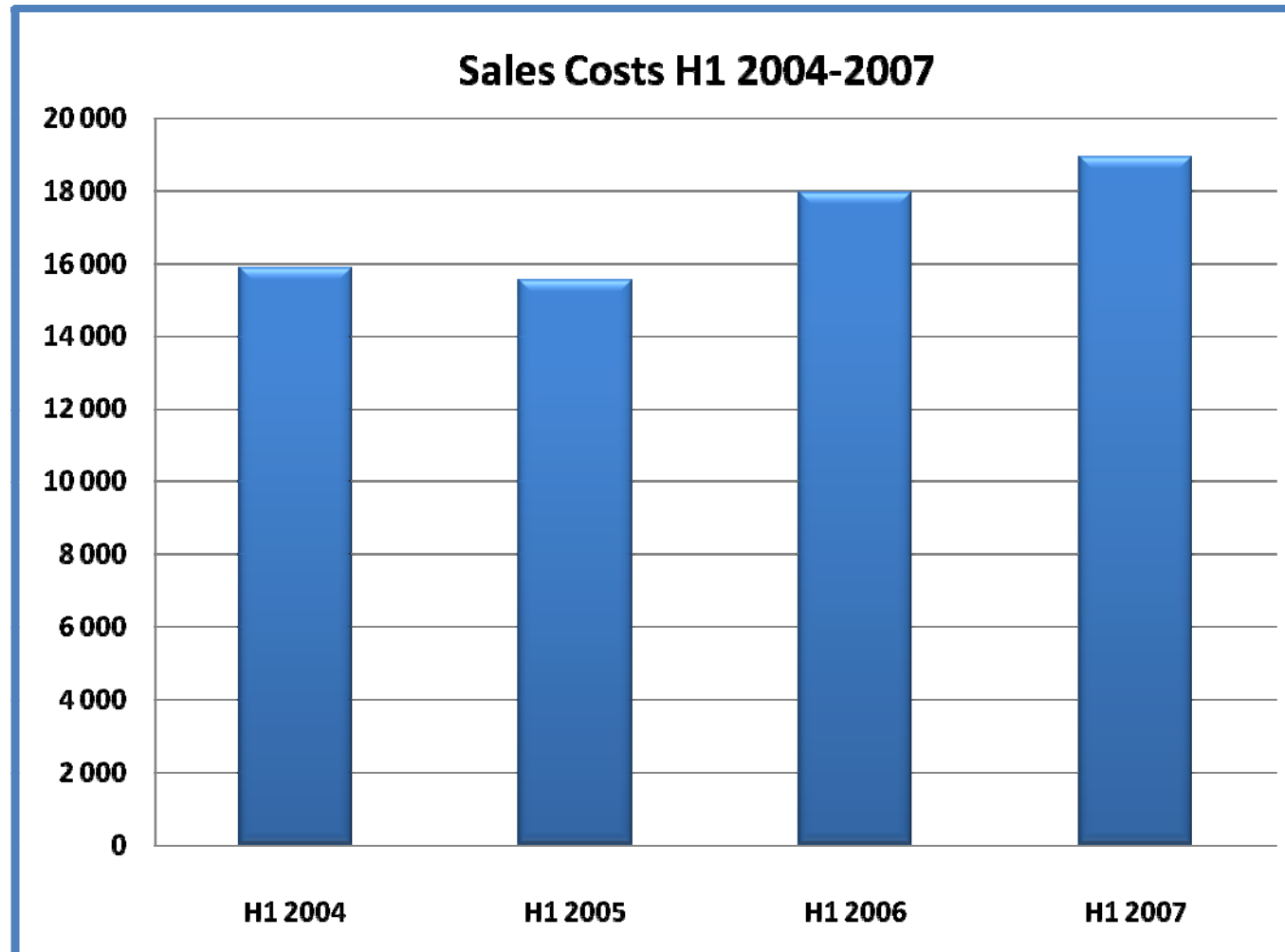
Within past years we have been extensively investing in creation of a new international sales network

The current year, basing on our experience, we rationalise sales and marketing costs

It allows to achieve much better sales results along with only slight costs increase

We will be still increasing sales, especially in Germany, USA and France

Comparison of Sales Costs H1 2004 -2007



In thousands of PLN

Strategic growth factors:

1. Development of high-skilled human resources
2. We put emphasis on development of own products and sales to global clients
3. Development of foreign companies in Germany and USA
4. Efficient and economical management

Products Development

ERP Systems

2006:

- 1) According to IDC report, in 2006 we were the biggest Polish ERP producer
- 2) We hold share of 8.1% in the market and we come second *ex aequo* with Oracle
- 3) We acquire most of new customers, including 440 new customers of CDN XL and CDN Egeria, that ensures share of 22.2% in the market
- 4) Our sales has increased by 12.6% - we have been growing faster than market:
 - according to IDC, Polish market has risen by 6.0%
 - according to Gartner, world market has risen by 7.9%

H1 2007

1) We export ERP solutions:

- we have 25 customers abroad, that constitute 5% in total sales of CDN XL in H1 2005 (sales to USA and Germany)

2) In H1 2007 sales of ERP systems (CDN and Egeria systems) increased by 36% up to 32,6 million PLN, hence we still rise share in market

Business Outlook

- 1) According to IDC, Polish ERP market shall develop at 15.8% till 2011
- 2) We still want to grow faster than market does
- 3) We focus on export of ERP systems to USA, Germany and Ukraine

Comarch Software AG - Germany

We continue the company's development – employment of 57 persons

Branches in Dresden, Lille, Brussels

Development and sales of products for telecommunication, ERP systems and solutions for services sector

Anna B. Filipiak is the President of the Management Board

(Warsaw School of Economics, Gutenberg University in Mainz, L'Institut Universitaire de Hautes Etudes Internationales in Geneva)

Comarch, Inc. in the Americas

Increase in employment up to 37 persons, mostly in Chicago

Main seat in Chicago, branches in Miami and City of Panama

Development and sales of telecommunication systems, ERP systems and solutions for services sector

Janusz J. Filipiak is the President of the Management Board

(B.Sc. in Computer Science, Virginia Tech, M. Eng. in Computer Science, Cornell University)

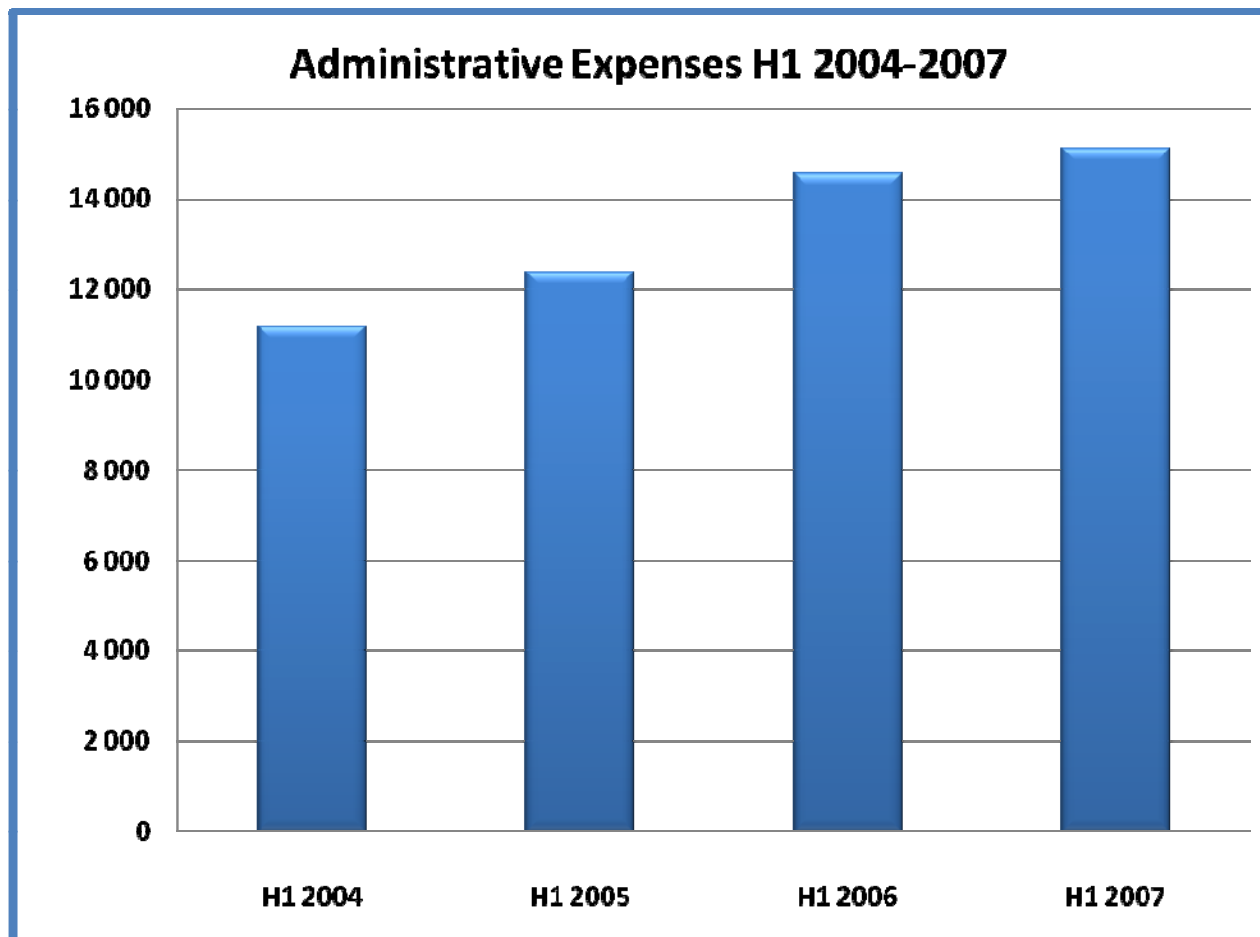
Basis for efficient and economical management are dividing an organisational structure of the company on five business sectors and a limitation of functions of companywide units that have been generating costs

In H1 we completed an implementation of IT system „PfP” that manages portfolio of projects that have been carried on by Comarch

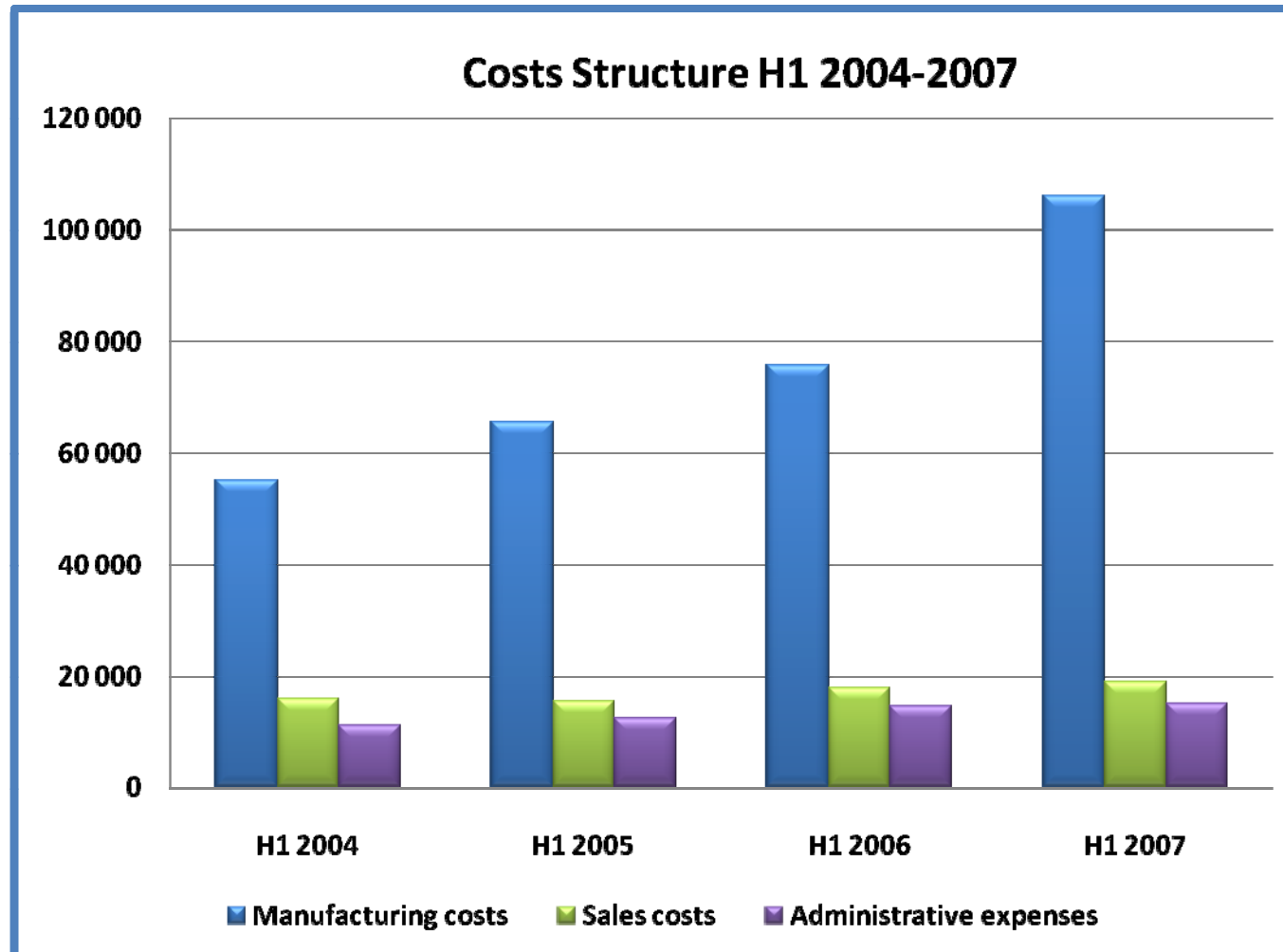
As of today, the company carries on circa 440 projects, thus informatisation of production management was an essential move

We have carried out a number of other actions that are intended for productiveness growth (customer satisfaction analysis' systems, knowledge sharing's systems, CRM systems, sales management, and others)

We keep costs discipline



In thousands of PLN



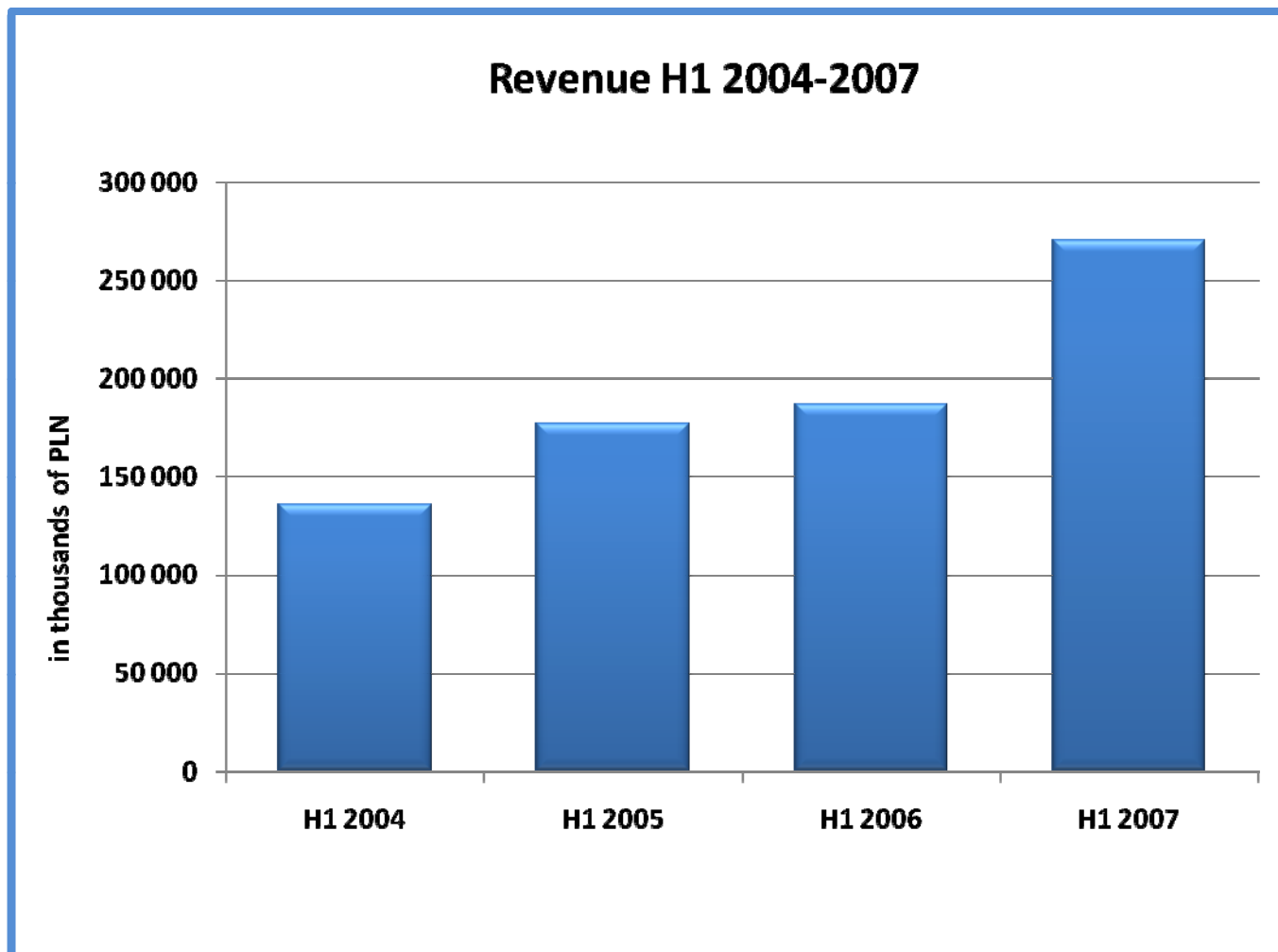
In thousands of PLN

In H1 2007 revenues from sales increased by 45%

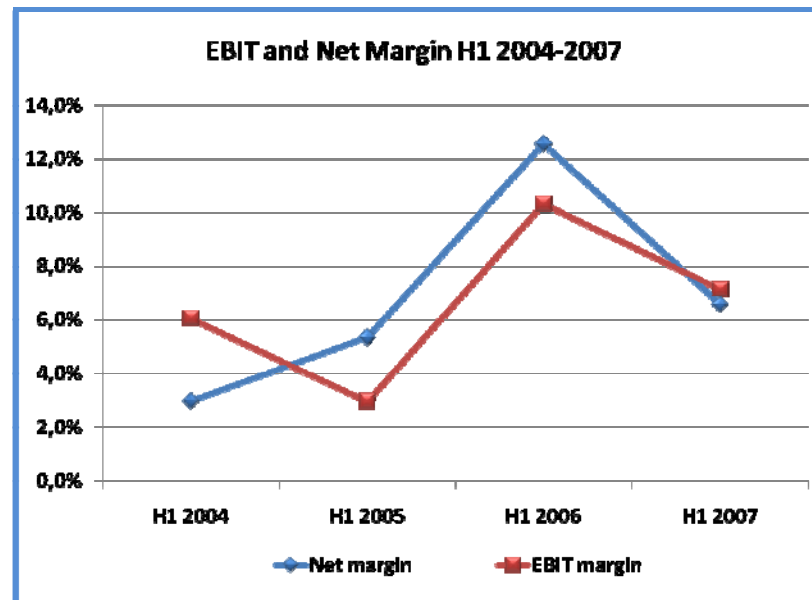
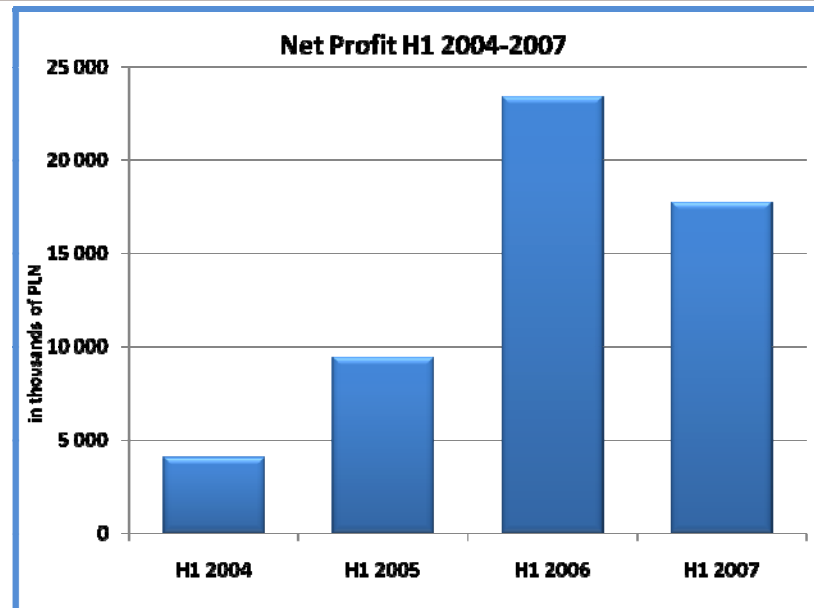
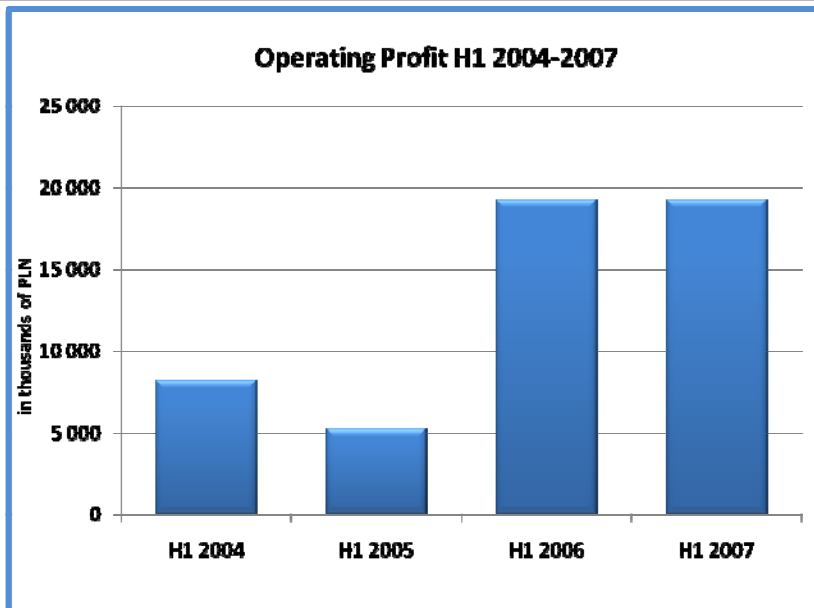
Increase in revenue is essential issue for the company because:

1. It allows covering increases in costs
2. It confirms growing scope of Comarch's offer

The increase is an essential issue even though we exclude hardware and integration contract signed with the Ministry of National Education worth circa 41.5 million PLN



Comparison of Results in H1 2002-2007



We still expect a year to year increase of 20% in revenue and operating profit

Despite a significant increase in costs of human resources (and acquiring hardware contracts), as at the end of the year, we should achieve operating margin at the level of 8 - 9%

These results will be achieved along with further insistent growth of the company

Financial Results H1 2007 - detailed data

Rafał Chwast

Vice-President of the Management Board, CFO in Comarch S.A.

16 August 2007

Comparison of Financial Results Q2 2007 and Q2 2006

Comarch Group	Q2 2007	Q2 2006	Change %
Revenue	172,033	90,370	90 %
Depreciation	4,162	3,071	36 %
Nominal operating profit (according to the IFRS)	10,403	9,707	7 %
Nominal net profit attributable to the company's shareholders (according to the IFRS)	7,701	7,747	-1 %
Nominal EBIT margin	6.0 %	10.7 %	
Nominal net margin	4.5 %	8.6 %	
Nominal EBITDA (operating profit + depreciation)	14,565	12,778	14 %
Nominal EBITDA margin	8.5 %	14.1 %	

Comparison of Financial Results Q2 2007 and Q2 2006 after Eliminating One-Offs

Comarch Group	Q2 2007	Q2 2006	Change %
Revenue	172,033	90,370	90 %
Depreciation	4,162	3,071	36 %
Earnings impact of the costs of the managerial option	-277	-820	-66 %
Adjusted operating profit	10,680	10,527	1 %
Earnings impact of a deferred income tax asset	-2,015	-1,042	93 %
Adjusted net profit attributable to the company's shareholders	9,993	9,609	4 %
Adjusted EBIT margin	6.2 %	11.6 %	
Adjusted net margin	5.8 %	10.6 %	
Adjusted BITDA (operating profit + depreciation)	14,842	13,598	9 %
Adjusted EBITDA margin	8.6 %	15.0 %	

Comparison of Financial Results Q2 2007 and Q2 2006 after Eliminating One-Offs and contract with the Ministry of National Education

Comarch Group	Q2 2007	Q2 2006	Change %
Revenue	135,264	90,370	90 %
Depreciation	4,162	3,071	36 %
Earnings impact of the costs of the managerial option	-277	-820	-66 %
Adjusted operating profit	10,680	10,527	1 %
Earnings impact of a deferred income tax asset	-2,015	-1,042	93 %
Adjusted net profit attributable to the company's shareholders	9,993	9,609	4 %
Adjusted EBIT margin	7.4 %	11.6 %	
Adjusted net margin	7.9 %	10.6 %	
Adjusted BITDA (operating profit + depreciation)	14,842	13,598	9 %
Adjusted EBITDA margin	11.0 %	15.0 %	

Comparison of Financial Results H1 2007 and H1 2006

Comarch Group	H1 2007	H1 2006	Change %
Revenue	270,409	186,824	45 %
Depreciation	8,101	6,174	31 %
Nominal operating profit (according to the IFRS)	19,258	19,233	0 %
Nominal net profit attributable to the company's shareholders (according to the IFRS)	17,699	23,142	-24 %
Nominal EBIT margin	7.1 %	10.3 %	
Nominal net margin	6.5 %	12.4 %	
Nominal EBITDA (operating profit + depreciation)	27,359	25,407	8 %
Nominal EBITDA margin	10.1 %	13.6 %	

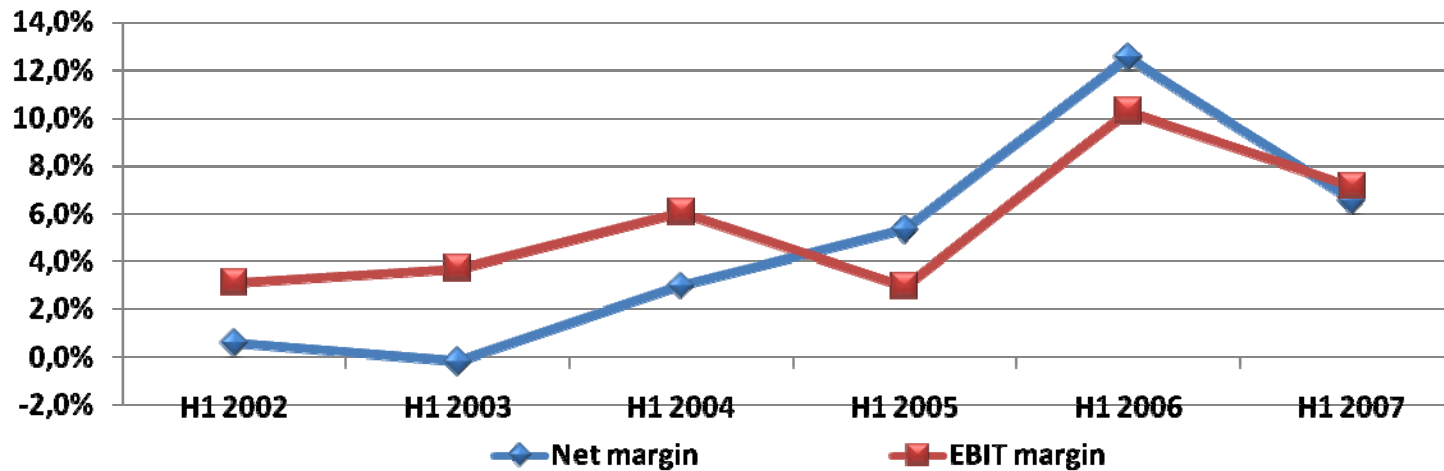
Comparison of Financial Results H1 2007 and H1 2006 after Eliminating One-Offs

Comarch Group	H1 2007	H1 2006	Change %
Revenue	270,409	186,824	45 %
Depreciation	8,101	6,174	31 %
Earnings impact of the costs of the managerial option	-553	-1,639	-66 %
Adjusted operating profit	19,811	20,872	-5 %
Earnings impact of a deferred income tax asset	-2,039	-2,239	-9 %
Earnings impact of sales of INTERIA.PL S.A. shares	0	7,210	-100 %
Adjusted net profit attributable to the company's shareholders	20,291	19,810	2 %
Adjusted EBIT margin	7.3 %	11.2 %	
Adjusted net margin	7.5 %	10.6 %	
Adjusted BITDA (operating profit + depreciation)	27,912	27,046	3 %
Adjusted EBITDA margin	10.3 %	14.5 %	

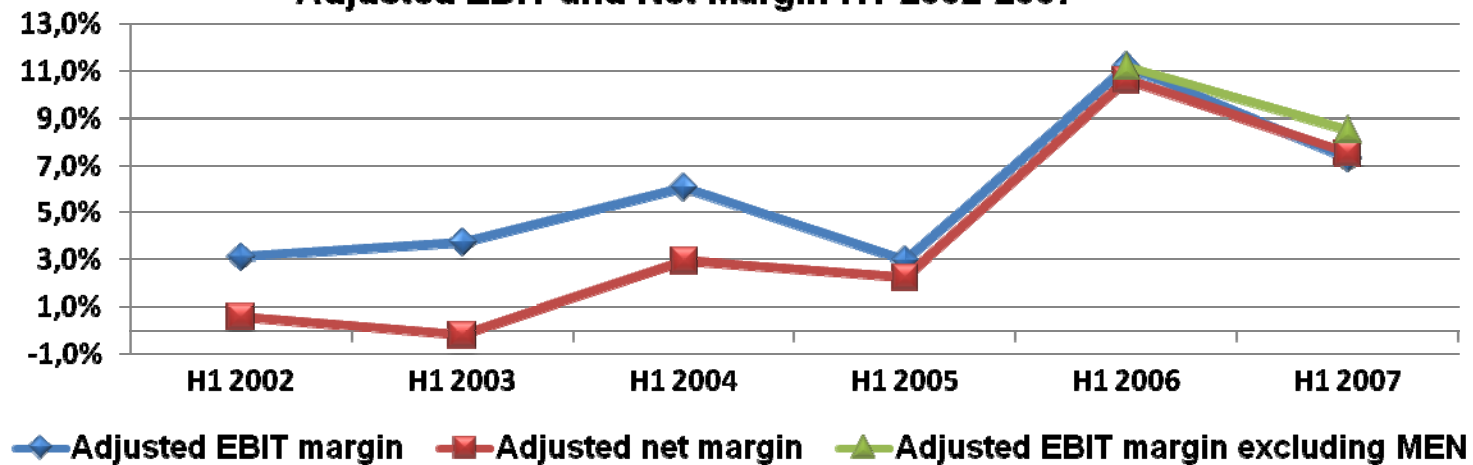
Comparison of Financial Results H1 2007 and H1 2006 after Eliminating One-Offs and contract with the Ministry of National Education

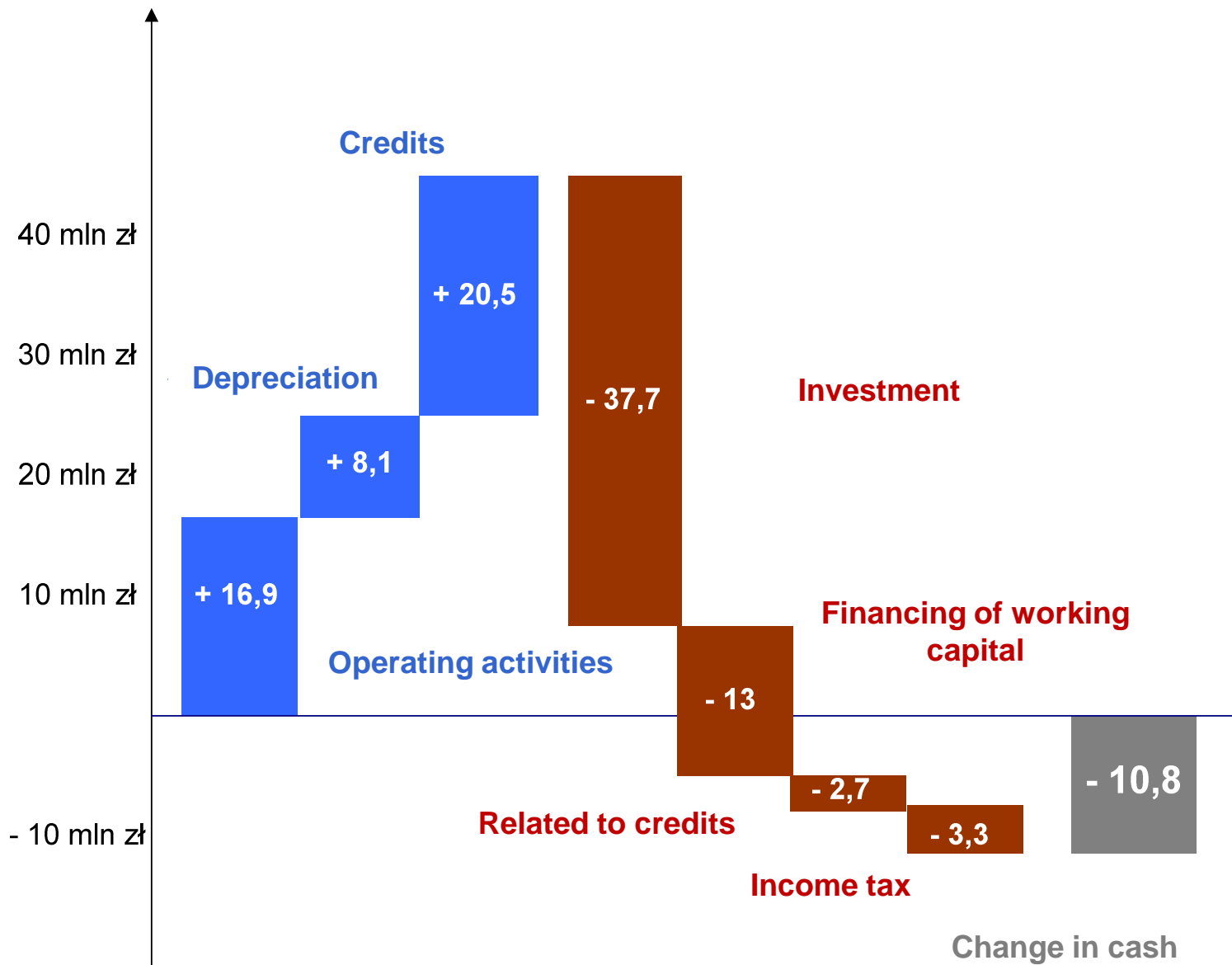
Comarch Group	H1 2007	H1 2006	Change
Revenue	233,640	186,824	25 %
Depreciation	8,101	6,174	31 %
Earnings impact of the costs of the managerial option	-553	-1,639	-66 %
Adjusted operating profit	19,811	20,872	-5 %
Earnings impact of a deferred income tax asset	-2,039	-2,239	-9 %
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EBIT and Net Margin H1 2002-2007



Adjusted EBIT and Net Margin H1 2002-2007



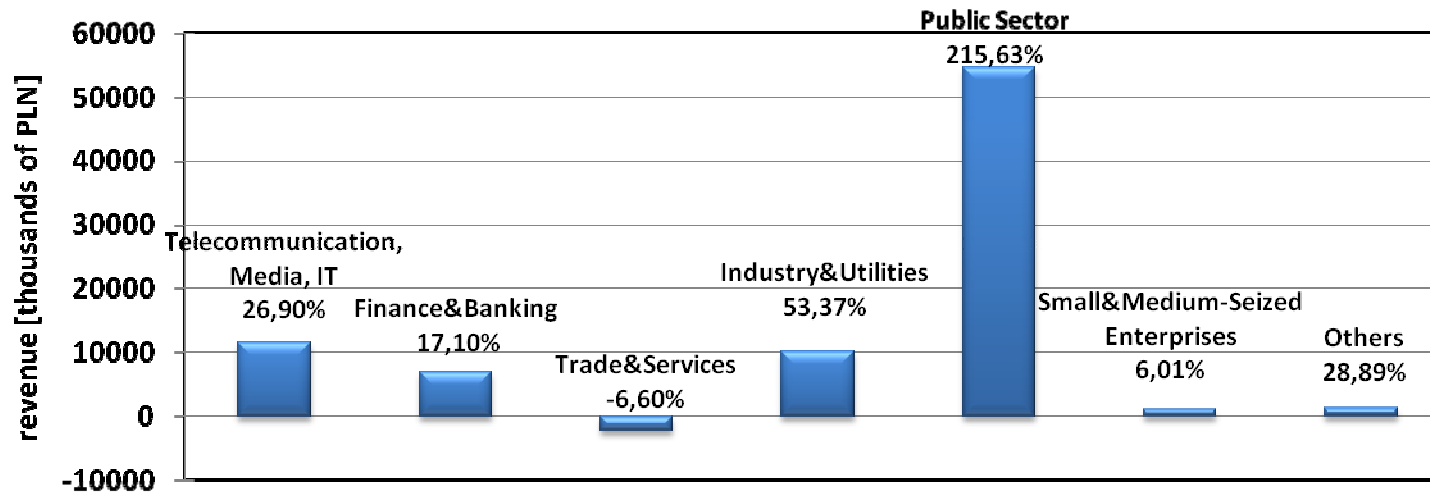


	H1 2007	%	H1 2006	%
Telecommunication, Media, IT	54,851	20.3 %	43,222	23.1 %
Finance and Banking	47,481	17.6 %	40,547	21.7 %
Trade and Services	32,732	12.1 %	35,045	18.8 %
Industry & Utilities	29,137	10.8 %	18,998	10.2 %
Public Sector	80,112	29.6 %	25,382	13.6 %
Small and Medium-Seized Enterprises	20,202	7.5 %	19,056	10.2 %
Others	5,894	2.1 %	4,574	2.4 %
Total	270,409	100.0 %	186,824	100.0 %

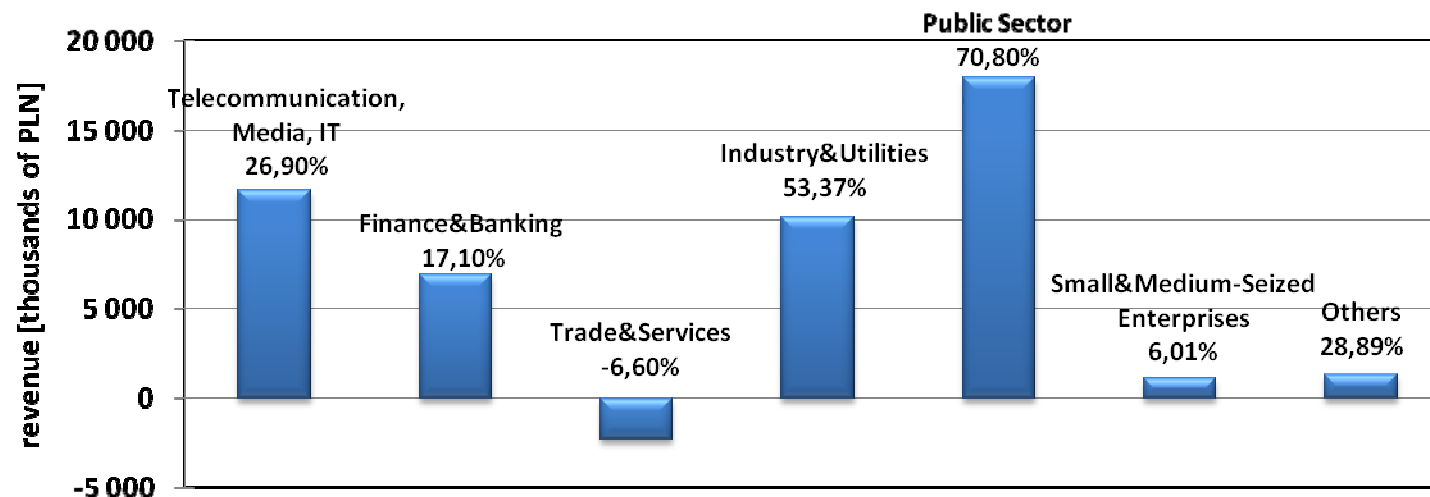
Market Sales Structure after Eliminating Contract with the Ministry of National Education

	H1 2007	%	H1 2006	%
Telecommunications, Media, IT	54,851	20.5%	43,222	23.1%
Finance and Banking	47,481	20.3%	40,547	21.7%
Trade and Services	32,732	14.0%	35,045	18.8%
Industry & Utilities	29,137	12.5%	18,998	10.2%
Public sector	43,343	18.6%	25,382	13.6%
Small and Medium- Seized Enterprises	20,202	8.6%	19,056	10.2%
Others	5,894	2.5%	4,573	2.4%
Total	233,639	100.0%	186,824	100.0%

Change in Revenue H1 2006-H1 2007



Change in Revenue excluding Contract with the Ministry of National Education H1 2006-H1 2007

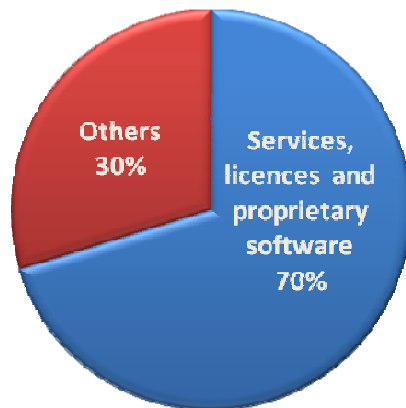


	H1 2007	%	H1 2006	%
Services	131,668	48.7%	110,229	59.0%
Proprietary software	27,061	10.0%	20,900	11.2%
Third-party software	37,743	14.0%	11,314	6.1%
Hardware	66,869	24.7%	37,317	20.0%
Others	7,067	2.6%	7,063	3.8%
Total	270,409	100.0%	186,824	100.0%

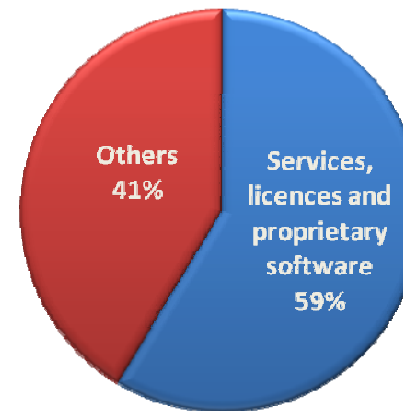
Products Sales Structure after Eliminating Contract with the Ministry of National Education

	H1 2007	%	H1 2006	%
Services	131,668	56.4%	110,229	59.0%
Proprietary software	27,061	11.6%	20,900	11.2%
Third-party software	37,743	16.2%	11,314	6.1%
Hardware	30,100	12.9%	37,317	20.0%
Others	7,067	3.0%	7,063	3.7%
Total	233,639	100.0%	186,824	100.0%

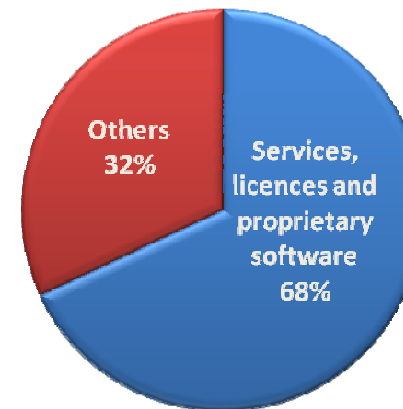
Sales Structure Q1 - Q2 2006



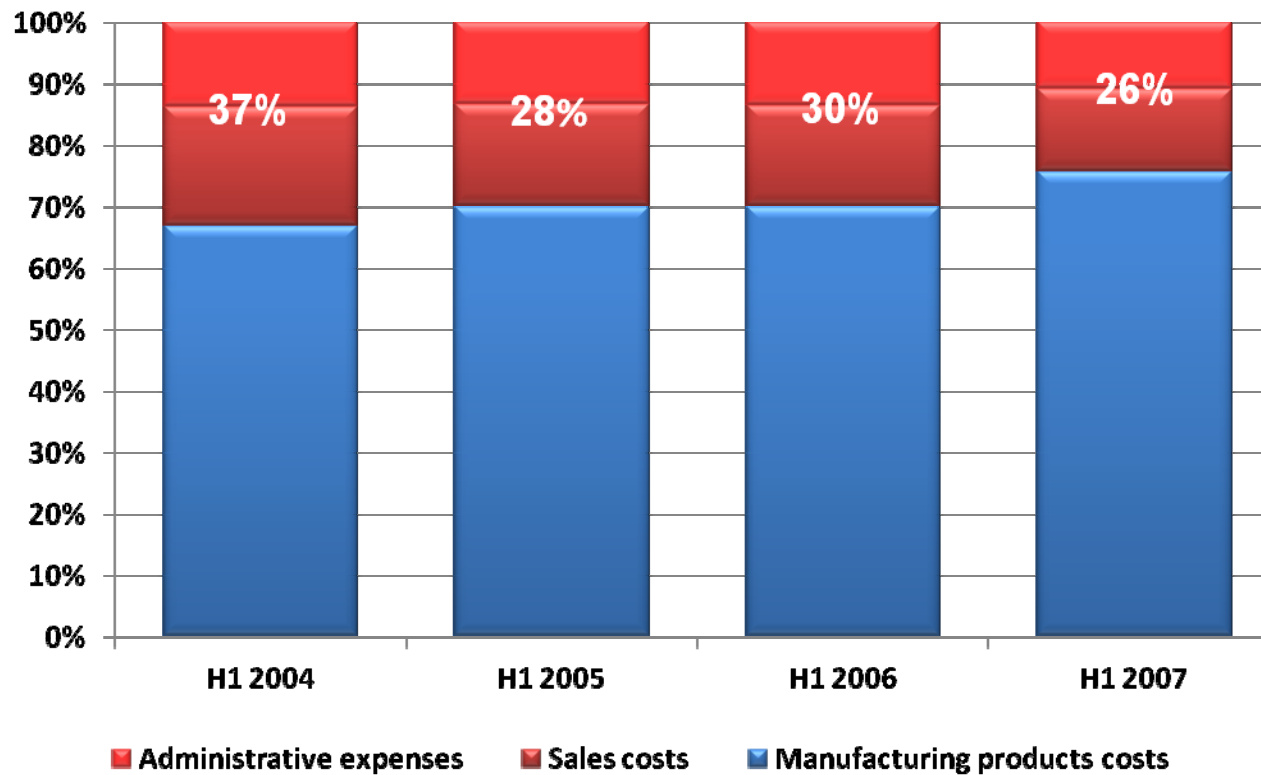
Sales Structure Q1 - Q2 2007



Sales Structure excluding Contract with the Ministry of National Education Q1 - Q2 2007



Decrease in Share of Administrative and Sales Costs in Total Costs



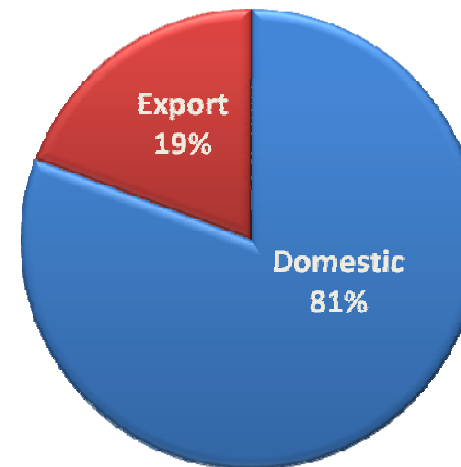
Revenue	H1 2007	%	H1 2006	%
Domestic	218,217	80.7%	144,515	77.4%
Export	52,192	19.3%	42,309	22.6%
Total	270,409	100%	186,824	100%

Revenue	H1 2007	%	H1 2006	%
Domestic	181,447	78.0%	144,514	77.0%
Export	52,192	22.0%	42,309	23.0%
Total	233,639	100%	186,824	100%

Geographical Sales Structure H1 2006



Geographical Sales Structure H1 2007



Geographical Sales Structure excluding Contract with the Ministry of National Education H1 2007



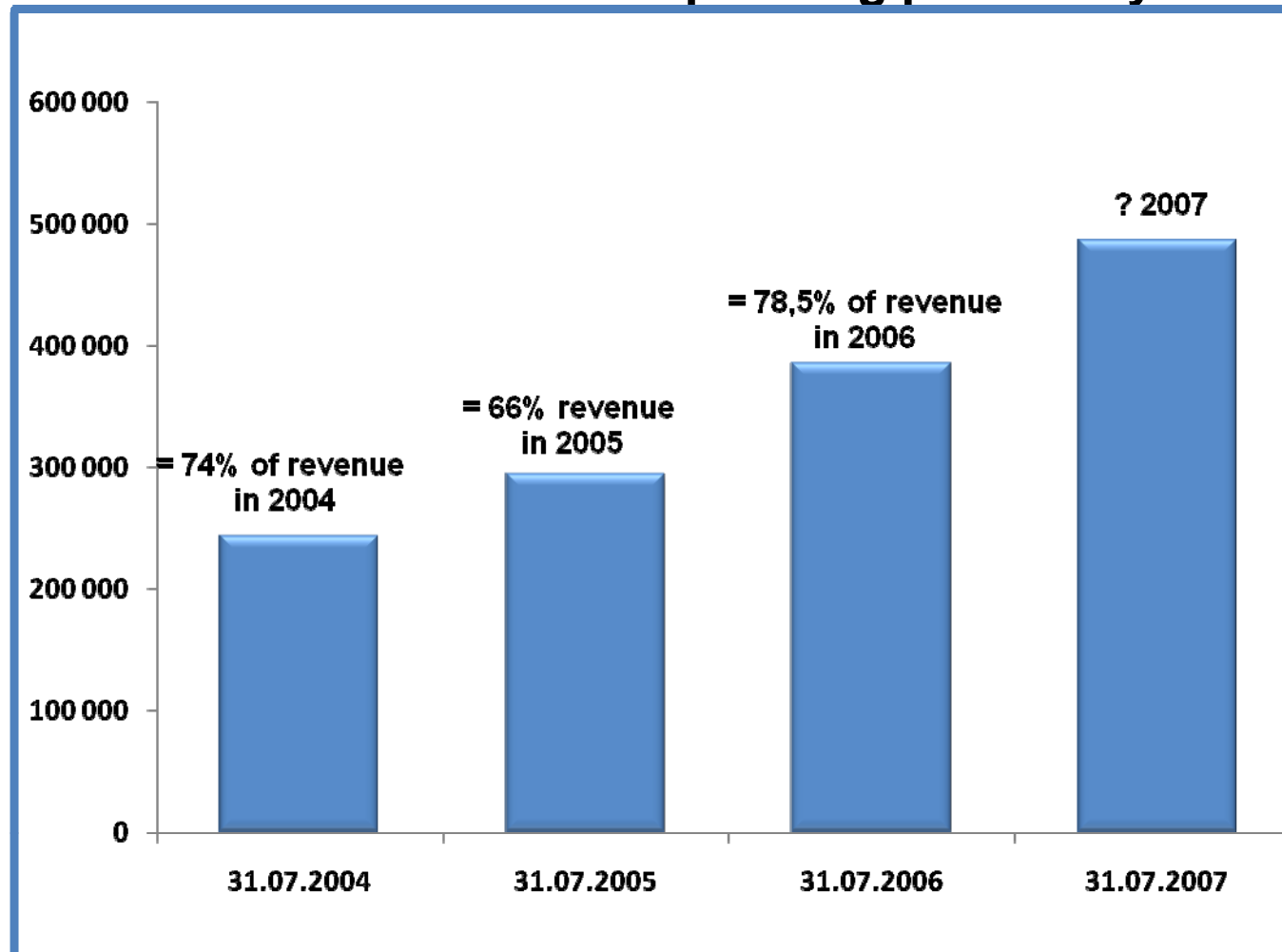
Backlog for the current year is higher by 26 % than in the previous year

Backlog for the previous year	As at 31 July 2007	As at 31 July 2006	Change
Revenue contracted for the current year	487,176	386,072	26.2 %
Including export contracts	95,618	78,880	21.2 %
<i>Share of export contracts</i>	19.6 %	20.4 %	
Including services and proprietary software	306,037	274,640	11.4 %
<i>Share of services and proprietary software</i>	62.8 %	71.1 %	

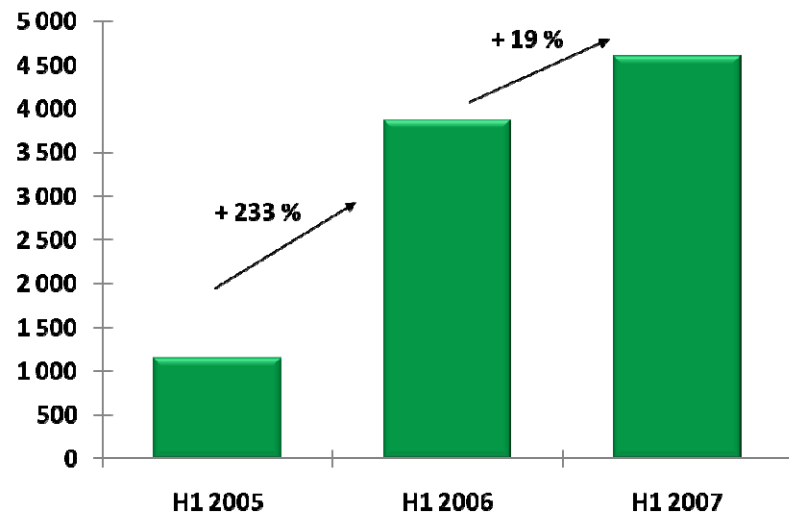
Backlog for the current year is higher by 15 % than in the previous year

Backlog for the previous year	As at 31 July 2007	As at 31 July 2006	Change
Revenue contracted for the current year	445,599	386,072	15.4 %
Including export contracts	95,618	78,880	21.2 %
<i>Share of export contracts</i>	<i>21.5 %</i>	<i>20.4 %</i>	
Including services and proprietary software	306,037	274,640	11.4 %
<i>Share of services and proprietary software</i>	<i>68.7 %</i>	<i>71.1 %</i>	

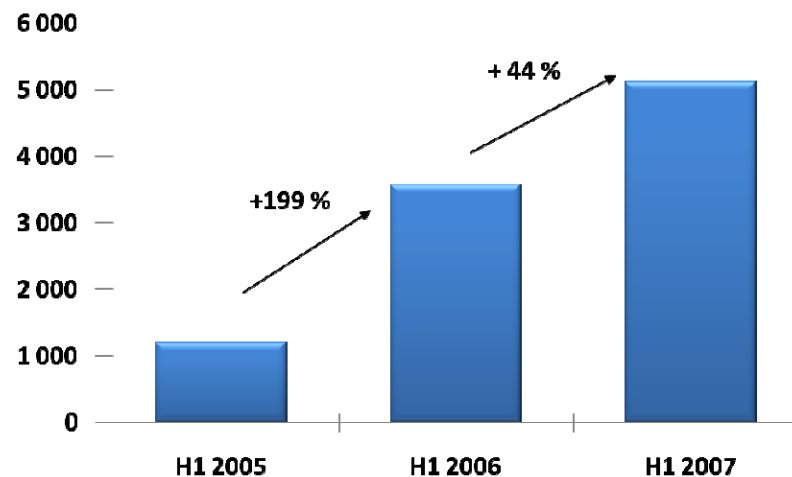
Continuous increase in backlog constitutes a basis for dynamic increase in revenue of the Group during previous years



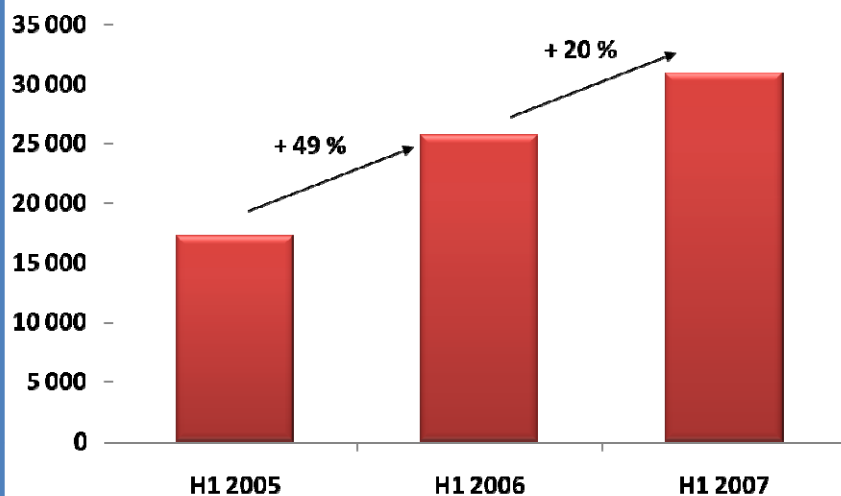
Operating Profit H1 2005-2007



Net Profit H1 2005-2007



Revenue H1 2005-2007



	H1 2006	H1 2007
Revenue	25,675	30,897
Operating profit	3,867	4,595
Net profit	3,566	5,118
Net margin	14 %	17 %
Operating margin	15 %	15 %