

ComArch S.A. Supervisory Board Report 2008

Until the 25th of June, 2008, the date of ComArch S.A.'s Annual General Shareholders' Meeting, the following were members of the Supervisory Board:

- Elżbieta Filipiak – Chairman
- Maciej Brzeziński – Vice-Chairman
- Wojciech Kucharzyk – Member
- Anna Ławrynowicz – Member
- Tadeusz Syryjczyk – Member

From the 25th of June, however, the Supervisory Board operated with the following members:

- Elżbieta Filipiak – Chairman
- Maciej Brzeziński – Vice-Chairman
- Maciej Czapiewski – Member
- Wojciech Kucharzyk – Member
- Anna Ławrynowicz – Member
- Tadeusz Syryjczyk – Member

In accordance with the written declarations submitted by the members of the Supervisory Board of ComArch S.A. to the Management Board of ComArch S.A. four of the six members of the Supervisory Board fulfil the criteria for independence from the company and from entities closely linked to the company.

The Supervisory Board sat six times in 2008: 3rd of March, 21st of April, 19th of May, 9th of June, 2nd of September and 8th of December. In addition, the Supervisory Board passed resolutions in correspondence (written) mode on 7th of August.

The major subjects addressed by the Supervisory Board at the sittings were:

- a) monitoring and analysis of the financial situation at the company and Capital Group
- b) assessments of the Management Board's progress in implementing the company's strategy
- c) risk analysis and assessment for the company's operations
- d) formal-legal issues
- e) drawing up a list of key employees and the coefficients of the individual options within the scope of the management stock option program for key employees 2009.

The Supervisory Board's scope of activities and the resolutions it considered in 2008 are set out in detail in the minutes from its sittings, which are to be found at the company's headquarters at Al. Jana Pawła II 39A.

In connection with principle no. 1 of the Best Practice for Supervisory Board Members arising from the third part of the 'Code of Best Practice for WSE Listed Companies', resolution 4/6/2008 of the 9th of June, 2008 the Supervisory Board of ComArch S.A. recorded a positive verdict with respect to the draft resolution of the Annual General Shareholders' Meeting which took place on the 25th of June, 2008.

On the 9th of June, 2008 in line with point no. 1. 6) of the 'Best Practice for Management Boards of Listed Companies' arising from the second part of the 'Code of Best Practice for WSE Listed Companies', ComArch S.A.'s 'Supervisory Board Operations and Performance Report' was published.

With reference to the scope of the report, the Supervisory Board monitored the current performance of the company and, within the terms of its responsibilities, gave its expert opinion concerning ComArch S.A.'s planned operations and those already in progress. In particular, the Supervisory Board reviewed the quarterly, six-monthly and annual (consolidated) financial statements of ComArch S.A. (the Comarch Group). With the publication of each of the financial reports there followed a sitting of the Supervisory Board. At these meetings the Board analyzed the scope, rectitude, correctness and transparency of the data (including the financial data) presented by the company. In this respect, the company's Management Board and authorized employees provided the Supervisory Board with access to documents and other information sources, prepared the necessary presentations for the Supervisory Board and were forthcoming with essential explanations and clarifications regarding the company's financial situation, activities undertaken by the company and details of cooperation with partners.

It is the opinion of the Supervisory Board that the accounting methods adopted by the company and the Capital Group have been applied in accordance with the provisions of the law. It is the opinion of the Supervisory Board that cooperation with the Management Board of ComArch S.A. has been entirely successful and the Management Board has presented the necessary information correctly, clearly and with rectitude.

It is the opinion of the Supervisory Board that the entities authorized to audit the financial statements of ComArch S.A. and the Comarch Capital Group were selected within the terms of the prevailing law, and that the statutory auditors conducting them met the conditions required for expressing an unbiased and independent opinion in compliance with Polish law. In 2008 Deloitte Audyt Sp. z o.o. was the entity authorized to investigate and review the financial statements of the company. The agreement with Deloitte Audyt Sp. z o.o. to provide auditing services for ComArch's financial statements was concluded on the 29th of August, 2008 for a period of one year.

By resolution no. 1/03/2008 of the 3rd of March, 2008 and resolution no. 2/3/2009 of the 9th of March, 2009 the Supervisory Board decided that the responsibilities of the Auditing Committee in ComArch S.A. shall be assumed by the Supervisory Board. With regard to the powers of the Committee, the Supervisory Board may request or demand the participation of additional people in its sittings, such as experts or members of the Management Board. A few select members of the Supervisory Board, i.e. 6 persons, may receive all explanations, analyze, as well as dispute at a session when all members are present.

2008 Supervisory Board Work Appraisal

In 2008, the ComArch S.A. Supervisory Board operated according to the Rules for the Supervisory Board dated the 25th of June, 2008, the Statute of ComArch S.A., the Corporate Governance Principles in effect at the company and included in the 'Code of Best Practice for WSE Listed Companies', as well as the binding law, while bearing in mind the company and its shareholders' interest.

The Board of Supervisors continuously maintained control of company activities, acquiring information regarding particular ComArch S.A. activity areas from the company's Management Board.

The Supervisory Board considers its work within the reporting period as positive.

**Assessment of the Company's Situation
with Regard to an Appraisal of the Internal Controlling and Risk
Management Systems Vital to the Company**

The Supervisory Board delivered a positive opinion concerning the growth strategy based on expansion abroad and development of proprietary products adopted and executed by the company in 2008. After several years of expansion abroad the Comarch brand is well-recognized both in Poland and around the world and is linked with technologically advanced IT systems, high quality services and a professional approach to customers.

It is the opinion of the Supervisory Board that the most important contracts won in 2008 were the following: contracts with Alior Bank to supply many banking IT systems, a contract with the National Education Ministry to deliver educational software, a contract to implement a comprehensive IT solution to Węglokoks S.A., new contracts to implement loyalty systems for Lotos, S7 Airlines and Bayer CropScience), as well as first supplies of Altum software for German customers.

It is the opinion of the Supervisory Board that acquiring control of the German ERP software producer, SoftM Software und Beratung AG was a notable event in 2008. Thanks to the cooperation with SoftM, Comarch now has the possibility to target a wide group of customers with the company's comprehensive product offer, on strategically important markets in Western Europe, which will secure a continuation of the dynamic growth of the company on foreign markets in the subsequent periods of time.

The Supervisory Board considers it of great benefit to secure the company against fluctuations across specific sectors of the economy and regions of the world by maintaining sectoral and geographical revenue diversification. It is vital to the long-term growth of ComArch S.A. to maintain investment in the most advanced technology, in innovative products and in human capital. This is being achieved by investment in R&D alongside the steady development of production resources in Kraków, the Polish regional centres and at the competence centres abroad. Against a background of sustained high growth ComArch S.A. continued in 2008 to develop its production resources. At the beginning of 2009, the fourth conference and office building in the Kraków Special Economic Zone was completed and ready for use. As a result, Comarch now has high quality workspace for various types of enterprises, with the participation of customers and employees.

In 2008 the Supervisory Board also conducted continuous analyses of risk areas connected with the company's operations as well as assessing the way these risks were being managed by the Management Board.

As in previous periods the most significant operational risks were identified as follows:

- a) risk associated with R&D (creating and developing new proprietary software products)
- b) risk associated with failing to fulfil the terms of contracts and the resulting necessity to pay contractual penalties, and of the use by customers of the guarantees of satisfactory contract performance given them
- c) risk involved in correctly assessing how much time is required for long-term contracts
- d) risk presented by the political and legal environment connected with export contracts and acquiring control of SoftM Software und Beratung AG
- e) risk encountered when assessing the financial standing of foreign customers (limits to monitoring and checking)
- f) the tax risk of operating in a Special Economic Zone and that generated by the unstable tax and legal environment in Poland
- g) the risk that internal control and management procedures will not function well when employment at the company and the scale of its operations are expanding rapidly
- h) the risk that growing competition between IT companies will reduce margins
- i) pressure to increase salaries and remuneration in the IT sector
- j) the international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services
- k) exchange rate levels which are unfavourable for exporters, especially EUR/PLN and USD/PLN, and which effect profitability of export sales.

With regard to financial risk the Supervisory Board detects the following threats:

- a) credit risk
- b) interest rate fluctuations
- c) exchange rate fluctuations
- d) financial liquidity risk.

The Supervisory Board considers the Management Board competent to correctly identify the Company's operational risks and manage them effectively. The financial statements present a true and accurate account of the Company's situation.