COMARCH

Comarch Software und Beratung AG

Annual Report 2011

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Comarch Software und Beratung AG in figures

Group (IFRS/IAS values in million EUR)	Group 2011	Group 2010	Group 2009
Revenue	28.5	36.9	38.9
Standard Software	14.9	16.7	17.6
Consulting	9.9	12.5	13.7
System Integration	3.7	7.7	7.5
EBITDA	-1.2	-1.7	-2.4
EBIT	-4.4	-7.1	-7.1
EBT	-4.4	-7.1	-7.2
Net profit	-4.4	-7.0	-5.8
Result per share (in EUR) for 3,348,160 shares (previous year modified 2,160,000) average number of shares in circulation	-1.32	-3.27	-0.89
Balance Sheet Total	18.3	20.4	24.3
Equity Capital	7.2	4.7	11.7
Investments	1.6	2.0	1.8
Depreciation and amortization	3.1	5.4	4.8
Cash flow (operational)	-2.8	0.7	2.4
Personnel costs	18.7	22.8	23.0
Average number of employees over the year	276	331	387

Contents

Comarch Software und Beratung AG

Comarch Software und Beratung AG (formerly SoftM Software und Beratung AG) with its head office in Munich is a leading supplier of information technology (IT) for medium-sized enterprises. Through its all-in-one IT solutions, Comarch Software und Beratung AG helps SMEs to optimize their business processes and gain that all-important competitive edge. The company was founded in 1973 and today has a team of 244 employees serving around 3,000 customers at 13 sites throughout Germany, Austria and Switzerland.

The company has been listed on the Frankfurt Stock Exchange since July 1998. The main shareholder is the Comarch Group, a globally active IT company with around 3,500 employees in 40 locations in 19 countries. The Group's parent company is Comarch S.A., which has its head office in Krakow. This company was founded in 1993 and is listed on the Warsaw Stock Exchange; it follows a long-term growth strategy that is based on software products it has developed itself. Comarch is active in the target markets of telecommunications, retail, banks and insurance companies, public administration, IT infrastructure and SMEs (small and medium-sized enterprises) as a supplier of software, consulting, integration and programming services. Comarch Software und Beratung AG is part of the Comarch Group and supplies IT solutions to medium-sized enterprises and IT infrastructure.

Comarch Software und Beratung AG is active in three business lines:

- Standard software: Development, sale and implementation of integrated business management standard software
- Consulting: Services to introduce and support software products used by customers
- System integration: Products and services related to IT infrastructure

Standard software business line

The product range in the standard software business line covers enterprise resource planning software (ERP) to support the whole value creation chain of medium-sized enterprises (sales, customer relationship management, procurement, inventory management and logistics, production, bookkeeping and controlling) as well as additional solutions for data communication (EDI) and document management (DMS/ECM).

The product line with the strongest growth is Comarch ERP Enterprise (formerly: Comarch Semiramis), ERP software that has been designed from the ground up for internet use and has been completely programmed in Java. Special features of Comarch ERP Enterprise: as a zero administration client, all of its functions are accessed via internet browser; its simple, award-winning, intuitive design ensures high user acceptance and productivity; and the fact that users are able to work together over the internet beyond office and company boundaries improves supply chain efficiency. With over 350 customer installations, Comarch ERP Enterprise occupies a leading position among the new generation of ERP systems.

We continue to offer the trusted ERP solution Comarch Financials Suite (formerly: Comarch Suite), which is focused on selected target markets - platform: IBM System i; industries: process industries, in particular food producers and retail. Customers can rely on a secured release policy for Comarch Financials Suite which allows use of the product over a long period of time. They can also take advantage of the opportunity offered by Comarch ERP Enterprise to change to the open Java world at any time they choose.

For many years Comarch has focused on accounting solutions that are not only sold as integrated modules of ERP systems but are also available as so-called standalone solutions. The range covers the platform-independent Java solution Comarch Financials Enterprise and products for the platform IBM System i: Comarch Suite, Comarch Financials DKS and Comarch Financials Schilling Software.

Comarch has a modern EDI solution that is comprehensively integrated into its own ERP systems for data communication. Also fully integrated into the ERP solutions is Comarch ECM, a software program for document management and enterprise content management that offers comprehensive functions for medium-sized enterprises on the basis of the most up-to-date technology and ergonomics.

All Comarch business software solutions can also be used on-demand. With its own computer centers, Comarch is positioned as a supplier of cloud computing, by which both the software solutions and the IT infrastructure are provided as online services.

The software solutions are offered to the market both directly by the company's own sales team and indirectly via sales partners. Most recently, the partner network for Comarch ERP Enterprise has developed remarkably quickly. As well as selling and installing the standard software, a growing number of partners are also offering industry-specific solutions which they have developed based on Comarch ERP Enterprise, aimed, for example, at the clothing and textile industries, suppliers, in particularly in the automotive industry, or multi-product manufacturers such as those in the furniture industry.

Consulting business line

In the consulting business line, appropriate services (consulting, adaptation programming, data transfers etc.) are offered in a decentralized organization in 13 locations in Germany, Austria and Switzerland in order to introduce the products to the customers. The consultants carry out implementation studies in advance of the software introduction and support customers in implementing and modifying the software and new releases. Other consulting line services include training and support.

System integration business line

In this field, Comarch is a full service provider with a cross-platform product range for the whole range of IT infrastructure - from server and storage systems, peripherals, networks and system-oriented software to DMS/ECM systems. The product range includes virtualization and server consolidation solutions, backup solutions, high availability solutions, security solutions, e-mail archiving solutions and digital signature solutions. Comarch therefore embodies the general infrastructure expertise that SMEs are looking for.

As a full service provider, Comarch takes full responsibility for the customer's IT infrastructure, from conception and planning to installation and support. The company has been IBM's business partner for several years and, as its Premier Business Partner, has the highest IBM partner status.

Management and Supervisory Board

The Management Board	The Supervisory Board
Dr. Christoph Kurpinski Chairman of the Management Board (since 9/2011)	Konrad Tarański Chairman of the Supervisory Board
Prof. Janusz Filipiak Sales Director South (since 9/2011) Chairman of the Management Board (up to 8/2011)	Katharina Bania Vice Chairman
Łukasz Wąsek Finance Director (since 1/2012)	Prof. Dr. Hans Zangl
Ludwig Ametsbichler Finance Director (up to 12/2011)	
Piotr Piątosa Sales Director North (up to 11/2011)	
Ralf Gärtner Marketing Director (up to 1/2011)	

Supervisory Board report

Dear Shareholders,

fiscal year 2011 was full of challenges for the Comarch Software und Beratung AG group. After the loss of over 50% of the equity in April 2011 of the core company Comarch Software und Beratung AG, the annual and extraordinary Annual General Meeting on June 8, 2011 passed resolutions to reduce the capital in the ratio 3:1 with a subsequent capital increase in the ratio of 1:2. With the subsequent implementation of the measures it was possible to significantly improve the company's capital situation. The company therefore received around €6.8 million in fresh capital in September 2011. With the capital increase the holding of majority shareholder Comarch AG, Dresden, in Comarch Software und Beratung AG was increased to 92.3%.

The cooperation with the majority shareholder to raise synergies was further expanded. The marketing was simplified and the product names changed to enable efficient marketing. Individual products of one company were included in the relevant sales ranges of the other company. The new development of Comarch Financials Enterprise which matches the Comarch-ERP Enterprise product was released for sale in 2011. With regard to both the ERP product Comarch-ERP Enterprise and the new Comarch Financials Enterprise accounting package, significant human resources and cost-effective development capacities were made available by Comarch in Poland.

During fiscal year 2011 the Supervisory Board was closely involved with Comarch's economic and financial development, strategy and planning. During the reporting period it exercised its advisory and supervisory duties, as defined by law and in the articles of association, with great care. It regularly advised the Management Board on the running of the company and monitored its business management during fiscal year 2011. The Supervisory Board was involved in every significant decision affecting the company.

The Management Board provided the Supervisory Board with regular, timely and comprehensive information. In the total of six meetings of the Supervisory Board in fiscal year 2011 the Management Board reported to the Supervisory Board on strategy and planning, the economic and financial development of the company and, most importantly, significant business events in three meetings. In addition, members of the Supervisory Board were also kept informed about the current business outlook and key business transactions through regular one-to-one discussions with members of the Management Board. The Supervisory Board gave its agreement to all the matters placed before it as requiring approval under the rules of procedure relating to the Supervisory Board and Management Board. Due to its small size, the Supervisory Board did not form any subcommittees during fiscal year 2011.

Meetings of the Supervisory Board, main focus of advice and supervision

The difficult business situation required particularly intensive work with the Supervisory Board. A total of six Supervisory Board meetings took place in fiscal year 2011, of which three were carried out as conference calls. All members of the Supervisory Board took part in each of the meetings held during fiscal year 2011.

The March 2011 meeting focused on the 2010 financial statements of Comarch Software und Beratung AG as well as the consolidated financial statements for that year plus the joint 2010 management report of Comarch Software und Beratung AG and the group. This meeting was attended by the auditor of the annual financial statements, who reported on key aspects of the audit. The agenda and draft resolutions for the 2011 Annual General Meeting were also discussed at this session. During a conference call in April 2011, the SB agreed to the extraordinary general meeting and the measures to improve the capital. Also in a conference call on September 1, 2011, the SB appointed the new director and chairman of the management board Dr. Christoph Kurpinski.

The meetings held in August and November 2011 focused on the economic and financial development, strategy and planning of the company as well as product development and product-related business development.

Personnel

As a result of the new election of the Supervisory Board at the 2010 annual general meeting and the modification in November 2010, the composition of the Supervisory Board did not change in 2011. In addition to his position as Chairman of the Supervisory Board of Comarch Software und Beratung AG, Mr. Konrad Taranski is also a member of the Management Board of Comarch S.A., Krakow/Poland and chairman of the Supervisory Board of Comarch AG, Dresden. Ms. Katharina Bania, deputy Supervisory Board chair, is also chair of the Management Board of Comarch AG, Dresden. Prof. Dr. Hans Zangl, member of the Supervisory Board, holds a professorship in business administration. He was able to demonstrate the required degree of independence under Section 100 Para. 5 of the German Stock Corporation Act (AktG) as well as an appropriate level of technical knowledge.

Corporate governance

The Supervisory Board has taken into account the amendments to the German Corporate Governance Code of May 2010. In accordance with Section 161 German Stock Corporation Act (AktG), the Supervisory Board and Management Board have each provided an updated declaration of conformity and made this continuously available to shareholders on the Comarch website. Further information on corporate governance can be found in the corporate governance report included in the 2011 Annual Report.

Auditing of the annual and consolidated financial statements

The auditors Akanthus GmbH have audited the annual accounts of Comarch Software und Beratung AG (in accordance with HGB), the consolidated accounts (in accordance with IFRS), and the annual report of Comarch Software und Beratung AG to December 31, 2011 and given an unqualified audit opinion. The Comarch Software und Beratung AG and consolidated financial statements, annual report and audit reports have been made available to the members of the Supervisory Board, reviewed by them, and discussed in detail with the Management Board and auditors at the balance sheet meeting on March 28, 2012. There were no objections. The Supervisory Board approved the accounts drawn up by the Management Board, which are hereby adopted.

Auditing of the report of the Management Board regarding relations with affiliated companies

Comarch S.A., Krakow, has been majority shareholder in the equity capital of Comarch Software und Beratung AG, via its subsidiary Comarch AG, Dresden, since 11/18/2008 and is therefore the controlling company of Comarch Software und Beratung AG under Section 312 German Stock Corporation Act (AktG). Under Section 5 AktG, the Management Board of Comarch Software und Beratung AG is required to draw up a subordinate status report regarding the company's relations with affiliated companies. The report for the 2011 fiscal year contains the following closing declaration: "The company received fair consideration in all transactions listed in the report on relations with affiliated companies. Pursuant to Section 312 Para. 3 Sentence 3 of the German Stock Corporation Act (AktG), it has neither undertaken nor refrained from undertaking any other measures. This assessment is based on the circumstances known to us at the time of our reporting obligation."

The auditors have audited the report and given the following unqualified opinion:
"Following the mandatory audit and assessment carried out by us, we confirm that
1. the information in the report is correct,
2. the payments made by the company for transactions listed in the report were not inappropriately high."

The report of the Management Board and the audit report of the auditors have been made available to the Supervisory Board. After carrying out its own review of the subsidiary status report, the Supervisory Board has not found any grounds for complaint and agrees with the opinion of the auditors.

The Supervisory Board would like to thank the Management Board and the staff for the work they have performed and their considerable personal commitment during the 2011 fiscal year.

Munich, March 2012

Chairman of the Supervisory Board

Konrad Taranski

Management Board Report and Consolidated Management Report for Comarch Software und Beratung AG

Business and framework conditions

2011 was again characterized for Comarch by restructuring and a new strategic alignment. The DASD (**D**ecentralization of organization, lean **A**dministration, **S**ales driven organization, **D**evelopment increase) program, which was started as early as mid-2009, to reduce costs, make the structures slimmer, provide a market-oriented strategy and extend software development was continued consistently. Although economic development in the DACH (Germany, Austria, Switzerland) region was good in 2011 and German gross domestic product grew further, medium-sized enterprises - Comarch's target market - continued to face problems. Many customers and potential customers continue to find it difficult to finance demanding software projects, projects already started have been paused due to a lack of finance or their time frame extended.

Comarch Software und Beratung AG itself had to withstand high special charges for restructuring although investments in product development remain high. So with the aid of additional development capacity by the parent company in Poland, it was possible in around two years to develop a complete and fully integrated accounting package for the Comarch ERP Enterprise software (formerly: Comarch Semiramis). This development is extremely important for the Group so that it is able to offer a complete solution on the one hand and on the other to be able to offer a porting option for the existing financial solutions Comarch Financial Suite, Comarch Financial DKS and Comarch Financial Schilling. Comarch has been able to provide and implement potential customers with a modern, thorough and homogeneous ERP solution since 2011. It is however also possible to market this modern software only as an accounting application.

By involving the Comarch Group, Krakow, we have succeeded in overcoming this year which was extremely difficult in financial terms. The EBITDA for fiscal year 2011 was again negative overall although in the fourth quarter of 2011 it was possible to record a positive EBITDA.

The parent company Comarch S.A., Krakow, Poland is an international supplier of IT solutions to optimize the business process and customer relationship management. Founded in 1993, the Group has established itself globally and now employs around 3,500 people in 40 locations in 19 countries. In 2011 the Comarch Group recorded consolidated revenues of around €190 million and a consolidated net profit of around €9 million. The company is active in the target markets of telecommunications, retail, banks and insurance companies, public administration, IT infrastructure and SMEs (small and medium-sized enterprises) as a supplier of software, consulting, integration and programming services. Comarch Software und Beratung AG is part of the Comarch Group and supplies IT solutions to medium-sized enterprises and IT infrastructure.

The three business lines of standard software, consulting and system integration have seen different development over the fiscal year.

In the **standard software business line** (business management software for Enterprise Resource Planning and Financials) Comarch

Software und Beratung AG develops and sells modern business software to medium-sized enterprises.
With the ERPII software Comarch ERP Enterprise incl. the newly developed accounting package Comarch Financials Enterprise, Comarch has a modern software solution that has been awarded multiple prizes for its technology and ergonomics. Comarch ERP Enterprise is completely object-oriented and developed in the JAVA programming language; it can be run on the common server operating systems Microsoft Windows, Linux and IBM System i as well as on the databases Oracle, Microsoft SQL Server and IBM DB2/400. In addition to the trusted ERP solution Comarch ERP Suite (formerly: Comarch SoftM Suite), which was only available on the IBM System i server platform and addressed in particular the retail and food industries, Comarch now has platform-neutral ERPII software that has been designed to meet the requirements of various industries as a cross-industry solution.

Comarch ERP Enterprise is offered to the market both directly with our own sales team and indirectly through a close network of sales partners. Comarch also offers these sales partners the opportunity to develop and offer their own industry solutions based on Comarch ERP Enterprise. The positioning of Comarch ERP Enterprise as a platform for partner products is supported by modern software technology in the form of an add-on infrastructure. This enables Comarch to open up additional industries for the Comarch ERP Enterprise product and to therefore continuously expand the range of uses.

In addition to the ERP solutions with the integrated financial applications, Comarch also markets the financial applications separately as stand-alone accounting solutions. The portfolio also covers the accounting solutions Comarch Financial DKS and Comarch Financial Schilling which can run on the IBM i server operating system. As an addition to both the ERP solutions and the financial applications, the company also offers the document management system Comarch ECM (formerly: Infostore ECM).

In the **consulting business line** Comarch Software und Beratung AG offers services in a decentralized organization (consulting, modification programming, data transfers etc.) in order to introduce the products for customers. The consultants carry out implementation studies in advance of the software introduction and support customers in implementing and modifying the software and new releases. Other services include training and support.

In the **system integration business line** Comarch sells products and solutions for operating and expanding the IT Infrastructure. Comarch sees itself in this business line as a "full-service supplier" and has comprehensive competencies for server and storage systems, network technologies, security and high availability solutions, virtualisation solutions and software close to the system level. The main supplier in this business line is IBM but Comarch also sells products from numerous other well-known manufacturers.

Development of revenue and profit

In the standard software business line, Comarch recorded a fall in sales of €1.8 million to €14.9 million (previous year €16.7 million).

In the consulting business line revenue fell by €2.6 million to €9.9 million (previous year €12.5 million).

The third business line system integration also saw a fall in revenue to €3.7 million (previous year €7.7 million).

Overall the Comarch Group recorded a €8.4 million fall in revenues in fiscal year 2011 to €28.5 million (previous year €36.9 million).

The group's operating result before taxes, interest and depreciation, EBITDA, calculated using IFRS, was again negative, but improved over the previous year by €0.5 million to -€1.2 million (previous year -€1.7 million). The Group EBT recorded a loss of -€4.4 million (previous year -€7.1 million). These numbers include one-off book losses - that do not affect the expenses - due to a depreciation of goodwill totaling €0.5 million (previous year €2.9 million). The results were also affected by extraordinary expenses for restructuring measures associated with job losses totaling around €0.8 million.

The cost savings and efficiency improvement programs started in 2009 had positive effects but were not able to balance out the operational losses.

The loss after tax totaled -€4.4 million (previous year -€7.0 million). In 2011 the asset-side deferred taxes remained restricted to the liability-side deferred taxes, resulting in effects on the profit of just €1,000. The actual taxes on profit showed tax income totaling €8,000, which mainly came from other periods.

The loss per share was -€1.32 (previous year €3.29) for 3,348,160 (previous year modified to 2,160,000) average number of shares in circulation.

The individual financial statements of Comarch Software und Beratung AG produced using the German Commercial Code (HGB) show a loss for the year of €5.5 million (previous year -€6.2 million). As a result of the negative tax income no periodic profit tax expenses were shown for fiscal year 2011; a tax reimbursement from previous years totaling €8,000 is shown. In order to partially balance out the loss for the year using the German Commercial Code (HGB) method, income from the capital reduction totaling €4.3 million and the capital reserve totaling €2.8 million were used. The balance sheet loss is therefore €0.4 million (previous year -€2.0 million) so the existing capital and profit reserves are utilized completely. The total capital of Comarch Software und Beratung AG shown in the books after the capital reduction and subsequent capital increase (€4.053 million) plus the share premium (€2.837 million) was as of December 31, 2011 a total of €5.8 million (previous year €4.4 million).

Financial position

As a result of the consolidated loss, in fiscal year 2011 the Comarch Group recorded a negative operating cash flow of €2.8 million (previous year +€0.7 million). There was an increased need for finance in working capital due to the reduction in the reserves and liabilities. It was only possible to partially compensate for this via depreciation not affecting payments totaling €3.1 million (previous year €5.4 million).
The investment sector shows overall a negative balance totaling €1.6 million (previous year €2.0 million). Payment outflows of €0.1 million (previous year €0.2 million) were recorded for investments in non-current assets; investments in intangible current assets (asset-side development expenses and acquired rights) required financing of €1.55 million (previous year €1.9 million).

There were opposing developments in the financing sector. On the one hand the group received €2.8 million by taking on new loans. On the other the repayments for loans totaled €3.6 million (previous year €2.3 million). The loans have variable interest rates and these are currently set at around 3%.

As a result of the funds flowing into the company from the capital increase of around €6.9 million, it was possible to completely repay the overdrafts totaling €1.6 million used in the previous year in full. On the key date there was only a loan from the short-term financing of hardware sales of €0.2 million.

Financial funds on the key balance sheet date totaled €2.2 million compared with €0.5 million in the previous year. Financial resources totaling €0.3 million are pledged to secure guarantee loans.

The liabilities to affiliated companies include loans by the parent company totaling €2.7 million.

Leasing is used as a financial instrument to finance company cars and larger IT systems.

Asset position

Fiscal year 2011 has resulted in changes to the key balance sheet figures. The balance sheet total fell due to lower business volume and the lower value of goodwill due to extraordinary depreciation of €18.3 million (previous year €20.4 million). As a result of the capital measures in 2011, the level of equity rose in spite of the loss for the year to €7.2 million (previous year €4.7 million). The equity ratio improved on the basis of the balance sheet total from 23% to 39%. In addition to equity, the group also has access to long-term third-party capital covering €1.9 million (previous year €1.9 million) (of which €1.7 million for deferred tax debts). Long-term capital is therefore €9 million compared with €6.6 million in the previous year.

The long-term assets were €12.2 million (previous year €13.7 million); their share of total assets fell from 67.1% to 66.3%. Long-term assets were therefore covered to 74% by long-term capital (previous year 48%).

Share and price development

The price of the Comarch Software und Beratung AG shares was influenced in 2011 by the capital reduction and subsequent capital increase. At the end of 2010 the Xetra price was €1.75, the price after the capital measures and conversion to the new ISIN was €1.518 on October 28, 2011 and €1.401 at the end of 2011. On March 9, 2012 the share price in XETRA trading was €1.65.

Consolidation scope, acquisitions

The consolidation scope changed in 2011. SoftM France Sarl left the consolidation scope and was excluded from the consolidated financial statements as of December 31, 2011.

Comarch Software und Beratung AG did not acquire any companies in fiscal year 2011. There are currently no plans to take over other companies or products.

Research and development

Large amounts of money were also spent in fiscal year 2011 on R&D services. The nearshoring concept started in 2009 that established an additional developer team in Poland alongside group parent company Comarch S.A. in order to develop additional functions and modules for the Comarch ERP Enterprise product and the new accounting Comarch Financials Enterprise module was also continued in 2011.

Research and development activities mainly focused on new and further development within the Java product lines.

The development project to provide an accounting solution that is fully integrated into Comarch ERP Enterprise (formerly: Comarch Semiramis) which was started in the first quarter of 2009 has continued in 2011 under the add-on infrastructure. This technique meant that accounting development could continue independently of the development of the core ERP system; new releases of the accounting module can be developed and supplied independently of the release cycle of the ERP system (e.g. frequent accounting updates due to statutory changes). As planned it was possible for this new product Comarch Financials Enterprise, with the financial and asset accounting, cost accounting and controlling applications to enter beta testing in autumn 2010, be installed with pilot customers in the fourth quarter of 2010 and be released for sale in the first quarter of 2011. The focus areas of the development were additional new functions for electronic banking (reading bank statements), liquidity management (analyzing payment behavior) and country versions for Switzerland and Austria.

For the Comarch ERP Enterprise system the development focused on Release 5.1, which was released for sale at the end of 2011. It was therefore possible to provide information applications for smartphones such as the iPhone for new mobile solutions directly from the ERP system and these can be used to call up key business indicators as well as provide information on customers, items, open postings, statistics and indicators. It also provides numerous new and extended CRM functions such as campaign management in marketing, CTI connection and duplicate checks. These innovations and the complete support for end user prices and payment in advance are important for such industries as the online retail target industry. Especially for the requirements of the food and drinks industry, new functions for handling deposits and empty goods as well as re-using transport resources (containers) were provided in warehouse logistics.

The key developments for the IBM i platform product line included:

For the Comarch ERP Suite product (formerly: Comarch SoftM Suite) Release 4.0 was completed and released in the first 6 months of 2011. Here the focus was on new additional components that are offered under the name "Comarch ERP Suite Office Plus". They are based on close integration of MS Excel in the financial applications and offer convenient financial planning functions. The cash book function is also new and this enables cash sales, e.g. for employee sales, to be supported. New notification functions were developed by email/SMS for operator jobs and other round-off projects were undertaken.

For the Comarch Financials Schilling (formerly: Comarch Schilling) accounting solution, various new functions relating to asset management were developed. The development of a new module for automatically posting bank statements was continued and this expands the existing functions for electronic bank postings.

For the Comarch Financials DKS (formerly: Comarch DKS) accounting solution, work continued on the next version and this will offer expansions relating to the reimbursement of input tax in Austria, such additional options as PDF and Excel output and extended functions for updating master data.

The development activities for the Comarch HR (formerly: TOPAS) software included such actions as electronic notification of accident insurance, preparations for social balancing using the GKV Financing Act as well as recording and individually assigning working time models that enable the automatic calculation of target work hours down to the last minute - even without the use of Comarch HR time management.

For the document management system Comarch ECM (formerly: InfoStore ECM), which was developed by group company Comarch Swiss AG, Buchs/Switzerland, alongside the parent company Comarch S.A. the solution was made platform-independent - in addition to IBM System i the application is now also available for the MS Windows and Linux server platforms. The focus is on improving the client functions. The performance of the clients was improved further, the iPhone application was developed to market maturity, the web client was improved using Ajax technology and development of a new scanning application was started. The current Release 10.2, which has been available since June 2011, also provides important innovations for using the Windows and Linux platforms, including automatic document entry and classification as well as process design with the integrated workflow tool.

The scope of the R&D activities was reduced in fiscal year 2011 compared with the very high level in the previous year by around 15%; the cost of R&D was in total just under €9.0 million (previous year €10.7 million). According to the IFRS regulations a sub-amount for new developments totaling €1.55 million (previous year €1.9 million) was applied to the assets for Comarch ERP Enterprise. The development costs were not applied as assets in the individual financial statements. The book value of the asset-side development of standard software was €5.0 million (previous year €4.9 million) on the key balance sheet date and relates exclusively to the Comarch ERP Enterprise product.

Employees

On the key balance sheet date of December 31, 2011 the Comarch Group employed 244 people incl. freelancers (previous year 318); the average for the year was 276 (previous year 331). Employee numbers fell significantly as a result of the job losses.

Comarch has a differentiated reward system for its employees. With regard to the consulting line, in addition to the fixed salary, variable bonuses are also granted depending on the key quantitative factors. Sales employees receive both a fixed salary and variable commission depending on the licenses sold and contribution margin achieved. Software developers also receive a fixed salary and variable component that depends on the development targets. Remuneration is mainly fixed in the administration.

In addition, some of the employees including the directors receive additional benefits in the form of company pensions as direct insurance policies or via support funds and other social benefits.

The Management Board - with the exception of one member - receives both a fixed salary and a variable salary component. The variable compensation partly depends on consolidated profit and partly on achieving individual objectives. No pension commitments have been made.

Risk report - opportunities and threats of future development

New growth options were created for the reporting company from the merger with Comarch S.A., Poland.

With regard to standard software, the integration into the Comarch Group, Poland, accelerated the development and marketing of the Comarch ERP Enterprise (formerly: Comarch Semiramis) product line. It opens up an important target market for the innovative products for Comarch through the parent company with a number of branches and sales partners, especially in Eastern Europe. As early as 2009 Comarch Software und Beratung AG has been able to access highly qualified software developers from the parent company in Poland as well as its own employees and has therefore significantly increased the speed of developing its products. Since the end of 2009 Comarch has offered the parent company's products and can therefore provide a more comprehensive service to customers.

The risk classes relevant for the Comarch Group are classified as follows:

<u>Economic and market risks</u>

- Significant worsening of the economic environment. With longer-term tight macro-economic conditions the general willingness to purchase and the implementation of Comarch Group products may reduce and the schedules for such investment projects may also be delayed. Delayed or weak economic development can therefore have negative effects on the revenue and profits of Comarch Software und Beratung AG.
- The software industry is currently still experiencing a consolidation phase; competition has and will continue to strengthen further as a result of these consolidations. Competitors may succeed in gaining market share to the detriment of Comarch.
- A significant proportion of revenues is generated by Comarch from support contracts with existing customers. If these customers should decide to terminate the support contracts and at the same time not conclude new licensing or servicing agreements, this could adversely affect the profit of the Comarch Group.
- The revenue in the system integration segment is significantly influenced by the design of the conditions and regulations by hardware manufacturers. Significant changes in conditions or other terms can have negative effects on the revenues and gross profit in this segment.

<u>Product risks</u>

- New software products and new releases may contain unrecognized errors in spite of comprehensive planning and testing. For this reason after delivery to the customer the Group makes special effort to resolve faults that have occurred in close cooperation with customers. But there is no guarantee that we are always able to resolve errors to the complete satisfaction of customers. For this reason customers may make claims for the reimbursement of fees paid, damages, exchanging the software product or other demands. Purchase or service contracts can be interpreted as work contracts if legal disputes are heard in court. Such events can have a negative effect on the profit situation and the reputation of Comarch.

- Planning new software products is based on many years of experience in development and projects with similar products in the Comarch Group (Comarch ERP Suite, Comarch Financial Schilling, Comarch Financial DKS). But when planning and developing a product it cannot be completely excluded that technical problems may occur during the development phase, the product cannot be completed at the planned time or the product is only ready for the market after a delay. As a result of some cooperation with international developers during product development, there is a certain risk that they could adversely affect the implementation of development objectives. The product risks can be reduced by the successful completion of the Comarch Financial Enterprise finance product.

Project risks

- The activity to implement the software is associated with a variety of risks over which Comarch may have no influence whatsoever. So projects are frequently associated with the provision of resources by the customer. The project risks may result in delays to system launches and/or higher project costs. Customer redress claims associated with this and damage to Comarch's reputation cannot be excluded.

Personnel risks

- If qualified and important employees leave the Comarch Software und Beratung AG group and no replacement can be found for these people, this may negatively impact on the business of the Comarch Group. Comarch is subject to stiff competition when searching for highly qualified employees in the IT sector so no guarantee can be given for Comarch Group being able to retain key employees in the long-term. Comarch therefore cooperates with universities in order to find employees.

Legal and compliance risks

- There may be legal risks associated with software development relating to copyrights. We have therefore protected ourselves using contracts with external partners for employment and development contracts such that all rights remain with the Group.

Financial risks

- The revenues from services and software licenses and in particular the revenue development in the systems integration business line are very difficult to forecast for various reasons. The reasons for this are include the relatively long sales cycles, time delays when installing software products or servers and customer budget changes. As on the one hand the expenses by Comarch Group remain relatively stable in the short-term, the non-appearance or delay to expected revenues may result in significant periodic variations in operating results and therefore in liquidity bottlenecks.
- Variations and falls in license business have an effect on future service and update revenues which in general follow some time after the development of license revenues. Each reduction in software licenses compared with the previous year and terminations of software maintenance contracts can therefore have a negative effect on the total revenue and profit of the Comarch Group.

• The development capacity was reduced in 2011 but is still fairly high as are the associated relatively high fixed HR costs. In contrast the growth in revenue for the software products is difficult to forecast and associated with market risks.

• Comarch works without trade credit insurance and this may result, especially in the system integration business line, in spite of the many processes via leasing companies and delivery only after payment, to bad debts.

• As a result of the presence of a subsidiary in Switzerland, the volume of transactions and costs handled in Swiss francs is significant. Relatively strong rate variations or the high rate of exchange for Swiss francs to euros may result in significant currency losses. The associated currency risks are however according to Comarch still viewed as reasonable. Comarch therefore does not use derivative financial instruments to protect against currency risks. Over the past fiscal year there were on balance significant expenses due to rate differences.

• The high loss for the 2011 year and budgets not reached as well as the operating loss before interest and depreciation have on the one hand affected the Group's liquidity. As a result of the described capital measures that resulted in capital inflows of €6.9 million, the liquidity situation improved overall when compared with the key date the previous year. In spite of the capital measures undertaken, there remain high future liquidity risks. As a result of integrating the finance system of Comarch Group, Poland, Comarch Software und Beratung AG can assume until further notice that there are no risks to the existence of the company for the following 18 months - starting from the key balance sheet date. Specific financial approvals currently exist for a period of 15 months. At the start of the year maintenance revenues totaling several million euros are received such that the Group can regularly finance the first half of a fiscal year from its own funds. We currently assume that the Comarch Software und Beratung AG group will rely on the willingness of the parent company to provide finance even beyond the term of the current financial approvals in order to secure the existence of the group.

• Additional information on management and financial risks as well as price change, default and liquidity risks relating to financial instruments is provided in the Group appendix (text number 23); reference to this is made here to avoid duplication.

The risks described here are serious requirements for the group's risk management and require the provision of appropriate financial resources. The Group's risk management focuses on overcoming these processes. In order to comply with the high requirements, the controlling was improved in 2010 and a new planning and reporting system with monthly forecasts was used.

Internal control and risk management system pursuant to Section 289 Para. 5 and Section 315 Para. 2 no. 5 of the German Commercial Code (HGB)

The extent of the internal control system is a permanent, important internal task. It includes in addition to systematic risk analysis the implementation of early indicators that allow the company to detect risks at an early stage in order to undertake any measures that may be necessary.

The internal control system at the Comarch Software und Beratung AG group covers all of the principles, processes and measures for security, effectiveness, profitability and the proper nature of the accounting and for ensuring compliance with the key legal regulations. The system covers all of

the internal control and monitoring systems. The Management Board has in particular made the controlling, bookkeeping/finance and HR departments responsible. Process integrated and independent measures make up the elements of the monitoring system. IT-supported controls are used as are manual controls such as checking by another person. The Supervisory Board appoints the auditors to undertake tasks that change annually to check the control system. The risk management as part of the internal control system covers in addition to operational risk management, incl. protecting assets and claims using insurance policies, also the early detection of risks and risks that could put the existence of the company at risk (pursuant to Section 91 Para. 2 of the German Stock Corporation Act (AktG).
All bookkeeping processes are recorded in the Group's own software. For the consolidated financial statements the data from the internal systems is read into an external standard consolidation tool that creates and documents the consolidated accounts with capital, asset and debt consolidation as well as income and expenditure consolidation. The transition between individual and consolidated financial statements is audited regularly by the auditors of the consolidated accounts.

Specific risks associated with consolidated accounts, e.g. from unusual or complex transactions, may occur particularly for time-critical processes at the end of the year. Non-routine business transactions are also associated with a latent risk. The valuation of assets, which may be undertaken by various employees, may result in individual assessments of risks.

Regular checks and monitoring ensures that the business transactions are notified and entered promptly and that processing them complies with the requirements of the internal control system. The accounting regulations handle posting processes incl. accounting under IFRS.

The internal control system allows the complete entry and approval of issues. Defective controls, personal freedom to take decisions, deliberate incorrect behavior or other circumstances cannot be excluded.

Information required pursuant to Section 289 Para. 4 and Section 315 Para. 4 of the German Commercial Code (HGB)

The subscribed capital of Comarch Software und Beratung AG is €6,213,072. The equity capital is comprised of 6,213,072 bearer shares. There are no preference shares. One share represents a mathematical value of €1.00 of equity capital. The bearer shares have rights and duties that depend on the relevant provisions of the German Share Act. Restrictions relating to voting rights or the transfer of shares - apart from the relevant provisions of the German Share Act - do not exist.

Of the equity capital totaling €6,213,072 and 660,000 company shares, 500,000 shares from the cash capital increase in November 2008 and 160,000 shares from the capital increase in September 2011, are not authorized for trading on the stock market; no stock market authorization has been requested and none is planned. The statutory voting provisions apply exclusively. No shareholder or group of shareholders have special rights. The company's and subsidiaries' employees do not hold capital in a way that enables the exercise of control rights by the employees. As the company's shares are bearer shares the company does not have any detailed information on the widespread shareholders and therefore any private share ownership by employees.

The regulations on appointing and dismissing Management Board members and changing the articles of association arise from the relevant regulations in the German Stock Corporation Act (Sections 84 and 179 AktG). As per Section 7 of the articles of association the number of Management Board members is determined by the Supervisory Board. As per Section 13 of the articles of association the Supervisory Board is permitted to make changes to the articles of association that only relate to their version.

As a result of the authorization of the Management Board from the Annual General Meeting on 06/19/2008, the company's share capital was increased with the approval of the Supervisory Board whilst maintaining the preference right once or repeatedly up to 06/018/2013 by a total of €2,400,000.00 for cash and/or investment in kind by issuing new bearer shares (approved capital 2008) so the remaining approved capital 2008 is still €990,000 (Section 5 Para. 1 of the company's articles of association). There is no additional authorization for the management board to utilize approved capital. The annual general meeting authorized the Management Board with the approval of the Supervisory Board to exclude the preference right under certain circumstances.

The Annual General Meeting on 06/19/2008 authorized the Management Board to issue by 06/18/2013 with the approval of the Supervisory Board once or repeatedly bonds conversion or exercise rights (or a combination of these instruments) (jointly referred to as "securities") with or without the term restriction with a total nominal amount of up to €10,000,000.00 and to grant the holders or creditors of securities, bonds conversions or exercise rights for a total of 2,490,000.00 bearer shares of Comarch Software and Beratung AG with a percentage amount of the share capital of a total of up to €2,490,000.00 after specifying the bonds conversion or exercise rights conditions in more detail. When issuing securities the shareholders always have a statutory preference right. The annual general meeting authorized the Management Board with the approval of the Supervisory Board to exclude the preference right under certain circumstances. The share capital was conditionally increased for this purpose up to €2,490,000.00 by issuing up to 2,490,000.00 new bearer shares (conditional capital 2008) (Section 5 Para. 2 of the company's articles of association). To date the Management Board has not used this authorization.

Additional details on the stipulated authorizations arise from the authorization resolutions of the annual general meeting on 06/19/2008 and from Section 5 Para. 1 (approved capital 2008) and Section 5 Para. 2 (conditional capital 2008) from the company's articles of association.

There is no authorization for the Management Board to purchase its own shares.

Comarch S.A., Krakow, Poland, directly held 92.32% of the voting rights of Comarch Software und Beratung AG on the key balance sheet date (December 31, 2011). These voting rights are fully assigned to Comarch S.A. pursuant to Section 22 Para. 1 Sentence 1 No. 1 of the German Securities Trading Act (WpHG) via Comarch AG, Dresden, Germany. Comarch AG, Dresden, Germany, held on the key balance sheet date (December 31, 2011) 92.32% of the voting rights of Comarch Software und Beratung AG. As of December 31, 2011 there were no other interests held in the share capital of Comarch Software und Beratung AG that exceed 10% of the voting rights.

Corporate Governance Report and Declaration

Declaration of compliance with the German Corporate Governance Code as per Section 161 of the German Companies Act (AktG)

Comarch Software und Beratung AG supports the objective of promoting the confidence of shareholders, customers, employees and the public in the management and the monitoring of public limited-liability companies with a Corporate Governance Code for listed German companies. Over the past year corporate governance continued to be extremely important to Comarch. For Comarch corporate governance is a requirement that covers all of the company's departments. Transparent reporting and management that maintains the interests of shareholders are elements of corporate management. The Management and Supervisory Boards made the following declaration of compliance in January 2012:
The Management and Supervisory Boards of Comarch Software und Beratung AG declare pursuant to Section 161 of the German Companies Act (AktG) that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 06/18/2009 published by the Federal Ministry for Justice on 07/04/2003 in the official section of the electronic Federal Gazette and the recommendations of the "Government Commission on the German Corporate Governance Code" published in the electronic Federal Gazette on 07/02/2010 in the version dated 05/26/2010 published by the Federal Ministry for Justice on 07/01/2010 and 07/02/2010 were and have been met since the declaration of compliance dated 01/12/2011 or the recommendations were not and have not been applied.

This declaration - and notes - are available permanently to shareholders on the website with the address www.comarch.de and are revised annually.

Shareholders and annual general meeting

Shareholders decide basic matters relating to Comarch Software und Beratung AG by exercising their voting rights. The shareholders can exercise their voting rights in person at the annual general meeting or have them exercised by an authorized representative of their choice or a voting representative of the company who is subject to instructions. The outstanding agenda items and a declaration of the registration and participation conditions as well as the rights of shareholders are published in the relevant invitation to each annual general meeting. All documents and information on the annual general meeting is available on the Comarch website at www.comarch.com. The annual general meeting passes resolutions on all of the matters assigned to it, in particular the exoneration of the Management and Supervisory Boards, the choice of auditors, changes to articles of association and measures to modify the capital. In addition to the annual general meeting, Comarch Software und Beratung AG publishes its existence and voting results on the internet. Comarch Software und Beratung AG provides reports on the company's asset, financial and earnings position to its shareholders using a fixed financial calendar four times a year. The Management Board members inform shareholders, analysts and the public regularly using quarterly, six-monthly and annual results.

Working method of the Management Board

The Management Board bears the responsibilities for management and operational tasks. The Management Board is in particular responsible for the strategic orientation and the internal control and risk management system of the Comarch Group. This system is developed on a continuous basis and modified to match the changing environmental conditions. The details are listed in the "risk report". This also includes the report required pursuant to the German Act to Modernize Accounting Law (BilMoG) on the accounting-related internal control and risk management system. The members of the Management Board bear joint responsibility for the overall management. Notwithstanding the overall responsibility of all of the management board members, each individual member acts under their own responsibility for the departments assigned. The complete Management Board decides on all matters of significant importance. The cooperation of the members of the Management Board and the distribution of the business is regulated in the business rules and a business distribution plan. The business distribution plan assigns the various departments to the members of the Management Board. The chairman of the Management Board is responsible for managing and coordinating the Management Board. Management Board meetings take place regularly. The Management Board passes resolutions with a simple majority of the votes given if nothing further has been stipulated in law. If there are an equal number of votes the vote of the chairman of the Management Board is decisive.

<u>Working method of the Supervisory Board</u>

The Supervisory Board is comprised of three members. No committees have been formed because of the small number of Supervisory Board members. Effective work can be achieved by the whole Board working together due to the small number of members. The Supervisory Board monitors and advises the Management Board on managing the business. It appoints and dismisses members of the Management Board, monitors and passes the remuneration system for Management Board members and sets their total remuneration. It is involved in all decisions that are of fundamental importance for Comarch. The Supervisory Board has issued business rules for itself. The chairman of the Supervisory Board coordinates the work in the works council, leads its meetings and represents the Supervisory Board externally. The Supervisory Board has at least two meetings very six months. The Supervisory Board may pass resolutions if all three members take part in passing the resolutions and decisions are made on the basis of the majority of members if no other majority is required by law. Details on the activities of the Supervisory Board in the year under review are described in the Supervisory Board's report.

When electing the new Supervisory Board in the annual general meeting in 2010 and 2011, consideration was given to Section 100 Para. 5 of the German Companies Act (AktG) to the presence of an independent member of the Supervisory Board for matters relating to accounting.

Cooperation between Management and Supervisory Boards

The Management and Supervisory Boards work closely together in a trusting relationship for the benefit of the company. The joint objective is to secure and sustainably increase the value of the company. The Management Board reports to the Supervisory Board on a regular basis, promptly and in detail about all of the issues relevant to the whole company on corporate strategy, the financial and earnings position and special corporate risks and opportunities. The Management Board's rules of procedure include a list of transactions for which the Management Board requires the approval of the Supervisory Board. There were no conflicts of interest between members of the Management and Supervisory Boards that must be notified to the Supervisory Board.

Directors' dealings and share ownership by the Management and Supervisory Boards

Pursuant to Section 15 a of the German Securities Trading Act, members of the Management and Supervisory Boards of Comarch Software und Beratung AG and certain senior managers and those with whom they have a close relationship must notify Comarch about transactions involving the shares of Comarch Software und Beratung AG or related financial instruments of Comarch AG. But there is no notification obligation if the total amount of the transactions by the stipulated people does not exceed the sum of €5,000 by the end of the calendar year. No relevant transactions were registered in 2011.

As per Number 6.6 of the German Corporate Governance Code the ownership of the company's shares or related financial instruments by members of the Management and Supervisory Boards must be stated if it relates directly or indirectly to more than 1% of the shares issued by the company. If the total ownership of all of the Management and Supervisory Boards' members exceeds 1% of the shares issued by the company, the share ownership should be stated separately by the Management and Supervisory Boards.

On the key balance sheet date the following shares were held indirectly that make up more than 1% of the issued shares by the individual members of the Management and Supervisory Boards:
Management Board member Prof. Janusz Filipiak 166,719

Whilst also taking into account the shares held by all Management and Supervisory Boards members that make up individually less than 1% of the shares issued, in total the Management Board held 2.83% of the issued shares on the key balance sheet date.

Share option programs and similar security-oriented incentive systems

There are currently no appropriate programs and systems.

Accounting

Akanthus GmbH Wirtschaftsprüfungsgesellschaft was appointed by the annual general meeting of Comarch Software und Beratung AG on June 8, 2011 to be the auditors of the annual accounts and of the intermediate financial reports pursuant to Sections 37 w, 37 y of the German Securities Trading Act (WpHG). The annual financial statements of Comarch Software und Beratung AG are produced using the German Commercial Code (HGB) (individual financial statements of Comarch Software und Beratung AG) and IFRS (consolidated financial statements) as applicable in the EU. The Management Board is responsible for producing the annual and consolidated financial statements. The individual and consolidated financial statements are confirmed and approved by the Supervisory Board.

Remuneration report

Remuneration of the Management Board

The Supervisory Board is responsible for setting the structure of the remuneration system and the remuneration for the individual members of the Management Board. The Supervisory Board checks and reviews the remuneration structure at regular intervals. The existing remuneration system was checked with regard to the regulations from the German Act on the Appropriate Nature of Management Board Remuneration (VorstAG) and is considered as appropriate for new contracts.

In the company's annual general meeting on June 8, 2011 a resolution was passed to use the option in the German Act on the Appropriate Nature of Management Board Remuneration (VorstAG) not to state the remuneration for the individual Management Board members by name.

The level of the remuneration for the members of the Comarch Software und Beratung AG Management Board is oriented to the size of the company, its economic and financial position and the level and structure of the remuneration received by the Management Board members of comparable companies. Such indicators as tasks, experience and contribution by the Management Board member to the company's success are also considered in the remuneration.

One member of the Management Board received no remuneration from the company for their work as a director of Comarch Software und Beratung AG as this work is part of the work of this member for the Management Board of Comarch S.A., Krakow/Poland, the parent company (double Management Board mandate).

The board remuneration agreed with the other members of the Management Board (except for one member who receives variable remuneration) is subject to the following system: It is partly results-dependent and is made up of two components - a fixed monthly amount in the form of a monthly salary plus any benefits in kind etc. and a variable element that depends on the results or individual targets that vary with the member's tasks and are agreed annually with the Supervisory Board. The complete Management Board (including members who have left the Board) received fixed remuneration of €443,000 and variable remuneration of €30,000 in fiscal year 2011. The members of the Management Board do not receive any pension commitments.

Supervisory Board remuneration

The remuneration of the Supervisory Board was set by the annual general meeting and is regulated in Section 12 of the articles of association. The Supervisory Board remuneration is oriented to the tasks and responsibilities of the Supervisory Board members and the size and economic success of the company.

The fixed remuneration for each Supervisory Board member is €5000 p.a. In addition, each member receives variable remuneration of 0.25% of the Comarch Software und Beratung AG Group's EBT. The chairman of the Supervisory Board receives double that amount. The total remuneration of the Supervisory Board for fiscal year 2011 was €20,000; no variable remuneration was paid to the Supervisory Board for fiscal year 2011.

Supplementary report

A new version of the corporate governance declaration was published on the internet on 01/24/2012.

From the start of January 2012 Mr. Lukasz Wasek, the new member of the Management Board, took over the tasks of Mr. Ametsbichler, who left the Management Board at the end of December 2011 as the member responsible for finance and still works for the company in an advisory capacity.

Outlook

According to various market forecasts in 2012 only very low economic growth of less than 1% is expected in Germany. As a result of the still difficult financing options available to medium-sized companies and business development in 2010/2011, the budgets for Comarch Software und Beratung AG forecast a further fall in consolidated revenue for fiscal year 2012. A moderate increase in revenue compared with 2012 is expected for 2013. The Management Board of Comarch Software und Beratung AG expects as a result of the lower revenue due to the intensive cost reduction program carried out in 2011 that it will be possible to significantly reduce the consolidated losses in 2012 but not yet move into consolidated profit. Consolidated profit is expected for 2013. The statements made above relate to the software segment as only low revenues are expected for the hardware segment in 2012. With regard to the existing financial risks and the financial dependence on the parent company Comarch S.A., we refer to the details in the risk report.

Dependency report

Final declaration on the report of the Management Board regarding relations with affiliated companies: "The company received fair consideration in all transactions listed in the report on relations with affiliated companies. Pursuant to Section 312 of the German Stock Corporation Act (AktG), it has neither undertaken nor refrained from undertaking any other measures. This assessment is based on the circumstances known to us at the time of our reporting obligation."

Munich, Wednesday, March 16, 2011

Comarch Software und Beratung AG

The Management Board

Dr. Christoph Kurpinski

Janusz Filipiak

Łukasz Wąsek

COMARCH

Consolidated Annual Financial Statements

Group Balance Sheet

		December 31, 2011 €	December 31, 2010 €
Assets			
Current assets			
Cash and cash equivalents	(1)	2,241,187.83	543,584.58
Trade receivables	(2)	3,300,832.39	5,423,585.15
Inventories	(3)	192,804.26	106,908.65
Receivables from affiliated companies	(4)	116,320.54	212,320.98
Other receivables and assets	(5)	240,755.99	249,281.04
Accrued and deferred items	(6)	93,042.51	126,929.55
Other loans	(9)	0.00	43,200.00
Total current assets		**6,184,943.52**	**6,705,809.95**
Non-current assets			
Intangible assets acquired through payment	(7)	16,774.36	1,104,821.38
Capital development costs	(7)	5,025,600.00	4,869,200.00
Goodwill	(7)	5,100,000.00	5,600,000.00
Fixed assets	(8)	233,381.09	340,160.06
Other loans	(9)	0.00	21,600.00
Other receivables and assets	(5)	124,951.51	153,761.60
Deferred taxes	(10)	1,654,492.00	1,570,936.00
Total non-current assets		**12,155,198.96**	**13,660,479.04**
Total assets		**18,340,142.48**	**20,366,288.99**

Consolidated Annual Financial Statements

Group Balance Sheet

		December 31, 2011 €	December 31, 2010 €
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans and short-term share of long-term loans	(11)	231,869.49	1,557,499.29
Trade creditors	(12)	819,471.33	1,895,959.54
Liabilities to affiliated companies	(13)	3,872,366.40	3,441,000.81
Advance payments received	(14)	36,075.00	97,000.00
Provisions for taxes	(15)	325.84	546.41
Other provisions	(16)	3,905,587.58	6,030,593.66
Other short-term liabilities	(17)	402,244.56	754,569.98
Accrued and deferred items	(18)	26,962.65	20,913.06
Total current liabilities		**9,294,902.85**	**13,798,082.75**
Long-term liabilities			
Other provisions	(16)	208,160.78	312,024.96
Provisions for deferred taxes	(19)	1,654,492.00	1,570,936.00
Total long-term liabilities		**1,862,652.78**	**1,882,960.96**
Equity capital			
Subscribed capital of Comarch Software und Beratung AG	(20)	6,213,072.00	6,480,000.00
Capital reserve	(20)	0.00	0.00
Balance sheet profit (previous year loss)	(20)	885,030.12	-1,861,244.98
Adjustment for foreign currency conversion	(20)	84,484.73	66,490.26
Total equity capital		**7,182,586.85**	**4,685,245.28**
Total liabilities		**18,340,142.48**	**20,366,288.99**

Consolidated Annual Financial Statements

Group Income Statement

		2011 €	2010 €
Revenues	(23)	28,503,023.36	36,867,057.14
Other revenue	(25)	838,235.23	1,065,685.82
Changes in work in progress	(26)	22,197.94	-9,260.73
Other own work capitalized (development costs)	(27)	1,550,000.00	1,890,000.00
Cost of purchased materials	(28)	-3,573,639.69	-6,352,817.49
Cost of purchased services	(29)	-3,022,656.91	-4,344,627.42
Personnel costs	(30)	-18,709,949.27	-22,796,019.85
Depreciation on non-current and intangible assets	(31)	-3,137,643.27	-5,366,183.62
Other operating expenses	(32)	-6,850,996.40	-8,051,246.06
Operating earnings (EBIT)		**-4,381,429.01**	**-7,097,412.21**
Net interest income/loss	(33)	-36,769.61	45,324.51
Earnings before income taxes (EBT)		**-4,418,198.62**	**-7,052,087.70**
Income taxes	(34)	7,323.32	-14,178.09
Consolidated net profit/loss for the year		**-4,410,875.30**	**-7,066,265.79**
Change in adjustment from currency conversion for foreign subsidiaries		17,994.47	59,986.90
Consolidated profit/loss		**-4,392,880.83**	**-7,006,278.89**
Earnings per share (€) for 3,348,160 shares (previous year modified 2,160,000) average number of shares in circulation		-1.32	-3.27

Consolidated Annual Financial Statements

Cash Flow Statement

		2011 €	2010 €
=	**Net profit/loss for the period**	**-4,410,875.30**	**-7,066,265.79**
+/-	Depreciation / revaluation of non-current assets	3,137,643.28	5,366,182.63
-/+	Profit / loss from disposals of consolidated companies	0.00	0.00
-/+	Profit / loss from disposals of non-current assets	-45,406.53	-3,453.70
+/-	Increase/decrease in provisions	-2,092,194.83	1,351,602.13
-/+	Increase / decrease in inventories, trade receivables and other assets which are not attributable to investment or financing	2,115,976.36	670,852.19
+/-	Increase / decrease in trade creditors and other liabilities which are not attributable to investment or financing	-1,557,899.42	380,183.01
+/-	Other expenditure / revenue not affecting payment	12,884.39	40,765.15
=	**Net cash provided by operating activities (operating cash flow)**	**-2,839,872.05**	**739,865.62**
+	Income from disposals of non-current assets	21,101.71	16,726.85
+	Income from repayments on dispersed loans	64,800.00	27,853.00
-	Expenditure for investments in non-current assets	-104,139.59	-159,738.27
-	Expenditure for investments in intangible assets	-1,555,093.84	-1,916,485.02
+	Income from disposal of equity participations	0.00	50,000.00
=	**Cash flow from investing activities**	**-1,573,331.72**	**-1,981,643.44**
+	Income from new equity (equity increases, sale of own shares)	6,890,222.40	0.00
-	Income from loans	2,882,454.38	3,664,985.13
-	Payments for loan redemption	-3,664,985.13	-2,302,501.64
=	**Cash flow from financing activities**	**6,107,691.65**	**1,362,483.49**
	Changes in capital funds affecting payment	**1,694,487.88**	**120,705.67**
+/-	Changes in finance due to exchange rates, consolidation scope and valuations	3,115.37	12,392.42
+	Funds at the beginning of the period	543,584.58	410,486.49
=	**Funds at end of period**	**2,241,187.83**	**543,584.58**

Consolidated Annual Financial Statements - Segment Report

by segments	2011 *(in € million)*			2010 *(in € million)*		
	Software / consulting	System integration	Group	Software / consulting	System integration	Group
Total revenues	24.7	3.8		29.2	7.7	
Revenues (external)	**24.7**	**3.8**	**28.5**	**29.2**	**7.7**	**36.9**
Capitalized services	1.6	0.0	1.6	1.9	0.0	1.9
Other operating income (cross-segments)	0.0	0.0		0.0	0.0	
Other operating income	0.8	0.0	0.8	1.0	0.0	1.0
Income	**27.1**	**3.8**	**30.9**	**32.1**	**7.7**	**39.8**
Expenditure	**31.4**	**3.9**	**35.3**	**39.5**	**7.4**	**46.9**
EBIT	**-4.3**	**-0.1**	**-4.4**	**-7.4**	**0.3**	**-7.1**
Financial profit			0.0			0.0
EBT			**-4.4**			**-7.1**
Taxes on profit and other taxes			0.0			0.0
Consolidated profit for the year (before adjustments for currency conversion)			**-4.4**			**-7.1**
Segment assets	13.8	0.6	14.4	16.4	1.9	18.3
Shares in holdings	0.0	0.0	0.0	0.0	0.0	0.0
Unassigned assets			3.9			2.1
Assets (total)			**18.3**			**20.4**
Segment debts	10.8	0.3	11.1	14.5	1.2	15.7
Debts (total)			**11.1**			**15.7**
Investments	1.6	0.0	1.6	2.0	0.1	2.1
Depreciation and amortization	3.1	0.0	3.1	5.4	0.0	5.4
- of which unplanned	0.5	0.0		2.9	0.0	

by regions	2011 *(in € million)*			2010 *(in € million)*		
	Germany	Other countries	Group	Germany	Other countries	Group
External revenues by location	24.2	4.3	28.5	30.2	6.7	36.9
Intangible and non-current assets	17.4	0.9	18.3	19.1	1.3	20.4

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Statement on Changes in Equity

in €	Subscribed capital	Capital reserve	Balance sheet loss profit recorded	Cumulative other profit Balancing item from currency conversion	Share capital as per consolidated balance sheet	Own shares not designated for redemption	Consolidated equity
As of Dec. 31, 2009	**6,480,000.00**	**1,414,489.21**	**3,790,531.60**	**6,503.36**	**11,691,524.17**	**0.00**	**11,691,524.17**
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital transactions with owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated profit for the year	*0.00*	*0.00*	*-7,066,265.79*	*0.00*	*-7,066,265.79*	*0.00*	*-7,066,265.79*
Changes not recognized in profit	*0.00*	*0.00*	*0.00*	*59,986.90*	*59,986.90*	*0.00*	*59,986.90*
Consolidated profit/loss	0.00	0.00	-7,066,265.79	59,986.90	-7,006,278.89	0.00	-7,006,278.89
Addition/withdrawal of balance sheet profit	0.00	-1,414,489.21	1,414,489.21	0.00	0.00	0.00	0.00
As of Dec. 31, 2010	**6,480,000.00**	**0.00**	**-1,861,244.98**	**66,490.26**	**4,685,245.28**	**0.00**	**4,685,245.28**
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital transactions with owners	4,053,072.00	2,837,150.40	0.00	0.00	6,890,222.40	0.00	6,890,222.40
Consolidated profit for the year	*0.00*	*0.00*	*-4,410,875.30*	*0.00*	*-4,410,875.30*	*0.00*	*-4,410,875.30*
changes not recognized in profit	*0.00*	*0.00*	*0.00*	*17,994.47*	*17,994.47*	*0.00*	*17,994.47*
Consolidated profit/loss	*0.00*	*0.00*	*-4,410,875.30*	17,994.47	-4,392,880.83	0.00	-4,392,880.83
Addition/withdrawal of balance sheet profit	-4,320,000.00	-2,837,150.40	7,157,150.40	0.00	0.00	0.00	0.00
As of Dec. 31, 2011	**6,213,072.00**	**0.00**	**885,030.12**	**84,484.73**	**7,182,586.85**	**0.00**	**7,182,586.85**

Consolidated Annual Financial Statements

Appendix

A	Basic principles
B	Implications of new accounting standards
C	Basis of consolidation and principles of consolidation
D	Accounting and evaluation principles
E	Currency conversion
F	Notes to the balance sheets
G	Notes to the income statement
H	Notes to the cash flow statement
I	Notes to the segment reports

A. Basic principles

The consolidated financial statements are compiled pursuant to Section 315a of the German Commercial Code (HGB) in accordance with the provisions of the International Financial Reporting Standards (IFRS) in force on the reporting date. In addition to the IFRS accounting standards of the IASB, the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in force on the balance sheet date had to be observed. The IFRS and IFRIC definitions replace the IAS (International Accounting Standards) and SIC (Standing Interpretations Committee) designations used until 2002. For standards that were issued up until 2002, the previous designations are still applicable.

Comarch Software und Beratung AG, with its registered office at Messerschmittstraße 4, 80992 Munich, is included in the consolidated financial statements of Comarch S.A., Krakow, Poland. Comarch Software und Beratung AG prepare for the group a subgroup financial statements by reason of the (compulsory) listing.

The mandatory statement required by Section 161 of the Stock Corporation Act (AktG) on the German Corporate Governance Code has been issued and has been made accessible to the shareholders on the Comarch Software und Beratung AG website (under www.comarch.de, Investor Relations section).

Standardized accounting and evaluation principles form the basis of the annual financial statements of the companies included in the consolidated financial statement. Valuations based on tax regulations are not carried over into the consolidated financial statement. The balance sheet date of the consolidated financial statements (December 31, 2011) is the same as the balance sheet date of all the companies included in the consolidated financial statement.

The consolidated financial statements were compiled in euros. The supplementary figures in the appendix are entered mainly in thousands of euros.

The income statement was compiled according to the total cost method and complies with the requirements of IAS 1 2007. The income statement is shown as a distinct partial statement up until the annual operating balance. In the annex to this is a second partial statement a statement of income and accumulated income and expense, beginning with the annual operating balance taking into account the components of other results.

Pursuant to IAS1.60 ff., information shown on the balance sheet distinguishes between long term and short term assets and debts. Assets are regarded as short term, when a payment can be expected within one year. Liabilities and provisions that mature within one year are regarded as short term. Trade receivables and liabilities as well as inventories are generally shown under the short-term entries. Deferred tax assets and liabilities are generally regarded as long-term.

In the income statement and the balance sheet, single entries are combined for greater clarity; the entries are itemized in the appendix.

The consolidated financial statements will be released for publication on 3/28/2012 by the Board of Directors.

Amendments to the accounting and valuation principles and to the information disclosed are noted in the appendix. The previous year's figures are adjusted accordingly.

Preparation of the consolidated financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of balanced assets and liabilities, income and expenses, and contingent liabilities. The actual values may deviate from the estimates.

The following German subsidiary companies of Comarch Software und Beratung AG, which are included as part of full consolidation in the consolidated financial statements, satisfy the provisions of Section 264 Para 3 of the Commercial Code and are therefore exempt from the reporting, inspection and disclosure requirements provided therein. The exemption was only claimed as regards the preparation of an appendix and, if applicable, of a management report and the disclosure requirements:

- Comarch Schilling GmbH, Bremen

B. Implications of new accounting standards

The consolidated financial statements for the year 2011 were compiled in accordance with the following revised accounting standards. Applying the new accounting standards and interpretations in the first year did not have significant effects on the assets, financial and earnings position and on the earnings per share.

In October 2009, IAS 32 (Financial Instruments: Presentation) was amended to the effect that subscription rights, warrants and options on a fixed number of own shares are to be shown against a fixed amount in a currency other than the functional currency of the issuer as equity instruments, provided that these are granted proportionately to all shareholders of the same class.

The revisions to IAS 24 (Related Party Disclosures) of November 2009 also simplify the reporting requirements of companies in which the state holds an interest (state-controlled entities). Moreover, the definition of related parties has been radically revised.

In addition, IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) was issued in November 2009 and relates to the complete or partial repayment of financial liabilities by the issue of equity instruments.

A further amendment to IFRIC 14 (IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) was also issued in November 2009. This amendment allows companies that have to satisfy minimum funding requirements and make advance payments on these to show the use of these advance payments as an asset.

In May 2010 the IASB published the third collective standard "Improvements to IFRS" as part of the Annual Improvement Process (AIP). The changes specify the approach, valuation and recording of business transactions, common terminology and the main editorial corrections to the existing standards.

The following IFRS and IFRIC have already been issued but are not yet obligatory:

In November 2009, the IASB issued IFRS 9 (Financial Instruments) for the classification and measurement of financial assets. In October 2010 the relevant regulations on categorizing and valuing financial liabilities were published. In the future, asset-side financial instruments will be classified in two categories, instead of the previous three. They are categorized on the one hand by the company's business model, and on the other by the characteristics of the contractual payment flows for the relevant financial asset. There should be separate accounting for structured products with embedded derivatives only for non-financial basic contracts. Structured products with financial basic contracts are to be categorized and valued as a unit. The issue represents the conclusion of the termination of the first of three phases of the plan for the complete revision of the accounting of financial instruments. The application of the changes to IFRS 9 was moved to fiscal years that start on or after 01/01/2015. This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect the future presentation of the assets, financial and earnings position.

An amendment to IFRS 7 (Financial Instruments: Disclosures) was published by IASB in October 2010. The amendments cover additional liabilities for tax for financial assets not debalanced or not completely debalanced with regard to the correlation between these assets and related liabilities. Furthermore information on assigned and debalanced assets is to be collated for type and risk arising from the continuing commitment. The amendments are to be applied for the fiscal year beginning July 01, 2011. Comarch Software und Beratung AG is assuming that the revisions will have no significant effect on the assets, financial and earnings position.

The IASB issued amendments to IAS 12 (Income Taxes) in December 2010. Thereafter it will be assumed for the assessment of deferred taxes, that the book value of an asset is realized thru sale and not thru use. Furthermore, SIC21 was included in IAS12 and consequently SIC 21 was withdrawn. The amendments are to be applied for the fiscal year beginning January 01, 2012. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

In May 2011 the IASB published IFRS 10 (Consolidated Financial Statements) which replaces the relevant rules of IAS 27 (Consolidated and Separate Financial Statements) and SIC-12 (Consolidation – Special Purpose Entities). IFRS will guarantee on the basis of the control concept a common methodological limitation of the consolidation scope no matter the participation form. The amendments are to be applied for the fiscal year beginning Tuesday, January 01, 2013. This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

Also in May 2011 IFRS 11 (Joint Arrangements) was published by IASB and this replaces the provisions of IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers). IFRS 11 handles accounting for common agreements by which the control can be exercised jointly with third-parties, starting from the rights and duties arising from the agreement. A difference is made between joint operations and joint ventures. In future the proportional assets and debts are to be used for joint operations. Shares in joint ventures will in future be accounted for using the equity method. IAS 28 (Investments in Associates and Joint Ventures) was supplemented as per the application to joint ventures. The amendments are to be applied for the fiscal year beginning Sunday, January 01, 2012. This has not yet passed into European law. Comarch Software und Beratung AG is assuming that the revisions will have no significant effect on the assets, financial and earnings position.

The publication in May 2011 by IASB of IFRS 12 (Disclosures of Interests in Other Entities) aims to create rules on appendix information on shares in subsidiaries, affiliated companies and joint operations and non-consolidated companies with the aim of estimating the type of corporate relationships and the associated risks and showing their influence on the balance sheet. The amendments are to be applied for the fiscal year beginning Tuesday, January 01, 2013. This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

As a consequence of the changes in IRS 10 and IFRS 12, the IASB revised IAS 27 (Separate Financial Statements), which now only regulates accounting for the shares of subsidiaries, associated companies and joint ventures in the individual IFRS financial statements.

In addition, in May 2011 IASB published IFRS 13 (Fair Value Measurement) that regulates a common definition and calculation principles for the fair value and the associated appendix details. The amendments are to be applied for the fiscal year beginning January 01, 2013. This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

In June 2011 the IASB published changes to IAS 1 (Presentation of Financial Statements). The profit-neutral items within "other comprehensive income" should be shown separately depending on whether they will in future be reclassified in the income statement or not. The amendments are to be applied for the fiscal year beginning Monday, July 01, 2013. This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

IASB also published IAS 19 (Employee Benefits) in June and abolished the so-called corridor method, i.e. recording actuarial gains and losses later in subsequent periods with an effect on profit. Modified approach and valuation regulations for settlements with employees also apply. The amendments are to be applied for the fiscal year beginning Tuesday, January 01, 2013. This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

The IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) published in October 2011 regulates the approach, initial and subsequent valuation of assets associated with displacement removal measures in the mining production phase in order to maintain access to earth and mineral deposits. The amendments are to be applied for the fiscal year beginning January 01, 2013. This has not yet passed into European law. Comarch Software und Beratung AG is assuming that the revisions will have no significant effect on the assets, financial and earnings position.

In December 2011 IASB published the "Offsetting Financial Assets und Financial Liabilities" supplements to IAS 32 (Financial Instruments: Presentations) and "Disclosures – Offsetting Financial Assets and Financial Liabilities" in IFRS 7 (Financial Instruments: Disclosures). The additions in IAS 32 clarify details on the "right to offset at any time" and "settlement during the same period" criteria. The supplements to IFRS 7 regulate in a binding manner future gross and net amounts from the balance sheet balancing and other existing balancing rights that do no fulfill the balancing criteria for being shown in a table. The additions are applicable in a binding manner in arrears for intermediate periods and fiscal years starting from January 1, 2013 (IFRS 7 additions) and January 1, 2014 (IAS 32 additions). This has not yet passed into European law. Comarch Software und Beratung AG is currently investigating how the amendments will affect future presentation of the assets, financial and earnings position.

C. Basis of consolidation and principles of consolidation

Fully consolidated companies

Pursuant to the principles of full consolidation the following companies are included:

Company	Country of the head office	Capital ownership percentage in %
Comarch Software und Beratung AG (Group leadership in the subgroup financial statements)	Germany	
Comarch Solutions GmbH, Kirchbichl	Austria	100,00
Comarch Schilling GmbH	Germany	100,00
Comarch Swiss AG, Buchs	Switzerland	100,00

The reduction in the number of consolidated companies in the previous year can be traced back to intra-group restructuring. Up to January 01, 2010 the following mergers have taken place:

- Merger of Comarch Solutions GmbH, Munich with Comarch Software und Beratung AG
- Merger of Comarch Systemintegration GmbH, Munich with Comarch Software und Beratung AG

The group member company SoftM France s.a.r.l. established in France, was removed from the scope of consolidation at the end of fiscal year 2011, as the company filed for insolvency during fiscal year 2011.

Associated companies

The group currently has no holdings in associated companies.

Acquisitions and consolidation of funds

Consolidation of funds was effected pursuant to IFRS 3 in accordance with the Purchase Method. In this method the acquisition costs of the shares acquired with the (proportionately) newly assessed equity of the subsidiary company were cleared at the purchase date. Assets and debts are assessed by this method at their current value. With successive acquisitions of shares the initial consolidation for each shares acquisition is performed separately at the current purchase date.

Remaining active differences from the consolidation of funds are shown in the consolidated balance sheet as goodwill. Pursuant to IFRS 3 the goodwill is no longer systematically written off, but is subject to an annual impairment test.

Disinvestments

As described above, SoftM France s.a.r.l. was removed from the consolidated group with effect at the end of fiscal year 2011. The deconsolidation took place on December 31, 2011.

The deconsolidation had the following effects on the assets and earnings position:

Outflows of assets and liabilities	€ thousand
Receivables	-5
Provisions	53
Liabilities	4
Deconsolidation gains or losses	52

The removal from the consolidated group had no particular effects in terms of tax.

Consolidation of income and expenses

Consolidation of income and expenses leads to the offsetting of mutually settled remuneration e.g. license fee/royalty payments and consulting revenue, so that the sales revenue had to be allocated with the material input and other operating expenses. By reason of the income and expenses consolidation with linked companies, only the income and expenses that result from business transactions with "outsiders" are shown in the group profit and loss account.

Dividends from the subsidiary companies had to be consolidated with the corresponding dividend claims. Intra-group profit transfers were likewise eliminated.

Debt consolidation

As part of debt consolidation existing receivables and liabilities were netted.

Interim profit elimination

Where profits and losses had arisen from transactions between consolidated companies, these were eliminated.

D. Accounting and evaluation principles

The point of departure for the compilation of the consolidated balance sheet was compiling the annual financial statements in accordance with commercial law principles of the companies included on December 31, 2011.

The individual company statements were adjusted, where required, for the purposes of group accounting to accounting standards in accordance with IFRS.

The material basic principles of accounting in conformity with IFRS were observed in the accounting and valuation in the consolidated financial statement. Particular care was taken to observe the accruals principle and the going concern principle in compiling the consolidated financial statement, by fixed-term financial commitments by the parent group. In the notes in the risk reporting management report the following points are mentioned. The principles of intelligibility, completeness, materiality, comparability were observed and approached with due commercial care. Foreseeable risks and losses that arose up to the reporting date were taken into consideration, even where information only became available in the period between the reporting date and the day on which the annual accounts were drawn up. Profits were only taken into consideration where they had been realized or were regarded as sufficiently realizable.

Where assets represented future commercial use in the form of direct or indirect cash flows, they were estimated. Where current liabilities towards third parties exist, debts and provisions were carried.

The reporting date principle and the individual assessment principle were taken as a basis in the inclusion and valuation of assets and debts.

Sales revenue

Sales revenue was realized after deduction of tax and sales reductions at the time of the transfer of risk or on provision of services. The prerequisite for revenue reporting is that it can be assumed with adequate probability that economic benefits accruing from the market transaction will flow. Deposits that have been agreed under contract for services yet to be rendered are carried up to the date of the provision of services as "advances on sales contracts". In this case, realization of the sale occurs only once the services have been provided. Customer financing for future services in the accounting period (in particular maintenance revenues) are marked down in the reporting period under deferred income.

Realization of sales of project contracts for software implementation, for which contract-for-work legislation was stipulated, is entered pursuant to IAS 11 according to their degree of completion. The degree of completion is calculated according to the service provided. On December 31, 2011 three projects had to be accounted using this method.

Financial assets

The financial assets are composed of issued loans and receivables, acquired debt instruments and cash or cash equivalents. Derivative financial instruments are currently not in use in the Comarch Group.

Accounting and valuation of the financial assets are entered pursuant to IAS 39 (Financial Instruments: Recognition and Measurement). According to this financial assets are estimated in the consolidated balance sheet, where the Comarch Group is entitled to a contractual right, to receive payment instruments or other financial assets from a third party. Financial instruments are initially balanced at fair value less transaction costs. Non-interest bearing and low interest bearing receivables are initially balanced with the cash value of the anticipated cash flows. The follow-up valuation is entered according to the assignment of the financial assets to the following categories:

- *Financial assets assessed as affecting net income at fair value* include the financial assets held for trading purposes. The Comarch Group had one security in its portfolio assigned to this category in the previous year. The security was sold in 2010.
- *Loans and receivables* are non-derivative financial assets that are not quoted in an active market. Loans are rated with the amortized costs. Cash and cash equivalents, accounts receivable trade, receivables from affiliated companies, other loans, as well as financial assets and loans contained in the other receivables and other assets.
- *Held-to-maturity investments* are non-derivative financial assets with fixed or determinable payments and a fixed term, beyond which they cannot be held. These are rated with the amortized costs and shown under other receivables and other assets. The Comarch Group currently has no relevant assets in its portfolio.
- *Available-for-sale financial assets* include non-derivative financial assets that are not assigned to one of the previously listed categories. The Comarch Group currently has no relevant assets in its portfolio.

If evidence exists in the financial assets in the three categories above for depreciation, there is an inspection to see whether there should be depreciation in the book value. If this should prove to be the case, an allowance equal to the difference is undertaken. When the reasons for the previous unforeseen write-offs cease to exist, appropriate write-ups are undertaken. Only in the case of assets available for sale will no write-ups be undertaken. Financial assets are debalanced, where the contractual rights to payments from the financial assets no longer exist of the financial assets are transferred with all principal opportunities and risks.

Activation of borrowing costs

In fiscal year 2011 it was not necessary to activate borrowing costs connected to the purchase and production of qualifying assets.

COMARCH

Inventories

In accordance with IAS 2 (Inventories), assets that are held for sale in the normal course of business are shown under inventories. Commodities shown under inventories are rated at the purchase price or at the current value, it is lower. Work in progress is shown alongside commodities. Work in progress means customer-specific orders for the development and/or installation of customized or standard software that have not been processed and delivered on the balance sheet date. Valuation is carried out on the production costs incurred. Production costs include the proportionate share of the necessary material and production overheads in addition to the direct costs. Administration costs are included, where they can be classified as production costs.

Retained guarantees are not agreed in longer-term contracts.

Other receivables and liabilities, accruals and deferrals

Delimitations, advance payments, and non-financial assets and liabilities are balanced with the amortized costs. They are liquidated linearly or according to the provision of services. Accrual and deferral items are liquidated in the accounting period.

Intangible assets

Purchased software is rated in accordance with commercial law principles with acquisition costs, less regular depreciation. In linear write-off of support software and computer application programs an average useful life of 3 years was taken as a basis and a useful life of up to 5 years for acquired license programs that directly serve revenue generation.

Development costs for customizable software are depreciated to their estimated residual value, where they satisfy the provisions of IAS 38 (identifiability, power of disposition, future economic benefits). This is the case, where the expenses are used for the creation of new software functions and where there is sufficient certainty about economic benefits. Conversely, expenses for basic research and maintenance of existing functions are treated as current expenses. Capitalized development costs are written off over a period of 3 to 5 years.

Pursuant to the principles of IAS 36 intangible assets are submitted at least once per year to an impairment test. (Please refer to the Goodwill section).

Goodwill

Goodwill from company mergers is shown as "goodwill". Goodwill from consolidation of funds is also included under this entry. Pursuant to accounting standard IFRS 3 goodwill from company mergers as from 2005 is no longer systematically written off. Write offs of goodwill accrued up to December 31, 2004 was cleared on January 01, 2005 with the historical acquisition costs. The calculated goodwill was appropriated to individual cash-generating units within the Group. The assessment of the strategic business units was adjusted to the new group organization in 2011 and defined on the basis of business processes. The two Cash Generating Units of the product development centers and the regional direct sales and project areas for software products were therefore consolidated into one unit, after they were no longer managed separately. Alongside this the system integration is still managed as an independent business unit. Pursuant to the principles in IAS 36 (Impairment of Assets) goodwill must be subjected to an impairment test at least once annually. For this the book values of the "Cash Generating Units" are compared with the recoverable amount from the cash-generating unit (net disposal proceeds or recoverable amount). A write-off of goodwill must be undertaken if the recoverable amount falls below the book value. A possible remaining residual amount reduces the other assets of the respective strategic business units. The allowance is shown in the profit and loss account under the write-offs of property.

The recoverable amount is calculated as a cash value of future cash flows from ongoing use and at the end of the use by the cash-generating unit. The payments forecast is based on the current Group planning and reviews a period of four years, and in the process assumptions are made, in particular about sales volume and prices as well as costs. The cash flows estimated during the planning period take no account of growth rates.

The capital costs are calculated as a weighted average of the equity capital costs and borrowing costs. The equity capital costs are based on the Capital Asset Pricing Model. The borrowing costs are calculated from the company's long-term financing conditions. Both factors are derived from capital market information and rely on assumptions and estimates about market-specific capital costs. The interest rate used for discounting of the payment figures is 7.2 % (previous year 7.0 %). This corresponds to a pre-tax rate of approximately 9.4 % (previous year 9.1 %).

In fiscal year 2011, unforeseen write-offs of goodwill of €500 thousand were necessary (previous year €2,881 thousand).

Fixed assets

The valuation of property assets is calculated from the acquisition costs less foreseen write-offs. Unforeseen write-offs are not issued in the fiscal year. Generally the linear method is used for foreseen write-off, taking a useful life of three to five years as the basis.

When property is sold, shut down or scrapped, the profit or loss is shown as the difference between the net profit on sales and the residual book value under other income or expenses.

No use has yet been made of the possibility provided by IFRS to revalue the property.

Shares in associated companies

The group currently has no shares in associated companies.

Tax

The taxes levied individually on the taxable profits and also the change in deferred taxes are shown as income tax. The actual income tax is included in the amount of the estimated tax chargeable.

Deferred tax is calculated pursuant to IAS 12 (Income Taxes). Deferred tax is calculated on periodic differences between the valuations of assets and debts in the commercial and tax balance sheets, from consolidation procedures and also on realizable tax loss carryforwards. Calculations are based on the individual tax rate of the different companies, where those companies are foreign subsidiaries.

Active deferred taxes on temporary differences and tax loss carryforwards are capitalized insofar as it is probable that an actual use of the tax loss carryforwards is sufficiently secure or insofar as passive deferred taxes in sufficient amount are precluded. Calculations are based on the expected enacted tax rate at the time for realization. This procedure observes the approved regulations in force on the balance sheet date. Deferred tax assets and liability are netted, only if tax is levied by the same tax authority. Changes to active and passive deferred taxes caused by amendments to tax rates are included as affecting net income. The intrinsic value of the active deferred taxes is judged on the basis of forecasts from the individual companies about the future income position.

Other provisions

Other provisions are estimated for commitments arising from past events, whose due date for payment and/or amounts of debt are unknown. Valuation is entered as the amount that, according to the best possible estimate, is required to satisfy the commitment. If provisions of a short-term character are given (due date for payment within one year), discounting is not undertaken.

The delimitations of other provisions and "accrued debts" as defined in IAS 37.11b are entered in accordance with the procedure in previous years giving the benefit of the doubt of a presentation under provisions, in order to guarantee comparability with the previous year's financial statements.

Financial liabilities

Financial liabilities consist of non-derivative liabilities and the fair values of derivative financial instruments. Comarch currently has no derivative financial instruments in operation.

Non-derivative liabilities are estimated in the consolidated balance sheet, whenever the group has a contractual duty to assign payment instruments or other financial assets to a third party. The initial inclusion of a non-derivative liability is entered at the fair value of the consideration received or at the value of the payment instruments received less possible incurred transaction costs. The follow-up valuation is entered for liabilities to amortized costs by applying the effective interest method.

Financial liabilities are debalanced, whenever liabilities are paid, canceled or have expired.

E. Currency conversion

In the individual financial statements of the companies within the group, all receivables and liabilities are rated with the exchange rate on the balance sheet date in one currency, which does not represent the functional currency. The differences in exchange rate from the valuation of the financial statements of foreign subsidiaries are included in income.

The annual financial statements of foreign companies within the group outside the Euro Zone are converted into Euro pursuant to IAS 21 using the functional currency concept. The Swiss subsidiary, Comarch Swiss AG, was one example that had to be incorporated into the consolidated financial statement. In this case, the local currency (CHF) was considered the functional currency because the company conducts its business independently in financial, commercial and organizational respects.

Assets and debts of foreign subsidiaries (with foreign currencies) were therefore converted at the exchange rate on the balance sheet date, while expenses and income were converted at the annual average exchange rate. Equity stocks are converted at historical rates at the time of their access from the perspective of the group.

The differences ensuing from the conversion at closing rates are shown separately in equity as "deferred items for foreign currency conversion. In equity currency conversion, differences included during the group membership are liquidated, affecting net income by removing allied companies from the basis of consolidation. In 2011, on balance expenses from conversion differences reached €222 thousand (previous year income €326 thousand).

The exchange rates of the **Swiss Franc** against the Euro were as follows:

Exchange rate on the reporting date was as follows: €1 = 1.2276 CHF (previous year 1.2811)

Average exchange rate: €1 = 1.2326 CHF (previous year 1.3823)

F. Notes to the balance sheets

(1) Cash and cash equivalents

in € thousands	31/12/2011	31/12/2010
Cash in hand	3	3
Credit with credit institutions	2.238	541
	2.241	544
- of which unavailable liquid assets to blocked accounts	*318*	*385*

The cash in hand and credit with credit institutions amounted to €2,241 thousand (previous year €544 thousand).

(2) Trade receivables

Trade receivables amounted to €3,301 thousand (previous year €5,424 thousand) as at December 31, 2011.

Required allowances are calculated according to the probable risk of failure and are considered to be €495 thousand (previous year €378 thousand). The increase in allowances to €117 thousand in total is composed of advances balanced as expenses (€425 thousand) less dissolutions and claims/deductions (€278 thousand) and changes in currency exchange rates (€33 thousand). The receivables are payable up to a small proportion in the amount of €26 thousand within one year.

In the accounts receivable trade receivables from production contracts to the amount of €138 thousand (previous year €0 thousand) have been included.

The receivables show the following age structure:

Receivables as at 31.12.2011 Due date Figures in € thousands	up to 3 months	up to 6 months	up to 1 year	over 1 year	as at 31/12/2011
Receivables	3.690	16	28	26	3.760
plus debtors with credit balances					36
less allowances					-495
Balance sheet					3.301

Receivables as at 31.12.2010 Due date Figures in € thousands	up to 3 months	up to 6 months	up to 1 year	over 1 year	as at 31/12/2010
Receivables	5.090	344	179	29	5.642
plus debtors with credit balances					160
less allowances					-378
Balance sheet					5.424

(3) Inventories

The stock of inventories consists of:

in € thousands	31/12/2011	31/12/2010
Commodities	143	79
Work in progress	50	28
Advance payments	0	0
	193	107

In the valuation of inventories of stocks on hand (commodities) no impairment losses arose.

(4) Receivables from affiliated companies

Receivables against affiliated companies totaling €116 thousand (previous year €212 thousand) relate to fully implemented trade receivables.

(5) Other receivables and other assets

They are shown as follows:

in € thousands	31/12/2011	31/12/2010
Tax refunds	254	208
Loans	0	7
Creditors with debit accounts	13	20
other	99	168
	366	403

Tax refund claims relate principally to corporate tax credit and value added tax/VAT.

Claims from bonus agreements to the amount of €24 thousand (previous year €119 thousand) are included under other assets. Input tax claims, which arise in law only after the balance sheet date for subsequent years, to the amount of €32 thousand (previous year €1 thousand) are also included.

(6) Deferred expenses and accrued income

It is expected that accrued and deferred items will be drawn on in 2012 to the amount of €93 thousand (previous year €127 thousand). They relate to delimitation of expenses.

(7) Intangible assets

Intangible assets developed/matured/improved during/in the fiscal year as follows:

in € thousands	Purchased intangible assets	Capitalized development costs	Goodwill	Total
Gross figures 01.01.2011	**14.592**	**12.289**	**11.226**	**38.107**
Changes in exchange rates	2	0	0	2
Change in basis of consolidation				
Investments	5	1.550	0	1.555
Disposals	-73	-5.321	0	-5.394
Gross figures 31.12.2011	**14.526**	**8.518**	**11.226**	**34.270**
Write-offs 01.01.2011	**13.487**	**7.420**	**5.626**	**26.534**
Changes in exchange rates	1	0	0	1
Change in basis of consolidation	0	0	0	0
Write-offs 2011	1.056	1.393	500	2.949
Disposals write-offs	-35	-5.321	0	-5.356
Write-offs 31.12.2011	**14.509**	**3.492**	**6.126**	**24.127**
Book values 31.12.2011	**17**	**5.026**	**5.100**	**10.143**
Book values 31.12.2010	**1.105**	**4.868**	**5.600**	**11.574**

Application software purchased for the purpose of acquiring license and consulting revenues formed the main entries under **purchased intangible assets**. A limited useful life was assumed for this software. Writing-off was undertaken as planned/systematically and using the linear method by assuming between 3 and 5 years of useful life.

The rights purchased in the "Semiramis" software were systematically written off in full (previous year €1,032 thousand).

The Comarch Group has incurred expenses for software development in the amount of €8.8 million in fiscal year 2011 (previous year €10.7 million). €1,550 thousand of this was capitalized (previous year €1,890 thousand). The valuation of the **capitalized development costs** is entered on the basis of cost-effectively calculated hourly rates for development engineers employed by the company. In fiscal year 2011, approx. 32,000 development hours (previous year 45,000 hours) were capitalized with a cost rate of approx. €49.00/hour (previous year €42.00/hour). This is composed of the cost rate for intra-Group hours spent of €56.75 and an hourly rate for development services purchased from the parent group of €23.00 The capitalized amounts in the respective year for customized standard software products is written off linearly starting from the time of the use of the assets on the market over a term of 3 years for old products and 5 years for new products and once completely written off they are shown as items disposals

Write-offs have been made to the amount of development costs capitalized in fiscal year 2011 of €1,550 thousand (previous year €1,890 thousand) compared with capitalized development costs in previous years of €1,394 thousand (previous year €1,034 thousand).

Since capitalization of development costs leads to differences between the taxable income and the results in accordance with IFRS and the difference is temporary due to the duty to write off the capitalized software, the difference had to be taken into account in the calculation of the amount of deferred taxes.

The entry **"Goodwill"** results from company mergers in which goodwill both from consolidation of funds and also from company mergers in the form of asset deals were included.

The goodwill from the following cash-generating business units is detailed below: In fiscal year 2011, the business units software development and consulting / sales were consolidated in one business unit. This merger was also reproduced in an intra-group merger.

Cash-generating business	**Goodwill in € thousands**
Software development and consulting / sales	5.100
System Integration	0
	5.100

By reason of the requirement in IAS 36 to undertake impairment tests, unforeseen write-offs of goodwill to the amount of €500 thousand were conducted in fiscal year 2011 in the software sector (previous year €2,881 thousand).

(8) Fixed assets

Fixed assets have developed as follows:

in € thousands	Technical equipment and machinery	Other equipment, operating and office equipment	Total
Gross figures 01.01.2011	**3.281**	**1.448**	**4.729**
Changes in exchange rates	9	5	14
Investments	95	9	104
Reposting	2	-2	0
Disposals	-54	-14	-68
Gross figures 31.12.2011	**3.333**	**1.446**	**4.779**
Write-offs 01.01.2011	**3.097**	**1.292**	**4.389**
Changes in exchange rates	8	4	**12**
Write-offs 2011	120	68	**188**
Disposals	-29	-14	**-43**
Write-offs 31.12.2011	**3.196**	**1.350**	**4.546**
Net values 31.12.2011	**137**	**96**	**233**
Net values 31.12.2010	**184**	**156**	**340**

With respect to property assets there were no restrictions on the right of disposal by reason of third party rights.

(9) Other loans

Other loans have developed as follows:

in € thousands	Other loans
Net values 01.01.2010	**65**
Repayment	-65
Net values 31.12.2011	**0**
Net values 31.12.2010	**65**

A loan of €64,800 was shown under other loans. The loan has an interest rate of 5 % p.a. The loan was paid off in full in 2011.

(10) Deferred taxes

Under other tangible assets deferred taxes **from as yet** unused tax loss carryforwards with a volume of €1,548 thousand were capitalized. Of these, €13 thousand are allocated to foreign companies within the group (previous year €14 thousand) and €1,535 thousand (previous year €1,285 thousand) to the Comarch Software und Beratung AG consolidation group. These are capitalized, independently of the utilization of losses, where respective passive deferred taxes conflict. Due to the uncertainty of expected future returns the capitalization of loss carryforwards was entered only as the amount of the existing passive deferred taxes. In this respect the capitalized loss carryforwards in the Comarch Software und Beratung consolidation group were reduced to €145 thousand in the course of a devaluation.

Moreover capitalized deferred taxes had to be created for **timing differences** between commercial and tax balances to the amount of **€21 thousand** (previous year) €37 thousand) and also for timing differences from tax deductible **write-offs of goodwill in individual balances (€85 thousand**, previous year €235 thousand). The **total** of capitalized deferred tax assets was approximately **€1,654 thousand** (previous year €1,571 thousand).

(11) Loans

The financial liabilities are composed as follows:

in € thousands	Total	of which due up to 1 year	2 - 5 years	over 5 years
Loans	0	0	0	0
Short-term financial credits	232	232	0	0
	232	232	0	0

The loans/credit were/was secured as follows:

in € thousands	Blanket assignment	Chattel mortgage	Reservation of ownership	total
Loans	0	0	0	0
Short-term financial credits	0	0	232	232
Value 31.12.2011	0	0	232	232
Value 31.12.2010	0	0	385	385

The **short-term financial credits** concern loans of €232 thousand (previous year €55 thousand) with the IBM-Kreditbank for the preliminary financing of customer receivables in the system integration segment and also overdrafts in the previous year (previous year €1,502 thousand). The IBM-Kreditbank has granted credit interest-free for 45 days and from the 46th day the interest is 9.5 % points above the 1-month Euribor rate. The IBM loan is collateralized through extended reservations of ownership of the underlying commodities transactions and also with a guarantee by the Comarch S.A Krakow/Poland parent group.

The securities relate to the short-term financial credits.

(12) Accounts payable trade

Accounts payable trade amounted to €819 thousand in liabilities to third parties (previous year €1,886 thousand) and were collateralized in the amount of €108 thousand by the assignment of claims.

(13) Liabilities towards affiliated companies

Of the €3,441 thousand (previous year €1,530 thousand) of liabilities towards affiliated companies, €1,333 thousand (previous year €728 thousand) comprise accounts payable trade, which largely does not apply to Comarch S. A. The interest rate of the loans is variable and for the year 2011 amounted on average to 3.66 %. The loans were paid off in full at the start of 2012. For the period until the end of March 2013, Comarch S.A., Krakow has a new financing commitment.

(14) Advances

The advances in the amount of €36 thousand (previous year €97 thousand) relate to turnover not yet realized.

(15) Provisions for income tax

The provisions for (actual) tax are retained as required by commercial law from the individual financial statements in the group. In 2011, because of the loss situation, it was not possible to create provisions for actual income tax.

In Germany, there are taxable entities in the subsidiary companies, so that income tax is payable by the parent company, Comarch Software und Beratung AG. A negative tax result has been realized in the consolidation group; Provisions have not been created and released.

For the foreign subsidiaries provisions had to be created in 2011 for foreign income tax in the amount of €1 thousand (previous year €1 thousand).

The provisions have been developed as follows:

in € thousands	As at 1/1/2011	Currency ch ange	Consump tion	Liqui dation	Adv ances	Consolidated group change	As at 31/12/2011
taxes	1	0	-1	0	1	0	1
	1	0	-1	0	1	0	1

(16) Other provisions

In particular the following development occurred:

in € thousands	As at 1/1/2011	Consolidated group ange	Currency ch ange	Consump tion	Liqui dation	Adv ances	As at 31/12/2011
Staff	4.251	-53	13	-3.951	-134	2.756	2.882
Contributions	76	0	0	-63	-1	66	78
Outstanding invoices	416	0	1	-365	-17	64	99
Long-term production contracts	415	0	0	-397	-18	291	291
Accounts	173	0	1	-171	-3	169	169
Room costs	356	0	1	-99	-60	45	243
Process cost	138	0	0	-84	-12	68	110
Defects liability	304	0	1	-305	0	242	242
Other	214	-1	0	-208	-5	0	0
	6.343	-54	17	-5.643	-250	3.701	4.114

The provisions for staff (€2,882 thousand) relate inter alia to holiday and overtime provisions, redundancy payment obligations and also and premiums and royalties.

The provisions for outstanding purchase invoices (€99 thousand) relate to supplier invoices and commission invoices not yet received, against which turnover already realized in the fiscal year is committed. There was a requirement for provisions of €291 thousand from long-term production contracts. €169 thousand was to be set aside for costs related to the annual financial statements (internal and external annual financial statements and testing costs, tax return costs, annual shareholders' meeting). The provisions for room costs (€243 thousand) relate to expenses for renaturation and renovation obligations. Provisions for legal costs (€110 thousand) had to be created for internal costs as well as lawyers' fees and court costs of current proceedings.

Provisions for defects liability (€242 thousand) were created for cost-free improvements from projects that are already settled and other defects liability obligations for the year 2011. Calculations were based on past experience by including a percentage related to the guaranteed sales revenue from the past business year The rates amounted to 1 % or in part 0.5 % in licensing and consulting revenue and 0.25 % in hardware revenue.

Legal risks:

Comarch Software und Beratung AG and its subsidiary companies are subject to legal risks. These include in particular risks from claims for damages from customers and cross actions by customers from active legal proceedings in connection with the enforcement of customer claims by Comarch Software und Beratung AG and its subsidiary companies.

In three legal actions customers have brought claims or counterclaims for damages and/or refund of remuneration paid by the customer in connection with consultancy projects. Comarch

Software und Beratung AG is convinced that it has good arguments against the claims asserted. Provision has been made for anticipated defense costs.

(17) Other liabilities

The other liabilities are categorized as follows:

in € thousands	31/12/2011	31/12/2010
Liabilities towards employees	12	56
Liabilities from tax	273	445
Social security liabilities	60	62
Other	57	192
	402	755

Liabilities from tax include amounts for which the companies within the Group are chargeable plus taxes to be paid out for the account of third parties (e.g. income tax).

Other liabilities include liabilities to customers of €53 thousand (previous year €160 thousand).

(18) Deferred income

Deferred income entries of €48 thousand (previous year €21 thousand) are liquidated in 2012 affecting earnings.

(19) Provisions for deferred taxes

Provisions for deferred taxed had to be made for differences between taxable income of the companies within the group and the group net income. The provision increased by €84 thousand to €1,654 thousand in the reporting period.

Since the differences have evened out over time, taxation provisions for timing differences must now be created, in order to guarantee a delimitation of the tax expenditure on an accrual basis.

One reason for the differences is the capitalization **of the development costs** for custom standard software. In the reporting period an increase in book value of €156 thousand and a tax expenditure of €50 thousand were generated. The holdings of deferred taxes for development costs amounted to €1,603 thousand (previous year €1,553 thousand).

Furthermore, €51 thousand (previous year €7 thousand) for temporary differences from **partial profit realization effects** had to be carried forward as liabilities. The differences existing in the previous year from **debt consolidation** (€10 thousand) were liquidated or inverted and were shown as deferred taxes. Furthermore there were temporary differences pursuant to IAS 12.39 in the amount of €1 thousand (previous year €1 thousand), for which for purposes of simplification no deferred taxes were estimated.

No deferred taxes without any effect on profit and loss from currency differences were recorded (previous year €0.5 thousand). The difference of €0.5 thousand was shown in other results.

(20) Equity

The equity or group statement of shareholders' equity included the entries "Subscribed capital", "Capital reserves", "Accumulated profit (previous year Accumulated loss)" and "Adjustment items from foreign currency conversion". The equity of the company on December 31, 2011 amounted to €7.2 million (previous year €4.7 million).

The most important targets for **Financial Management** include the security and sustained growth of the company's value as well securing the liquidity and credit-worthiness of the group. Definite growth in profitability and cash flow is also necessary. The **capital management** includes the equity and the warranted loan capital and is based on the ratings of the banks granting credit. The loans guaranteed by the parent group were also considered. Capital was increased in 2011 to strengthen equity. This brought resources of €6.9 million into the group. The poor financial performance in fiscal years 2009 to 2011 completely consumed the reserves of financial resources and diminished the capital to a large extent. The injection of equity in 2011 improved the group's financial situation. The Comarch Software und Beratung AG Group is not subject to any statutory capital requirements.

The **subscribed capital** consists of 6,213,072 shares. In 2011, the company's subscribed capital was decreased by €4,320,000.00 to €2,160,000.00 after an initial simplified capital reduction of €6,480,000.00. Income from the capital reduction was used to cover the balance sheet loss. Following this, a capital increase was carried out, in which subscribed capital was increased once more to €6,480,000.00. The capital was actually increased from €4,053,072.00 to €6,213,072.00 through the issue of 4.053.072 new shares to registered shareholders. The value of one share is estimated as €1.00. **This concerns exclusively common shares stock**. Of the shares, 5,553,072 are **admitted** to trading on the stock exchange**.**

By a resolution at the Annual Meeting of June 19, 2008 with a time limit of June 18, 2013 the increase of the share capital one or more times up to a maximum amount of 2,490 by the issue of new registered shares to existing shareholders against contributions in cash or in kind was resolved **(share capital 2008)**. The Board is authorized, with the agreement of the Supervisory Board to decide the further details of the capital increase from the 2008 authorized capital, in particular the further content of the rights of the shares and the terms of issue. The Board made use of this authorization on November 13, 2008 and decided a capital increase in the amount of €1,500 thousand. This was approved by the Supervisory Board on November 13, 2008 and carried out (cf. Notes to subscribed capital). Authorized capital 2008 amounted to €990 thousand after the partial use for the capital increase performed on December 31, 2008 and remained unchanged on December 31, 2011.

Furthermore the Board is authorized, up until June 18, 2013 with the agreement of the Supervisory Board **to issue convertible bonds and/or bonds with warrants with limited or unlimited maturity period** in the maximum amount of €10,000 thousand and to grant the holders/owners or creditors of bonds conversion or exercise rights up to €2,490 thousand on shares registered to the holders/owners of Comarch Software und Beratung AG with a proportionate amount of the share capital of up to €2,490 thousand in accordance with the respective bond or warrant conditions. A **contingent capital** in the amount of €2,490 thousand was created for this purpose. The contingent capital is only increased to the extent that the owners and creditors make use of issued convertible bonds and exercise rights or fulfill their obligation to exercise conversion rights or option rights. Up until December 31, 2011 no convertible bonds or bonds with warrants had been issued.

The Board is authorized, up until June 14, 2010 with the agreement of the Supervisory Board to issue **profit-sharing rights** in accordance with the resolution of the Annual Meeting and with the conditions for profit-sharing rights stipulated by the Board of Management and approved by the Supervisory Board. The profit sharing rights may continue for up to 15 years. The total nominal amount of the subscribed profit-sharing rights must not exceed €12,000 thousand. The profit-sharing rights issued by reason of this authority must not include any Comarch Software und Beratung AG convertible bonds and exercise rights. The subscription rights of the shareholders are excluded on the profit-sharing rights. In fiscal year 2011 no use was made of this authorization.

The **capital reserve** was fully used up in previous years to cover losses. In fiscal year 2011, there was an addition to the capital reserve in the sum of €2,837 thousand (€0.70 per share) as a result of the premium from the capital increase. The additional amount was taken from the capital reserve to cover the shortfall, with the result that there was no longer a capital reserve on December 31, 2011.

The **consolidated balance sheet profit (previous year loss)** on December 31, 2011 in the amount of €885 thousand (previous year balance sheet loss €1,861 thousand) includes the accumulated full-year results of the companies included in the group ("balance sheet profit or loss", "profit or loss balance carried forward"), where the results were not distributed. The balance sheet loss was balanced by withdrawals from the capital reserve. The withdrawals from the capital reserve were entered in the Comarch Software und Beratung AG annual financial statements to cover the balance sheet loss and similarly in the consolidated financial statement.

In the annual financial statements of Comarch Software und Beratung AG there was a balance **sheet loss** (€386 thousand) so that on December 31, 2011 there were no amounts available for distribution.

Comments are made on the further composition and development of individual items of the equity in the "Consolidated statement of change to shareholders' equity" appendix.

(21) Related parties

In the course of its operational business Comarch Group deals with commodities and services of many business partners.

These include associated companies and Comarch S.A., Krakow and its subsidiary companies outside the basis of consolidation of the Comarch Group.

The following table gives an overview of the range of transactions with the entities and persons mentioned:

in € thousands	2011	2010
Sales revenue and other income		
Affiliated companies	82	112
Associated companies	0	50
• proceeds from sales from the sale of an associated company €0 thousand (previous year €50 thousand)		
Purchase of goods and services		
Affiliated companies	538	1.615
• Development services therefrom €288 thousand (previous year € 1,118 thousand)		
Members of the Supervisory Board	0	0

On the balance sheet dates there existed the following material receivables against and liabilities towards related entities or persons:

in € thousands	2011	2010
Receivables against related persons		
Affiliated companies	116	212
Liabilities towards related parties		
Affiliated companies	3.872	3.441
• Unsecured loans therefrom: €2,651 thousand (previous year €2,107 thousand).		
• Accounts payable trade therefrom €1,221 thousand (previous year €1,334 thousand)		
Members of the Supervisory Board	0	0

(22) Other financial obligations and contingent liabilities

The other financial obligations from rental and lease relationships amount annually to €1,291 thousand (previous year €1,387 thousand). Finance leasing concerns mainly motor vehicles and data-processing systems. Annual obligations from these amount to €486 thousand (previous year €579 thousand). The leasing contracts usually have a minimum duration of 2 to 4 years, as a general rule provide no binding purchase option in favor of the lessee and can basically be categorized as operating leasing.

The financial obligations from leasing relationships are given below, differentiated according to period:

in € thousands	up to one year	longer than one year and up to five years	longer than 5 years
Obligations from operating leasing	402	230	0

There are no contingent liabilities at the balance sheet date.

(23) Reporting of financial instruments

Management of financial risks

The Comarch Group transacts its operative business predominantly in Germany or in the Euro Zone. Additionally it has business activities in Switzerland as well as business relationships with the parent group, Comarch S.A., Krakow. To a certain extent this produces currency risks. Derivative financial instruments are not used to reduce financial risks.

A more detailed account of risks and risk management is given below:

Credit risk

There is a credit risk for the Comarch Group to the effect, that the valuation of the receivables could be affected, if the business partners either do not discharge or do not discharge to the full amount their obligations. The maximum credit risk therefore includes the total amount of receivables.

To minimize the credit risks, the group follows a stringent management of receivables and monitoring of receivables for effective management of credit risks. Basically credit limits are applied for all customers. In 2011 the total credit risks were increased. The requirement for allowances was accordingly adjusted.

In accounts receivable trade risk concentrates in transactions with sales partners in indirect sales and with key account customers. The risk is met during the project phase by proportional payments.

Liquidity risks

The liquidity risk of not being able to satisfy existing or future payment commitments due to lack of disposable payment instruments is centrally managed in the Comarch Software Group. To ensure solvency at all times liquid funds are held in readiness in order to be able to satisfy all payment commitments on schedule. The finance and liquidity requirements are discharged/mitigated by financial planning, in which the financial requirement is structurally higher at the end of the year due to the maintenance revenue actually received at the beginning of the year. Moreover reserves are set aside for unplanned additional expenditures and deficiency in receipts. Liquidity is principally set aside in the form of day and fixed-term deposits. Due to the adverse company performance in 2009 and 2010, and also the redemption payments for investment credits, holdings in cash and cash equivalents were reduced, so that at the end of fiscal year 2010 short-term financial credits amounting to €3.7 million were again drawn on. The injection of equity in 2011 improved the group's liquidity situation and financial strength. Financial credits have fallen to €2.9 million. At the same time, cash and cash equivalents were increased to €2.2 million (previous year €0.5 million). The additional financial resources were, however, consumed to a large extent by the losses in fiscal year 2011. For the period until the end of March 2013 Comarch S.A., Krakow gave a financing commitment.

Market risk

The market risk is the risk that the fair value or future value of a financial instrument will fluctuate due to changes in market prices. Market risk includes price risk, currency risk and interest rate risk.

Price risk

In the Comarch Software und Beratung AG group there are few price risks in the financial instruments. Price risks occurred predominantly under other loans. Receivables were repaid in full in fiscal year 2011, with the result that there are no more risks in this regard.

Currency risk

Currency risks occur in particular where receivables, liabilities, liquid assets and planned transactions are conducted or arise in a currency other than the local currency.

These is very often the case in Comarch Software und Beratung AG, insofar as the Swiss companies within the Group handle their business in the local currency and over time this leads to large currency fluctuations. Moreover in 2011 there was an increase in transactions with the parent company in the currency unit, the zloty, so that there were also in this regard foreign exchange gains and losses. In total, the currency losses exceeded the gains.

Interest rate risk

An interest rate risk, i.e. a change in value of a financial instrument (Fair Value Risk) or the future payments from a financial instrument (Cash flow Risk) due to changes in the market interest rate exists predominantly in assets and debts over one year old. Since there was a limited availability of long-term financial assets in fiscal year 2011, there were few interest rate risks to be identified in assets of the Comarch group at that time.

The group set aside its liquid assets and liquidity reserves almost exclusively in the area of variable-interest short-term financial instruments, which were not subject to any noticeable price fluctuations.

The other financial assets amounted mainly to an originated loan in the amount of €65 thousand to a formerly associated company, which was fully paid back in 2011. In the area of outside financing the group had already paid off in full the investment loan in 2009. (cf. Note 10).

At the reporting date short-term financing loans at favorable conditions were taken up. These were declared or secured by related parties outside the basis of consolidation. The loans from the short-term sales financing are interest-free for the first 45 days and therefore de facto carry no interest rate risk at all.

Accounting of financial instruments.

The holding in original financial instruments can be seen from the balance sheet and the explanatory notes. Financial instruments are - pursuant to IAS 39 - included in the "held for trading", "holding until final maturity", "loans and receivables" and "available for sale". For further information on accounting of financial instruments please see Point D.

Since at that time no derivative financial instruments were mobilized, no further comment need be made.

The following table shows the book values of individual financial assets and liabilities for each individual category of financial instruments and liabilities and carries these over to the relevant balance sheet items. Due to the predominantly short-term nature of cash and cash equivalents, accounts payable trade, receivables from affiliated companies as well as other receivables and liabilities and other assets and liabilities the book values vary only slightly from the fair value on the balance sheet date. There is, therefore, no need to show the current values.

	valued to amortized costs	Non-financial assets / liabilities		valued to amortized costs	Non-financial assets / liabilities	
in € thousands	**Book value 31.12.2011**	**Book value**	**Book value in the balance sheet**	**Book value 31.12.2010**	**Book value**	**Book value in the balance sheet**
Cash and cash equivalents						
Loans and receivables	2.241		2.241	544		544
Receivables from sales and services						
Loans and receivables	3.301		3.301	5.424		5.424
Receivables from affiliated companies						
Loans and receivables	116		116	212		212
Other receivables and assets			*366*			*403*
Loans and receivables	80		80	154		154
Non-financial assets		286	286		249	249
Other investments						
Loans and receivables	0		0	65		65
Financial assets	**5.738**			**6.399**		
of which: Loans and receivables	5.738		5.738	6.399		6.399
Loans						
Valued to amortized costs	232		232	1.557		1.557
Liabilities from sales and services						
Valued to amortized costs	819		819	1 896		1.896
Liabilities from affiliated companies						
Valued to amortized costs	3.872		3.872	3.441		3.441
Received advanced payments						
Valued to amortized costs	36		36	97		97
Other liabilities			*402*			*755*
Valued to amortized costs	69		69	250		250
Non-financial liabilities		333	333		505	505
Total financial liabilities	**5.028**			**7.241**		
of which: Valued to amortized costs	5.028		5.028	7.241		7.241

The interest income (€32 thousand, previous year €72 thousand) was almost exclusively redeemed for loans and receivables. The interest payable (€69 thousand, previous year €27 thousand) was provided for short-term financing loans. The expenses for depreciation of receivables are shown in Note 2.

The securities shown in previous years were sold in fiscal year 2010 at capital gains of €1 thousand.

G. Notes to the consolidated profit and loss account

(24) Sales revenue

The **sales revenue** has reduced from €36,867 thousand to €28,503 thousand.

Depending on turnover category, there was the following sales revenues development accrual

in € thousands	31/12/2011	31/12/2010
Licenses and maintenance	14.822	16.711
Services	10.049	13.020
Hardware trade	3.161	6.953
Other	471	183
	28.503	36.867

The turnover includes revenue from long-term contract manufacturing in the amount of €436 thousand (previous year €790 thousand). Contract costs of €307 thousand (previous year €1,179 thousand) are set against the contract revenue. Losses totaled €129 thousand (previous year loss of €389 thousand) in the fiscal year. Advances in the amount of €854 thousand (previous year €499 thousand) in connection with long-term production contracts were received.

(25) Other income

Other income (€838 thousand; previous year €1,066 thousand) includes revenue, which does not result from the actual field of operations, such as e.g. insurance recoveries, profits from the sale of fixed assets, income from the dissolution of provisions, income from exchange rate differences etc. Moreover, other income includes rebates from suppliers that cannot be directly assigned to goods purchased and therefore cannot be deducted from the material costs.

(26) Changes in work in progress

The inventory in work in progress in the balance sheet item, "Inventories" has increased as compared with the previous year from €28 thousand to €50 thousand, so that a change of inventory of €22 thousand was shown.

(27) Other capitalized services

The other capitalized services relate exclusively to capitalized development costs. The activation amount of €1,550 thousand was €340 thousand above the previous year's amount of €1,890 thousand. Write-offs on development costs of €1,394 thousand (previous year €1,039 thousand) capitalized in previous years, which are included under the item, "Write-offs on property and intangible assets", were set off against the capitalized amount of €1,550 thousand.

(28) Cost of purchased materials

Expenses for purchased goods predominantly relate to purchase of hardware. The costs for the acquisition of traded software products are also shown. Quantity-dependent rebates and discounts for acquired goods are set off directly against costs, where they are assignable on an accrual basis.

in € thousands	31/12/2011	31/12/2010
Hardware	2.666	5.365
Software and maintenance commodities	861	948
Other	47	40
	3.574	6.353

(29) Expenses for purchased goods

The third party services acquired by the group relate to software development and customer advisory services.

in € thousands	31/12/2011	31/12/2010
Consulting/Customers	1.693	2.564
Development (incl. development for customers)	1.330	1.781
	3.023	4.345

(30) Staff expenses

Staff expenses were reduced during the fiscal year to €18,710 thousand (previous year €22,796 thousand). Staff expenses include expenses for wages and salaries in the amount of €16,060 thousand (previous year €19,551 thousand) as well as Social Security contributions and health care expenses of €2,650 thousand (previous year €3,245 thousand), of which €154 thousand (previous year €190 thousand) comprised defined contribution pension plan expenses. Expenses in the amount of €425 thousand (previous year €694 thousand) were effected for gratuities (incl. committees).

The number of employees pursuant to Section 314 Commercial Code amounted to 258 staff (previous year 304).

(31) Write-offs of property and intangible assets

The write-offs fell by €2,228 thousand to €3,138 thousand in the reporting period. These comprised exceptional depreciation in the amount of €500 thousand (previous year €2,281 thousand) on the goodwill.

The composition of write-off amounts are detailed in Notes 7 and 8 on fixed and intangible assets.

(32) Other operating expenses

Other operating expenses can be classified as follows:

in € thousands	31/12/2011	31/12/2010
Room costs	1.489	1.628
Operating costs	1.327	1.870
Administrative costs	1.344	1.216
Distribution costs	1.738	2.664
other	953	673
	6.851	8.051

Write-offs and allowances on receivables in the amount of €330 thousand (previous year €132 thousand) are listed under the entry "other". The net value correction cost is estimated after balancing with dissolution of allowances (shown under other income) at €282 thousand (previous year €54 thousand).

(33)Interest result

The interest payable relates predominantly to short-term financial credits. The interest payable for the previous year includes payment for loans inclusive of fees in the amount of €58 thousand (previous year €9 thousand).

in € thousands	31/12/2011	31/12/2010
Interest income	32	72
Interest payable	-69	-27
	-37	45

(34) Income tax

Taxes paid or owed on revenue and income in the individual countries as well as deferred taxes are shown as **income tax**.

In Germany corporate income tax rate (incl. the solidarity surcharge) for the year 2011 at the rate of 15.8 % (previous year 15.8 %) was taken into account. As regards the trade tax there was an average weighted domestic/German tax rate of 31.9 % (previous year 31.9 %) for the Comarch Software und Beratung AG group.

The actual tax benefit amounted to €8 thousand (previous year tax expenditure €14 thousand). This also included a deferred tax expenditure of €1 thousand (previous year tax expenditure of €0.4 thousand). The total tax benefit in the fiscal year amounted to €7 thousand (previous year tax expenditure €14 thousand). Actual refunds for income tax in previous years amounted to €10 thousand (previous year expenditure of €13 thousand).

There were no expenses and income due to changes in tax rates.

The deferred taxes result from differences in the following items:

in € thousands	Active deferred taxes 2011	Passive deferred taxes 2011	Active deferred taxes 2010	Passive deferred taxes 2010
Fixed assets	85	1.603	235	1.553
Capitalized loss carryforwards	1.548	0	1.299	0
Receivables	0	51	0	7
Equity capital	0	0	0	1
Provisions	20	0	37	0
Liabilities	1	0	0	10
	1.654	1.654	1.571	1.571

In 2011, there was no use of non-balanced tax loss carryforwards. In the previous year, their use led to a reduction in taxes paid or owed in the amount of €9 thousand.

Deferred taxes are only set off against tax loss carryforwards, if the realization of the deferred taxes is guaranteed with sufficient certainty/security. This concerned the group member company Comarch Swiss in Switzerland (€13 thousand). Moreover, on December 31, 2011 existing deferred taxes were estimated as €1,535 thousand for the loss carryforwards in the Comarch Software und Beratung AG consolidation group (previous year €1,285 thousand). Further loss carryforwards (without time limitations) to the corporate tax in the amount of €13,483 thousand (previous year €10,504 thousand) as well as for trade tax of €11,027 thousand (previous year €10,140 thousand), for which no deferred taxes were capitalized.

The tax benefit (€7 thousand) in fiscal year 2011 was €1,402 thousand lower than the anticipated tax benefit of €1,409 thousand, which would affect the pre-tax profit of the group when a weighted anticipated composite rate was applied.

This composite rate is calculated from the anticipated tax rates of the individual companies in the group and in 2011 was in the range of 31.9 (previous year 31.9%). The reasons for the difference between anticipated and actual tax expenditure are shown in the following reconciliation:

in € thousands	2011	2010
Result before tax on earnings	-4.418	-7.052
Expected tax benefit: 31.9 % (previous year 31,9 %)	-1.409	-2.250
Differences with foreign tax rates	6	-10
Amendments and differences in tax rates domestically and currency	-1	-3
Tax-free gains	-27	-2
Permanent differences	17	20
Tax effects on:		
Depreciation of goodwill	159	343
Non-capitalization of loss carryforwards	1.113	1.691
Post-capitalization of loss carryforwards and taxes not relating to period	-10	3
Depreciation of loss carryforwards	145	222
Effective tax benefit (previous year tax expenditure)	-7	14
Effective tax rate in %	0.2	-0.2

By reason of the German corporate tax credit system up to the year 2000 corporate tax credits of €130 thousand still existed, and annually 1/10 of the total amount has been paid out annually since 2008 - independent of distribution of profits. Receivables were calculated with the cash value of the receivable by the application of a discount rate of 4 % at €118 thousand (previous year €135 thousand) and capitalized under other receivables.

(35) Earnings per share

In terms of the net loss of 4,411 thousand €, there were earnings per share of €– 1.32 in round figures (previous year €-3.27 adjusted). In fiscal year 2011, there was an average total of 3,348,161 shares from which to calculate the earnings per share, in consideration of the capital increase.

The diluted earnings per share relates to the undiluted earnings per share, since no dilutive effects have been given. The authorized capital of €990 thousand and the contingent capital of €2,490 thousand can produce dilutive effects in the future.

(36) Notes on the remuneration of the Board of Management and share holdings

The total remuneration of the Board of Management of Comarch Software und Beratung AG amounted in fiscal year 2011 to €473 thousand (previous year €511 thousand), the remuneration of the Supervisory Board amounted to €20 thousand (previous year €20 thousand). The total remuneration of the Board of Management includes performance-based remuneration in the amount of €30 thousand (previous year €65 thousand), that of the Supervisory Board €0 thousand (previous year €0 thousand). Gratuities in the amount of €0 thousand were paid to Board members who have left. Furthermore, Provisions for gratuities for Board members who have left amount to €18 thousand (previous year €45 thousand). In accordance with a resolution of the Annual Meeting, no individualized information on remuneration of the Board of Management has been included. The Board of Management of Comarch Software und Beratung AG consisted in 2011 of three members. Mr. Ralf Gärtner left the Board of Management of Comarch Software und Beratung AG with effect from January 12, 2011 and Mr. Piotr Piatosa in November 2011. Furthermore, Mr. Ludwig Ametsbichler left the Board of Management of Comarch Software und Beratung AG with effect from December 31, 2011. Dr. Christoph Kurpinski joined the Board of Management with effect from September 1st, 2011, as Chairman. Further notes on the remuneration of the Board of Management are contained in the Group Management Report.

At the balance sheet date a current member of the Board of Management holds indirectly at any one time more than 1 % of the share capital.

Member of the Management Board	**Share holdings in detail**	**Share holdings in detail**
	31.12.2011	**31.12.2010**
Prof. Janusz Filipiak	166.719	500.158

(37) Auditors’ fees

The following fees have been included in fiscal year 2011 for the services of the group's auditors, Akanthus GmbH Wirtschaftsprüfungsgesellschaft, Munich:

in € thousands	**2011**	**2010**
Audit services	70	77
Other assurance services	3	3
Tax advisory services	25	19
Other services	9	16
	107	115

The fees for auditing include in particular fees for the group final audit as well as the inspection of the annual financial statements of Comarch Software und Beratung AG and its German subsidiary companies.

(38) Disclosures pursuant to § 21 of the Securities Trading Act

In fiscal years 2010 and 2011 there were the following exceedences and shortfalls in voting rights on the share capital of Comarch Software und Beratung AG:

Shareholder	Date of change in voting rights	Voting rights above/below threshold number	%
Dr. Hannes Merten, Munich	2010-04-16	0	0
Vintage Investment / Prof. Filipiak / Kancelaria Radcow Prawnych Oles & Rodzynkiewicz Spolka Komandytowa	2010-04-19	500.158	7,72
Uto Baader/Baader Verwaltungs GmbH/Baader Immobilien-verwaltungs GmbH & Co.KG/ Baader Beteiligungs GmbH/ Baader Bank AG	2011-09-16	4.060.773	65,36
Vintage Investment / Prof. Filipiak / Kancelaria Radcow Prawnych Oles & Rodzynkiewicz Spolka Komandytowa	2011-09-16	166.719	2,68
Uto Baader/Baader Verwaltungs GmbH/Baader Immobilien-verwaltungs GmbH & Co.KG/ Baader Beteiligungs GmbH/ Baader Bank AG	2011-09-28	0	0

The following disclosures were made to the company:

April 20, 2010

Dr. Hannes Merten, Germany disclosed pursuant to Section 21, Para. 1 of the German Securities Trading Act that his share of voting rights in Comarch Software und Beratung AG, Munich, Germany on June 16, 2010 had fallen below the threshold of 3 % of the voting rights and on that date amounted to 0.00 % (0 voting rights).

May 18, 2010

Vintage Investment Holdings S.A. Luxembourg, Grand Duchy of Luxembourg disclosed that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on April 19, 2010 had exceeded the thresholds of 3 % and 5 % and on that date amounted to 7.72 % of the voting rights (500,158 voting rights).

Mr. Janusz Filipiak, Poland disclosed that his share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on April 19, 2010 had exceeded the thresholds of 3 % and 5 % and on that date amounted to 7.72 % of the voting rights (500,158 voting rights).

This 7.72 % must be assigned to Prof. Janusz Filipiak (500,158 voting rights).

The following shareholders, whose share of the voting rights at any one time amounted to 3 % or more, are to assign voting rights to Prof. Janusz Filipiak:

Vintage Investment Holdings S.A.

Kancelaria Radcow Prawnych Oles & Rodzynkiewicz Spolka Komandytowa, Krakow, Poland disclosed that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on April 19, 2010 had exceeded the thresholds of 3 % and 5 % and on that date amounted to 7.72 % of the voting rights (500,158 voting rights).

This 7.72 % of the voting rights (500,158 voting rights) are to be assigned to Kancelaria Prawnych Oles & Rodzyniewicz Spolka Komandytowa.

The following shareholders, whose share of the voting rights at any one time amounted to 3 % or more, are to assign voting rights to Kancelaria Prawnych Oles & Rodzyniewicz Spolka Komandytowa: Vintage Investment Holdings S.A.

September, 23 2011

Baader Bank AG, Unterschleißheim, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights and on that date amounted to 65.36% of the voting rights (4,060,773 voting rights).

Herr Uto Baader, Munich, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that his share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights and on that date amounted to 65.36% of the voting rights (4,060,773 voting rights).

This 65.36% of the voting rights (corresponding to 4,060,773 voting rights) must be assigned to Mr. Uto Baader according to Section 22, Para. 1, Sentence 1, No. 1 of the German Securities Trading Act.

The following companies controlled by Mr. Uto Baader, whose share of the voting rights of Comarch Software und Beratung AG at any one time amounted to 3% or more, are to assign voting rights to Mr. Uto Baader:

Baader Verwaltungs GmbH,
Baader Immobilienverwaltungs GmbH & Co. KG
Baader Beteiligungs GmbH
Baader Bank AG

Baader Verwaltungs GmbH, Munich, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights and on that date amounted to 65.36% of the voting rights (4,060,773 voting rights).

This 65.36% of the voting rights (corresponding to 4,060,773 voting rights) must be assigned to Baader Verwaltungs GmbH according to Section 22, Para. 1, Sentence 1, No. 1 of the German Securities Trading Act.

The following companies controlled by Baader Verwaltungs GmbH, whose share of the voting rights of Comarch Software und Beratung AG at any one time amounted to 3% or more, are to assign voting rights to Baader Verwaltungs GmbH:

Baader Immobilienverwaltungs GmbH & Co. KG,
Baader Beteiligungs GmbH
Baader Bank AG

Baader Immobilienverwaltungs GmbH & Co. KG, Unterschleißheim, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights and on that date amounted to 65.36% of the voting rights (4,060,773 voting rights).

This 65.36% of the voting rights (corresponding to 4,060,773 voting rights) must be assigned to Baader Immobilienverwaltungs GmbH & Co. KG according to Section 22, Para. 1, Sentence 1, No. 1 of the German Securities Trading Act.

The following companies controlled by Baader Immobilienverwaltungs GmbH & Co. KG, whose share of the voting rights of Comarch Software und Beratung AG at any one time amounted to 3% or more, are to assign voting rights to Baader Immobilienverwaltungs GmbH & Co. KG:

Baader Beteiligungs GmbH
Baader Bank AG

Baader Beteiligungs GmbH, Unterschleißheim, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights and on that date amounted to 65.36% of the voting rights (4,060,773 voting rights).

This 65.36% of the voting rights (corresponding to 4,060,773 voting rights) must be assigned to Baader Beteiligungs GmbH according to Section 22, Para. 1, Sentence 1, No. 1 of the German Securities Trading Act.

The following companies controlled by Baader Beteiligungs GmbH, whose share of the voting rights of Comarch Software und Beratung AG at any one time amounted to 3% or more, are to assign voting rights to Baader Beteiligungs GmbH: Baader Bank AG

September 27, 2011

Vintage Investment Holdings S.A. Luxembourg, Grand Duchy of Luxembourg disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 fell below the thresholds of 5% and 3% and on that date amounted to 2.68% of the voting rights (166,719 voting rights).

Herr Janusz Filipiak, Schweiz disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that his share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 fell below the thresholds of 5% and 3% and on that date amounted to 2.68% of the voting rights (166,719 voting rights).

This 2.68% of the voting rights (corresponding to 166,719 voting rights) must be assigned to Mr. Janusz Filipiak according to Section 22, Para. 1, Sentence 1, No. 1 of the German Securities Trading Act.

Kancelaria Radcow Prawnych Oles & Rodzynkiewicz Spolka Komandytowa, Krakow, Poland disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 16, 2011 fell below the thresholds of 5% and 3% and on that date amounted to 2.68% of the voting rights (166,719 voting rights).

This 2.68% of the voting rights (corresponding to 166,719 voting rights) must be assigned to Kancelaria Radcow Prawnych Oles & Rodzynkiewicz Spolka Komandytowa according to Section 22, Para. 1, Sentence 1, No. 1 of the German Securities Trading Act.

September 30, 2011

Baader Bank AG, Unterschleißheim, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 28, 2011 fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and on that date amounted to 0% of the voting rights (0 voting rights).

Herr Uto Baader, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that his share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 28, 2011 fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and on that date amounted to 0% of the voting rights (0 voting rights).

Baader Verwaltungs GmbH, Munich, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 28, 2011 fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and on that date amounted to 0% of the voting rights (0 voting rights).

Baader Immobilienverwaltungs GmbH & Co. KG, Unterschleißheim, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 28, 2011 fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and on that date amounted to 0% of the voting rights (0 voting rights).

Baader Beteiligungs GmbH, Unterschleißheim, Germany, disclosed, in accordance with Section 21, Para. 1 of the German Securities Trading Act, that its share of the voting rights in Comarch Software und Beratung AG, Munich, Germany on September 28, 2011 fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and on that date amounted to 0% of the voting rights (0 voting rights).

H. Notes to the cash flow statement

The group cash flow statement was drawn up in accordance with IAS 7 according to the indirect method, i.e. the net cash flow from ongoing operating activities were calculated from the group net income, by increasing this to non-cash-effective expenditure and reducing it to non-cash-effective income.

The cash flow statement was drawn up according to the "Top-down Theory". The base for showing the cash flows thus creates the consolidated financial statement consisting of the consolidated balance sheet and consolidated income statement and not the cash flow statement of the individual companies within the group.

The following balance entries were included in the cash funds

1) Cash in hand

2) short-term credit with credit institutions (current account holdings, deposits payable on demand, fixed-term deposits)

During the reporting period account was taken of cash in hand and credit with credit institutions in cash funds. With respect to the holdings in cash or cash equivalents there were on the balance sheet date restrictions on disposal from the hypothecation of an account to protect loans granted in the amount of €318 thousand (previous year €385 thousand).

Since a portion of the holdings in cash and cash equivalents are in currencies other than the Euro, that part of the inflow of funds which has arisen from the change in the conversion rates is shown separately, since no cash flows occur where currency-related growth is not realized.

In the operational cash flow for 2011 actually received interest in the amount of €32 thousand in round figures (previous year €72 thousand) as well as interest paid in the amount of €18 thousand in round figures (previous year €22 thousand).

The income tax actually received in 2011 amounted to €27 thousand (previous year income tax received €51 thousand).

I. Notes to the segment reporting

The segment reporting relating to the Comarch Software und Beratung AG group conforms to the specifications in IFRS 8. In accordance with the "Management Approach" inclusion, the classification of the segmental and regional delimitation and the selection of key figures to be shown is supervised by the internal control and reporting systems.

The resource allocation and valuation of the profitability of both segments is controlled in the Comarch group at Board level. Segmental and regional delimitation and the selection of the key figures to be shown occur in agreement with the internal control and reporting systems ("Management Approach"). The financial plan is organized at group level.

The Comarch group is controlled by strategic business units or Business Centers, which are grouped according to the type of products and services as well as by region and the commercial characteristics of the business into reportable segments.

At December 31, 2011, the Comarch group consisted of two segments. The segments included the following activities:

Segment	Activity
Software and consultancy	Development and sales of standard business management software (ERP) and customer care for the duration of use of the software.
System Integration	Sales of products (server and storage systems, network technologies) and solutions (system-related software, virtualization solutions, security and high availability solutions) for the operation and development of complete IT infra-structures as a "Full Service"

The segment data are calculated as follows:

- Where inter-segmental sales are affected, the valuation is carried out on the basis of the costs incurred.
- The restructuring expenses amounting to €0.8 million incurred due to the reorganization measures are, in their entirety, not applicable to the software and consultancy segment.
- The EBIT serves internally as performance indicator for the individual segment. It relates to the operating earnings of the profit and loss account.

In fiscal year 2011 and in the previous year 10 % of sales revenue was the maximum custom from any customer.

Affirmation of Legal Representatives

We affirm to the best of our belief and knowledge, that in accordance with the applied accounting principles, the financial statements are a true and fair reflection of the assets, finances and profitability of the Group and in the group management report which has been combined with the annual report, provides a true and fair picture of the business development, results and situation of the Comarch group as well as Comarch Software und Beratung AG and the fundamental risks and opportunities of the projected development of the Comarch group and Comarch Software und Beratung AG are described.

Munich, March 28, 2012

Comarch Software und Beratung AG

The Management Board

Dr. Christoph Kurpinski

Janusz Filipiak

Łukasz Wąsek

Audit Certificate of the Auditor

We have audited the consolidated financial statements of Comarch Software und Beratung AG, Munich, comprising the balance sheet, the income statement and the statement of comprehensive income and notes, cash flow statement, statement of changes in equity – and the group management report, which has been combined with the annual report, for the financial year from January 1 to December 31 2011. The preparation of the consolidated financial statements and combined management report according to the IFRS, as they are to be applied in the EU, and the commercial law regulations to be applied as a supplement according to Section 315a, Para. 1 of the German Commercial Code and supplementary provisions of the articles of incorporation lies within the scope of responsibility of the Management. Our responsibility is to express an opinion on the consolidated annual financial statements and the combined group management report, based on our audit.

We undertook the Group audit in accordance with Section 317 of the German Commercial Code in compliance with the generally accepted standards for the audit of financial statements established by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. During the audit, knowledge concerning the business activities and economic and legal background of the company as well as the expectations concerning possible errors were taken into account. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and combined management report are examined primarily on a test basis within the framework of the audit. The audit includes the assessment of the financial statements of the companies included in the consolidated financial statements, the segregation of the consolidated group, the accounting and consolidation principles used, and the significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We are of the opinion that our audit has provided a sufficiently sound basis for our assessment.

Our audit has not led to any reservations.

In our opinion, which is based on the results of our audit, the consolidated financial statements comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as complementarily applicable under Section 315a (1) of the German Commercial Code and convey a true and fair view of the Group's assets, financial position and results of operations in accordance with these regulations. The combined management report is consistent with the financial statements and, as a whole, conveys a true picture of the situation of the group and suitably presents the opportunities and risks of future developments.

In line with our obligations, we refer to the fact that the group’s continued existence is dependent, in the medium term, on the maintained financing from the parent company, Comarch S.A., Krakow. Until mid 2013, the group’s solvency is ensured by financing commitments by the parent company, as presented in the group management report.

The auditors’ report was drawn up in compliance with the legal provisions and generally accepted standards (IDW PS 450).
Any use of the above mentioned opinion outside of the auditors’ report for the group requires our prior agreement. With regard to the publication or transmission of the consolidated financial statements and/or the group management report in a form deviating from the certified version (including translation into other languages), it is first necessary to obtain our opinion again if our certification is quoted or reference is made to our audit; in particular, the reader is referred to Section 328 of the German Commercial Code.

Munich, Thursday, March 15, 2012

Akanthus GmbH
Wirtschaftsprüfungsgesellschaft

Susanne Renn
Chartered accountant

Dr. Andreas Koller
Chartered accountant

Financial Calendar 2012

April 6, 2012	Publication of 2011 consolidated financial statements /annual report
May 15, 2012	Publication of 1st quarter 2012 interim report
August 14, 2012	Publication of 2nd quarter 2012 interim report
August, 2012	Annual General Meeting 2012
November 14, 2012	Publication of 3rd quarter 2012 interim report
April, 2013	Publication of 2012 consolidated financial statements /annual report

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Comarch Software und Beratung AG mit Sitz in München, Messerschmittstr. 4, ist beim Registergericht in München unter HRB 11531 eingetragen. Umsatzsteuer-Identifikationsnummer: DE 129 457 430.

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