

Comarch S.A. Supervisory Board Report 2010

In 2010, there were the following were members of the Supervisory Board:

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

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

The Supervisory Board sat five times in 2009: 29th of March, 17th of May, 31st of May, 20th of September and 29th of November. In addition, the Supervisory Board passed resolutions in correspondence (written) mode on 12th of January, 12th of February, 21st June and 15th of December.

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

- a) monitoring and analysis of the financial situation at the company and Capital Group,
- b) assessments of the Management Board's progress in implementing the company's strategy,
- c) risk analysis and assessment for the company's operations,
- d) formal-legal issues,
- e) drawing up a list of key employees and the coefficients of the individual options within the scope of the management stock option programme for key employees 2011.

The Supervisory Board's scope of activities and the resolutions it considered in 2010 are set out in detail in the minutes from its sittings, which are to be found at the company's headquarters in Krakow.

In connection with principle no. 1 of the Best Practice for Supervisory Board Members arising from the third part of the 'Code of Best Practice for WSE Listed Companies', resolution 10/5/2010 of the 31st of May, 2010 the Supervisory Board of Comarch S.A. recorded a positive verdict with respect to the draft resolution of the Annual General Shareholders' Meeting which took place on the 28th of June, 2010.

On the 31st of May, 2010, in line with point no. 1. 6) of the 'Best Practice for Management Boards of Listed Companies' arising from the second part of the 'Code of Best Practice for WSE Listed Companies', Comarch S.A.'s 'Supervisory Board Report regarding 2009' was published. It included information on the work of its

committees, the 2009 Supervisory Board work appraisal and an assessment of the company's situation with regard to an appraisal of the internal controlling and risk management systems vital to the company.

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

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

It is the opinion of the Supervisory Board that the entities authorized to audit the financial statements of Comarch S.A. and the Comarch Capital Group were selected within the terms of the prevailing law, and that the statutory auditors conducting them met the conditions required for expressing an unbiased and independent opinion in compliance with Polish law. In 2010 BDO Sp. z o.o. was the entity authorized to audit and review the financial statements of the company. The agreement with BDO Sp. z o.o. to provide auditing services for Comarch's financial statements was concluded on the 14th of July, 2010 for a period of one year.

According to a resolution of the Supervisory Board, a new Audit Committee (Annex I to *the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors (...)*) was called and all members of the Supervisory Board became members. According to information possessed by the company, four members of the Audit Committee fulfil independency conditions and at least one of them is qualified in accountancy and financial review.

Tasks of the Audit Committee are, in particular:

- 1) Monitoring the process of financial reporting;
- 2) Monitoring the effectiveness of internal control systems, internal audits and risk management;
- 3) Monitoring financial reviews;
- 4) Monitoring the independency of the export auditor and the entity entitled to audit financial statements;

5) The Audit Committee make recommendations to the Supervisory Board or to an alternate supervisory organisation in relation to the entity entitled to audit financial statements.

With regard to the powers of the Committee, the Supervisory Board receives from Comarch SA information related to accountancy policy, finance, company's operating activity and information on method of settlement of significant, one-off events. The Committee may request or demand the participation of additional people in its sittings, such as experts or members of the Management Board.

2010 Supervisory Board Work Appraisal

In 2010, the Comarch S.A. Supervisory Board operated according to the Rules for the Supervisory Board dated the 25th of June, 2008, the Statute of Comarch S.A., the Corporate Governance Principles in effect at the company and included in the 'Code of Best Practice for WSE Listed Companies', as well as the binding law, while bearing in mind the company and its shareholders' interest.

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

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

**Annex no. 2 to Resolution no. 8/5/2010
Comarch S.A Supervisory Board**

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

The Supervisory Board delivered a positive opinion concerning the financial results of Comarch SA and the current financial situation of the company. In 2010, revenue from sales of Comarch S.A. increased by 12.9 % and amounted to 559.4 million PLN. The operating profit of Comarch S.A. amounted to 75.2 million PLN, and net profit reached 68.5 million PLN.

The Supervisory Board delivered a positive opinion concerning the growth strategy based on expansion abroad and development of proprietary products adopted and executed by the company in 2010. The Comarch brand is renowned both domestically and internationally and is associated with technologically advanced IT systems, high quality services and a professional customer-focused approach. It is the opinion of the Supervisory Board that acquiring IT contracts significant in value, valuable on the European market and with demanding customers in the telecommunication sector, such as E-Plus, and in the finance and banking sector, were significant achievements for the company and the Group in 2010.

The Supervisory Board considers it of great benefit to secure the company against fluctuations across specific sectors of the economy and regions of the world by maintaining sectoral and geographical revenue diversification. It is the opinion of the Supervisory Board that term execution of the infrastructure investment and the intensification of marketing operations, especially within the DACH region (Germany, Austria and Switzerland) are significant for strengthening the company's market position as a global provider of IT products and services for international corporations.

It is the opinion of the Supervisory Board that it is vital to the long-term growth of Comarch S.A. to maintain investment in human capital, in the most advanced technology, in innovative products and the steady development of production resources in Kraków, the Polish regional centres and at the competence centres abroad. In 2010, expenditure on research and development has now exceeded 10 % of sales revenue, which has been financed both by proactively seeking out European funds and from the company's own resources. Acquiring high qualified IT specialists is a key factor in executing an increased number of contracts, and in the further development of the company. It is the opinion of the Supervisory Board that the company has no problems acquiring the appropriate number of qualified employees (within 2010, Comarch SA employed over 200 hundred new employees, especially IT specialists), however the situation on the labour market will have a crucial meaning for the company's situation within the following periods.

The Supervisory Board delivered a positive opinion concerning the investment conducted by Comarch Group in 2010: works on the fifth office and production

building in the Special Economic Zone, works on Comarch branch in Łódź and works on the construction of new offices and Data Centre in Dresden and Lille. Following the completion of these investments, Comarch S.A. will be equipped with high quality workspace enabling seamless execution of IT projects.

In 2010 the Supervisory Board also conducted continuous analyses of risk areas connected with the company's operations as well as assessing the way these risks were being managed by the Management Board.

The most significant operational risks in 2010 were identified as follows:

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

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

- a) credit risk;
- b) interest rate fluctuations which affect the price of costs of bank credits;
- c) Fluctuations in exchange rate levels, especially EUR/PLN and USD/PLN, and which effect profitability of export sales;
- d) financial liquidity risk and the increased expectations of customers within the scope of financing IT projects by IT providers.

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