

SECURITIES AND EXCHANGE COMMISSION**Form SA-QSr 3/2004**

(for issuers of securities in production, construction, commerce and services)

In compliance with par 57 sec 2 and par. 58 sec 1 of the Ordinance of the Council of Ministers dated 16 October 2001

Legal Journal No. 139 pos. 1569 and year 2002 No. 31, pos. 280

The Management of **COMARCH SA**

Issues the consolidate report for the II quarter 2004

Date: 2004-11-15

(submitted)

FINANCIAL HIGHLIGHTS	Thousands of PLN		Thousands of EUR	
	3 quarters to date/ 2004 from 2004- 01-01 to 2004- 09-30	3 quarters to date/ 2003 from 2003- 01-01 to 2003- 09-30	3 quarters to date/ 2004 from 2004- 01-01 to 2004- 09-30	3 quarters to date/ 2003 from 2003-01-01 to 2003-09-30
I. Net sales revenues	225 826	133 718	48 865	30 657
II. Operating income (loss)	10 901	4 194	2 359	962
III. Income (loss) before taxes	7 747	1 910	1 676	438
IV. Net income (loss)	8 011	-159	1 733	-36
V. Net cash flows from operating activities	-4 597	6 692	-995	1 534
VI. Net cash flows from investing activities	-19 873	8 182	-4 300	1 876
VII. Net cash flows from financing activities	-6 822	-26 263	-1 476	-6 021
VIII. Total net cash flows	-31 292	-11 389	-6 771	-2 611
IX. Total Assets	229 229	186 015	52 297	40 059
X. Liabilities and reserves	102 430	89 626	23 369	19 301
XI. Long term liabilities	38 806	39 838	8 853	8 579
XII. Current liabilities	33 578	40 942	7 661	8 817
XIII. Shareholders' Equity	111 582	93 641	25 457	20 166
XIV. Share capital	6 852	7 228	1 563	1 557
XV. Number of shares	6 852 387	6 726 600	6 852 387	6 726 600
XVI. Earnings (loss) per common share (in PLN/EURO)	2,58	0,59	0,56	0,14
XVII. Diluted earnings (loss) per common share (in PLN/EUR)	2,55		0,55	
XVIII. Book value per share (in PLN/EURO)	16,28	13,92	3,71	3
XIX. Diluted book value per share (in PLN/EURO)	16,09		3,67	
XX. Dividend declared or paid (in PLN/EUR)		0,6		0,13

CONSOLIDATED BALANCE SHEET

(thousands of PLN)	As of 2004-09-30 end of quarter/ 2004	As of 2004-06-30 end of prev quarter/ 2004	As of 2004-09-30 end of quarter/ 2003	As of 2004-09-30 end of prev quarter/ 2003
Assets				
I. Fixed assets	120 503	109 912	73 325	69 803
1. Intangible assets	2 693	2 426	3 079	3 495
2. Value of affiliated companies	2 700	2 879	2 285	2 506
3. Tangible fixed assets	109 290	98 200	56 369	55 483
4. Long-term receivables	0			
5. Long-term investments	4 165	4 543	8 241	5 796
5.3. Long-term financial assets	4 165	4 543	8 241	5 796
a) in affiliates	3 951	4 324	8 010	5 537
-shares in affiliates valued using the ownership rights method	3 949	4 322	4 540	5 068
- shares in non-consolidated entities	2	2	3 470	469
b) in other entities	214	219	231	259
6. Long-term deferrals	1 655	1 864	3 351	2 523

6.1 Deferred income taxes	1 655	1 864	1 764	1 787
6.2 Other deferrals			1 587	736
II. Current assets	108 726	129 973	112 690	118 418
1. Inventories	13 825	17 244	14 542	11 684
2. Accounts receivable	47 929	52 770	45 775	45 407
2.1. from affiliates	111	103	81	67
2.2 from other entities	47 818	52 667	45 694	45 340
3. Short-term investments	14 062	38 971	31 107	42 384
3.1 Short-term financial assets	14 062	38 971	31 107	42 384
b) in other entities	248	5 175	19 382	18 772
c) cash and cash equivalents	13 814	33 796	11 725	23 612
4. Short-term deferrals	32 910	20 988	21 266	18 943
Total Assets	229 229	239 885	186 015	188 221
SHAREHOLDERS' EQUITY AND LIABILITIES				
I. Equity	111 582	108 872	93 641	93 764
1. Share capital	6 852	6 852	7 228	7 228
2. Payments to share capital owed (negative value)		-125		
3. Treasury shares (negative value)			-20 643	-20 643
4. Reserve capital	96 714	96 714	96 714	96 714
5 Revaluation capital	-12	282	282	282
6. Other reserves	21 948	21 948	29 827	29 827
7. Exchange differences from converting affiliates	87	-215	-557	208
a) positive exchange differences	87			208
b) negative currency differences		-215	-557	
8. Retained earnings (loss)	-22 018	-21 951	-19 051	-19 682
9. Net income (loss)	8 011	5 367	-159	-170
II. Minority capital	14 434	17 870	2 748	3 061
III. Negative worth of subsidiaries	783	1 400		
IV. Liabilities and reserves	102 430	111 743	89 626	91 396
1. Reserves	5 771	6 206	2 435	2 054
1.1 Deferred income tax reserve	5 589	6 024	388	358
1.3. Other reserves	182	182	2 047	1 696
a) long-term			2 047	1 696
b) short term	182	182		
2. Long-term liabilities	38 806	43 626	39 838	39 884
2.2 To other entities	38 806	43 626	39 838	39 884
3. Short –term liabilities	33 578	40 502	40 942	41 265
3.1 To affiliates	157	317	206	4
3.2 to other entities	32 093	38 753	39 613	40 158
3.3 Special funds	1 328	1 432	1 123	1 103
4. Accrued expenses and deferred revenues	24 275	21 409	6 411	8 193
4.2 Other accrued expenses and deferred revenues	24 275	21 409	6 411	8 193
b) short-term	24 275	21 409	6 411	8 193
Total equity and liabilities	229 229	239 885	186 015	188 221
Book value	111 582	108 872	93 641	93 764
Number of shares	6 852 387	6 852 387	6 726 600	6 726 600
Book value per share (PLN)	16,28	15,89	13,92	13,94
Diluted number of shares	6 934 304	6 895 909		
Diluted book value per share (PLN)	16,09	15,79		

OFF BALANCE SHEET LIABILITIES

Off-balance sheet Liabilities	As of 2004-09-30 end of quarter/ 2004	As of 2004-06-30 end of prev quarter/ 2004	As of 2004-09-30 end of quarter/ 2003	As of 2004-09-30 end of prev quarter/ 2003
2. Contingent liabilities	24 554	23 229	41 002	32 440
2.1. To subsidiaries	1 499	1 499		
-granted guarantees	1 499	1 499		
2.2. To other companies	23 055	21 730	41 002	32 440
-granted guarantees	23 055	21 730	41 002	32 440
Total off-balance sheet liabilities	24 554	23 229	41 002	32 440

CONSOLIDATED INCOME STATEMENT

	III quarter/ 2004 from 2004-07-01 to 2004-09-30	3 quarters/ 2004 from 2004-01-01 to 2004-09-30	III quarter/ 2003 from 2003-07-01 to 2003-09-30	3 quarters/ 2003 from 2003-01-01 to 2003-09-30
I. Net sales revenue	90 056	225 826	44 966	133 718
-from affiliates	72	279	105	327
1. Net sales of products	33 529	119 740	27 285	89 644
2. Net sales of merchandise and materials	56 527	106 086	17 681	44 074
II. Cost of goods sold	76 593	177 490	35 818	99 010
-from affiliates	301	889	172	203
1. Cost of products sold	25 877	81 151	20 523	58 983
2. Cost of merchandise and material sold	50 716	96 339	15 295	40 027
III. Gross margin (I-II)	13 463	48 336	9 148	34 708
IV. Selling expenses	4 955	19 627	3 442	15 656
V. General and administrative expenses	6 130	19 061	4 860	14 236
VI. Income (loss) on sales (III-IV-V)	2 378	9 648	846	4 816
VII. Other operating income	807	2 472	47	256
1. Income of sale of non-financial fixed assets	29	64		
3. Other operating income	778	2 408	47	256
VIII. Other operating expenses	328	1 219	5	878
1. Loss on sale of non-financial fixed assets				98
2. revaluation of non-financial assets	15	43	3	61
3. Other operating expenses	313	1 176	2	719
IX. Operating income (loss) (VI+VII-VIII)	2 857	10 901	888	4 194
X. Financial income	3 174	5 230	680	2 473
2. Interest, including	100	775	554	1 673
3. Income from sale of investments	138	422	125	686
4. Revaluation of investment value		256		
5. Other	2 936	3 777	1	114
XI. Financial expenses	3 582	7 451	1 111	4 092
1. Interest, including	1 621	3 998	1 110	3 318
-to subsidiaries	111	123		
4. Other	1 961	3 453	1	774
XIII. Income (loss) on business activities (IX+X-XI+/-XII)	2 449	8 680	457	2 575
XV. Deduction of value of affiliates	-323	-933	221	665
XVII. Income (loss) before taxes (XIII+/-XIV-XV+XVI)	2 126	7 747	236	1 910
XVIII. Corporate income tax	-435	290	7	282
a)current	-209	706	55	-285
b)deferred	-226	-416	-48	567
XX. Share in income (loss) of entities consolidated using the ownership rights method	-373	-775	-527	-1 660

XXI. Minority (income) loss	456	1 329	309	-127
XXII. Net income (loss) (XVII-XVIII-XIX+/-XX+/-XXI)	2 644	8 011	11	-159

Net Income (loss) (annualized)	17 467		3 941	
Weighted average number of common shares	6 762 343		6 726 600	
Earnings (loss) per common share (in PLN)	2,58		0,59	
Weighted average number of diluted shares	6 842 758			
Earnings (loss) per diluted common share (in PLN)	2,55			

STATEMENT OF SHAREHOLDER'S EQUITY

	III quarter/ 2004 from 2004-07-01 to 2004-09-30	3 quarters/ 2004 from 2004-01-01 to 2004-09-30	III quarter/ 2003 from 2003-07-01 to 2003-09-30	3 quarters/ 2003 from 2003-01-01 to 2003-09-30
I. Shareholders' equity at beginning of period (opening balance)	108 872	103 631	93 764	119 157
I.a. Share capital at beginning of period after restating to comparative data	108 872	103 631	93 764	119 957
1. Share capital at beginning of period	6 852	6 727	7 228	7 228
1.1.Changes in share capital		125		
a) increases (due to)		125		
-shares issued		125		
1.2 Share capital at end of period	6 852	6 852	7 228	7 228
2. Contributions to share capital owed	-125			
2.1. Changes in owed payments to share capital	125			
a) increases (due to)	125	125		
-receivable due to paid shares	125	125		
b) decreases		125		
-increases in share capital paid		125		
3. Shares at beginning of period			-20 643	
3.1 Changes in treasury shares				-20 643
a) increases				-20 643
-purchase of shares for retirement				-20 643
3.2. Treasury shares at end of period			-20 643	-20 643
4. Reserve capital at beginning of period	96 714	96 714	96 714	96 714
4.2. Reserve capital at end of period	96 714	96 714	96 714	96 714
5. Revaluation capital at beginning of period	282	282	282	282
5.1. Changes in revaluation capital	294	294		
b) decreases	294	294		
-capital from share retirement	294	294		
5.2. Revaluation capital at end of period	-12	-12	282	282
6. Other reserve capitals at beginning of period	21 948	9 685	29 827	24 560
6.1 Changes in other reserve capitals		12 263		5 267
a) increases due to		12 263		5 734
-2003 ComArch SA income distribution		12 263		5 734
b) decreases				467
-settlement of capital from merger				467
6.2 Other reserve capitals at end of period	21 948	21 948	29 827	29 827
7a. Exchange differences from affiliated entities at beginning of period	-215	-89	208	394
7b. Exchange differences from affiliated entities at end of period	87	87	-557	-557

8. Retained losses for previous periods at beg. Of period		9 297		-10 021
8.1 Retained earnings		9 297		
8.2 Retained earnings at beginning of period after restating to comparative data		9 297		
b) decreases due to		9 297		
-2003 income distribution		9 297		
8.4 Retained earnings at beginning of period		18 985	19 682	10 021
8.5 Retained earnings at beginning of period after restating to comparative data	21 951	18 985	19 682	10 021
a) increases due to	67	12 330		9 770
-2001-2003 income settlement		12 263		9 770
-transfer to reserve capital				5 734
-dividend payment				4 036
- ComArch Software income corrections	67	67		
b) decreases due to		9 297	631	740
-share in minority loss			19	128
-currency exchange rate differences			612	612
-2003 consolidated income		9 297		
8.6 Retained earnings at end of period	22 018	22 018	19 051	19 051
8.7 Net income (loss) for 1 half	5 367		-170	
9. Net income	2 644	8 011	11	159
a) net income	2 644	8 011	11	
b) net loss				159
II. Equity capital at end of period	111 582	111 582	93 641	93 641

STATEMENT OF CASH FLOWS

	III quarter/ 2004 from 2004-07-01 to 2004-09-30	3 quarters/ 2004 from 2004-01-01 to 2004-09-30	III quarter/ 2003 from 2003-07-01 to 2003-09-30	3 quarters/ 2003 from 2003-01-01 to 2003-09-30
I. Net income (loss)	2 644	8 011	11	-159
II. Total adjustments	-10 344	-12 608	-2 562	6 851
1. Minority loss	-3 436	-4 309	-308	128
a) share in income	-456	-1 329		
b) changes in minority capital of MKS Cracovia	-2 980	-2 980		
2. Share in (income) loss of affiliates consolidated using the ownership rights method	373	775	527	1 660
3. Depreciation and amortization	1 950	6 948	2 739	8 275
-deductions of value of affiliated entities or negative value of affiliated entities	273	331	221	665
4. (Income) loss due to exchange differences	-671	-836	-71	113
5. Interest and dividends	59	1 500	-7	1 492
6. (Gain) loss on investing activities	103	-215	-275	-2 049
7. Changes in other reserves	784	699	511	1 105
8. Change in inventories	3 095	-2 411	-2 844	-5 319
9. Change in receivables	-9 618	26 714	4 319	24 878
10. Change in current liabilities (excluding loans and bank credits)	5 849	-20 514	-1 342	-5 989
11. Change in deferrals and accruals	-8 646	-20 815	-5 988	-17 153
12. Other adjustments	-186	-144	177	-290
III. Net cash flows from operating activities (I+/-II)	-7 700	-4 597	-2 551	6 692
I. Inflows	5 108	104 600	5 953	37 079
1. Sales of intangible assets	104	596	11	128

3. From financial assets:	5 004	104 004	5 942	36 951
a) in subsidiaries			942	942
-other inflows from financial assets			942	942
b) in other entities	5 004	104 004	5 000	36 009
-sale of financial assets	5 004	104 004	5 000	36 009
II. Outflows	-8 979	-124 473	-11 249	-28 897
1. Purchases of intangible assets	-8 809	-20 687	-2 759	-7 928
3. Acquisition of financial fixed assets:	-170	-103 752	-8 490	-20 969
a) in affiliates	-168	-168	-3 989	-4 044
-acquisition of financial assets	-168	-168	-3 001	-3 056
-other			-988	-988
b) in other entities	-2	-103 584	-4 501	-16 925
-acquisition of financial assets	-2	-103 584	-4 891	-16 925
- long term loans granted			390	
5. Other investment outflows		-34		
III. Net cash flows from investing activities (I-II)	-3 871	-19 873	-5 296	8 182
I. Inflows	1 244	4 967	95	394
1. Net inflows from share issues and other capital instruments and payments to capital	126	126		
2. Loans	746	4 469	86	385
4. Other inflows	372	372	9	9
II. Outflows	-9 435	-11 789	-4 219	-26 657
1. Treasury share purchase				-20 643
2. Dividends			-4 036	-4 036
4. Repayment of loans	-3 279	-4 105	-137	-343
5. Repurchase of debt instruments	-5 905	-5 905		
6. Due to other financial obligations			-8	-25
7. Payment of liabilities from financial leases	-46	-62		
8. Interest	-85	-1 592	-37	-1 606
9. Other financial outflows	-120	-125	-1	-4
III. Net cash flows from financing activities	-8 191	-6 822	-4 124	-26 263
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/-C.III)	-19 762	-31 292	-11 971	-11 389
E. CHANGE IN BALANCE-SHEET: CASH AND CASH EQUIVALENTS	-19 762	-31 292	-11 971	-11 389
F. CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	33 574	45 104	22 754	22 172
G. CASH AND CASH EQUIVALENTS - END OF PERIOD (F+/- D)	13 812	13 812	10 783	10 783

**ABBREVIATED QUARTERLY FINANCIAL REPORT
BALANCE SHEET**

(thousands of PLN)	As of 2004-09-30 end of quarter/ 2004	As of 2004-06-30 end of prev quarter/ 2004	As of 2004-09-30 end of quarter/ 2003	As of 2004-09-30 end of prev quarter/ 2003
Assets				
I. Fixed assets	104 392	109 258	102 382	97 474
1. Intangible assets	2 154	1 616	2 407	2 738
2. Tangible fixed assets	73 318	39 385	33 431	33 079
4. long-term investments	28 719	68 257	64 971	59 795
4.3. Long-term financial assets	28 719	68 257	64 971	59 795
a) in affiliates	28 505	68 038	64 739	59 536
b) in other entities	214	219	232	259
5. Long-term deferrals	201		1 573	1 862
5.1 Deferred income taxes	201			
5.2 Other deferrals			1 573	1 862
II. Current assets	102 873	108 765	99 959	106 827
1. Inventories	12 677	15 309	9 694	10 060
2. Accounts receivable	45 415	36 170	37 431	36 835
2.1. from affiliates	5 860	10 003	8 522	1 150
2.2 fro other entities	39 555	26 167	28 909	35 685
3. Short-term investments	13 523	40 600	33 061	43 887
3.1 Short-term financial assets	13 523	40 600	33 061	43 887
a) in affiliates	6 064	7 901	7 373	7 145
b) in other entities	248	5 175	19 323	18 772
c) cash and cash equivalents	7 211	27 524	6 365	17 970
4. Short-term deferrals	31 258	16 686	19 773	16 045
Total Assets	207 265	218 023	202 341	204 301
Equity and Liabilities				
I. Equity	125 661	130 319	121 866	118 553
1. Share capital	6 852	6 852	7 228	7 228
2. Payments to share capital owed (negative value)		-125		
3. Treasury stock (negative value)			-20 643	-20 643
4. Reserve capital	96 714	96 714	96 714	96 714
5 Revaluation capital	770	1 420	282	282
6. Other reserves	21 948	21 948	29 827	29 827
7. Retained earnings (loss)	1 771	207	207	207
8. Net income (loss)	4 836	3 303	8 251	4 938
10. Capital from merger settlement	-7 230			
II. Liabilities and reserves	81 604	87 704	80 475	85 748
1. Reserves	193		2 048	
1.1. Deferred income tax reserve	11			
1.3 Other reserves	182		2 048	
a) long term			2 048	
2. Long-term liabilities	38 141	43 026	39 838	41 534
2.2 To affiliates	38 141	43 026	39 838	41 534
3. Short –term liabilities	25 112	33 792	34 124	37 565
3.1 To affiliates	595	6 660	3 704	3 451
3.2 to other entities	23 214	26 103	29 493	33 168
3.3 Special funds	1 303	1 029	927	946
4 Accrued expenses and deferred revenues	18 158	10 886	4 465	6 649
4.2 Other accrued expenses and deferred revenues	18 158	10 886	4 465	6 649
b) short-term	18 158	10 886	4 465	6 649

Total equity and liabilities	207 265	218 023	202 341	204 301
Book value	125 661	130 343	121 866	118 553
Number of shares	6 852 387	6 852 387	6 726 600	6 726 600
Book value per share (PLN)	18,34	19,02	18,12	17,62
Diluted number of shares	6 934 304	6 895 909		
Diluted book value per share (PLN)	18,12	18,91		

OFF BALANCE SHEET LIABILITIES

	As of 2004-09-30 end of quarter/ 2004	As of 2004-06-30 end of prev quarter/ 2004	As of 2004-09-30 end of quarter/ 2003	As of 2004-09-30 end of prev quarter/ 2003
Off-balance sheet Liabilities				
2. Contingent liabilities	24 554	20 977	41 962	33 478
2.1. to affiliated companies	1 499	1 499	1 038	1 038
- granted guarantees	1 499	1 499	1 038	1 038
2.2. To other companies	23 055	19 478	40 924	32 440
- granted guarantees	23 055	19 478	40 924	32 440
Total off-balance-sheet liabilities	24 554	20 977	41 962	33 478

INCOME STATEMENT

	III quarter/ 2004 from 2004-07-01 to 2004-09-30	3 quarters/ 2004 from 2004-01-01 to 2004-09-30	III quarter/ 2003 from 2003-07-01 to 2003-09-30	3 quarters/ 2003 from 2003-01-01 to 2003-09-30
I. Net sales revenue	73 907	155 228	35 303	101 234
-from affiliates	1 419	6 864	2 418	6 085
1. Net sales of products	31 616	81 378	18 746	62 694
2. Net sales of merchandise and materials	42 291	73 850	16 557	38 540
II. Cost of goods sold	61 803	124 983	26 955	76 053
-from affiliates	5 390	17 321	4 747	13 625
1. Cost of products sold	20 925	54 468	11 835	39 971
2. Cost of merchandise and material sold	40 878	70 515	15 120	36 082
III. Gross margin (I-II)	12 104	30 245	8 348	25 181
IV. Selling expenses	3 471	9 017	1 496	6 802
V. General and administrative expenses	4 397	12 358	2 812	9 547
VI. Income (loss) on sales (III-IV-V)	4 236	8 870	4 040	8 832
VII. Other operating income	86	692	5	87
1. Income from sale of non-financial fixed assets	9	61		7
3. Other operating income	77	631	5	80
VIII. Other operating expenses	95	634	99	654
2. Revaluation of non-financial assets		22		12
3. Other operating expenses	95	612	99	642
IX. Operating income (loss) (VI+VII-VIII)	4 227	8 928	3 946	8 265
X. Financial income	213	2 280	635	4 507
2. Interest, including	85	808	510	1 637
-from affiliates	53	287	80	204
3. Income from sale of investments	139	422	125	686
4. Revaluation of investments				2 184
5. Other	-11	1 050		
XI. Financial expenses	2 907	6 372	1 268	3 931
1. Interest, including	1 488	3 817	1 106	3 281
4. Other	1 419	2 555	162	650
XII. Income (loss) on business activities (IX+X -XI)	1 533	4 836	3 313	8 841
XIV. Income (loss) before taxes (XII+/-XIII)	1 533	4 836	3 313	8 841

XV. Corporate income tax				590
b)deferred				590
XVIII. Net income (loss) (XIV-XV-XVI+/-XVII)	1 533	4 836	3 313	8 251

Net Income (loss) (annualized)	8 848		13 981	
Weighted average number of common shares	6 762 343		6 726 600	
Earnings (loss) per common share (in PLN)	1,31		2,08	
Weighted average number of diluted common shares	6 842 758			
Earnings (loss) per diluted common share (in PLN)	1,29			

STATEMENT OF SHAREHOLDER'S EQUITY

	III quarter/ 2004 from 2004-07-01 to 2004-09-30	3 quarters/ 2004 from 2004-01-01 to 2004-09-30	III quarter/ 2003 from 2003-07-01 to 2003-09-30	3 quarters/ 2003 from 2003-01-01 to 2003-09-30
I. Shareholders' equity at beginning of period (opening balance)	130 319	127 319	118 553	138 761
I.a. Share capital at beginning of period after restating to comparative data	130 319	127 319	118 553	138 761
1. Share capital at beginning of period	6 727	6 727	7 228	7 228
a) increases (due to)	125	125		
-shares issued	125	125		
-payments to share capital				
1.2 Share capital at end of period	6 852	6 852	7 228	7 228
2. Payments to share capital due	-125			
2.1. Changes in owed payments to share capital	125			
a) increases (due to)	125	125		
-payments for shares	125	125		
b) decreases due to		125		
-payments to share capital		125		
3. Treasury stock at beginning of period			-20 643	
3.1. Change in treasury shares				-20 643
a) increases (due to)				-20 643
-purchase of shares for retirement				-20 643
3.2. Treasury shares at end of period			-20 643	-20 643
4. Reserve capital at beginning of period	96 714	96 714	96 714	96 714
4.2. Reserve capital at end of period	96 714	96 714	96 714	96 714
5. Revaluation capital at beginning of period	1 420	1 723	282	282
5.1. Change in revaluation capital	-953	-953		
b) decreases (due to)	953	953		
-capital from bond repurchase	294	294		
-revaluation of shares in foreign currencies	659	659		
5.2. Revaluation capital at end of period	770	770	282	282
5.3. Capital from merger at beginning of period				
a) increases	-7 230	-7 230		
-settlement of merger	-7 230	-7 230		
5.4. Capital from merger at end of period	-7 230	-7 230		
6. Other reserve capitals at beginning of period	21 948	9 685	29 827	24 560
6.1. Changes in other reserve capitals				5 267
a)increases (due to)		12 263		5 734
-2003 income distribution		12 263		5 734
b) decreases (due to)				467

-settlement of share retirement costs				467
6.2 Other reserve capitals at end of period	21 948	21 948	29 827	29 827
7. Prior years' net income (loss) at beginning of period	207	12 470	207	9 977
7.1 Prior years' net income (loss) at beginning of period	207	12 470		
7.2. Prior years' net income (loss) at beginning of period, after restatement to comparative data	207	12 470		9 977
a) increases	1 868	1 868		
-income for 8 months of merged entities	1 564	1 564		
-transfers from merger	304	304		
b) decreases due to	304	12 567		9 770
-income distribution		12 263		9 770
- income distribution – increases in reserve capital				5 734
-dividend payment				4 036
-settlement of merger	304	304		
7.3 Prior year's income at end of period	1 771	1 771	207	207
7.7. I quarter income (loss)	3 303		4 938	
8. Net income	1 533	4 836		
8. Net income for III quarter/ 3 quarters	1 533	4 836	3 313	8 251
a) Net income			3 313	8 251
II. Shareholders' Equity at end of period (closing balance)	125 661	125 661	121 866	121 866
III. Shareholders equity after the proposed income distribution (loss coverage)	125 661	125 661	121 866	121 866

STATEMENT OF CASH FLOWS

	III quarter/ 2004 from 2004-07-01 to 2004-09-30	3 quarters/ 2004 from 2004-01-01 to 2004-09-30	III quarter/ 2003 from 2003-07-01 to 2003-09-30	3 quarters/ 2003 from 2003-01-01 to 2003-09-30
I. Net income (loss)	1 533	4 836	3 313	8 251
II. Total adjustments	-7 685	-8 048	-4 229	-1 162
2. Depreciation and amortization	1 610	4 439	1 762	5 061
4. Interest and dividends	47	1 496		1 496
5. (Gain) loss on investing activities	113	-222	-273	-4 336
6. Changes in other reserves			352	1 043
7. Change in inventories	4 953	-1 917	366	-3 090
8. Change in receivables	4 097	32 526	-567	17 023
9. Change in current liabilities (excluding loans and bank credits)	-13 657	-26 581	498	-1 940
10. Change in deferrals and accruals	-6 711	-19 637	-6 367	-15 952
11. Other adjustments	1 863	1 848		-467
III. Net cash flows from operating activities (I+/-II)	-6 152	-3 212	-916	7 089
I. Inflows	6 584	110 849	5 000	36 077
1. Sale of intangible assets and tangible fixed assets	77	505		69
3. From financial assets:	6 507	110 344	5 000	36 008
a) in subsidiaries	1 503	6 340		
-repayment of long-term loans	1 503	6 340		
b) in other entities	5 004	104 004	5 000	36 008
-sale of financial assets	5 004	104 004		
II. Outflows	-11 759	-124 808	-11 776	-29 963
1. Purchases of intangible assets and fixed financial assets	-7 350	-15 926	-1 635	-5 542
3. Acquisition of financial fixed assets:	-4 409	-108 882	-10 141	-24 421
a) in affiliates	-4 409	-5 300	-5 593	-7 496
-purchase of financial assets	-4 190	-4 481	-5 202	-5 257

- long-term loans granted	-219	-819	-391	-2 239
b) in other entities		-103 582	-4 548	-16 925
-purchase of financial assets		-103 582	-4 938	-16 925
-granted long term loans			390	
III. Net cash flows from investing activities (I-II)	-5 175	-13 959	-6 776	6 114
I. Inflows	912	4 691	86	385
1. Net income from share issue and other capital instruments and payments to capital	126	126		
2. Loans	745	4 469	86	385
4. Other financial inflows	41	96		
II. Outflows	-9 564	-11 350	-4 173	-26 518
1. Acquisition of treasury shares				-20 643
2. Dividends			-4 036	-4 036
4. Repayment of loans	-3 571	-3 853	-137	-343
5. Repurchase of long term debt instruments	-5 905	-5 905		
8. Interest	-88	-1 592		-1 496
III. Net cash flows from financing activities	-8 652	-6 659	-4 087	-26 133
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/-C.III)	-19 979	-23 830	-11 779	-12 930
E. CHANGE IN BALANCE-SHEET: CASH AND CASH EQUIVALENTS	-19 979	-23 830	-11 779	-12 930
F. CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	26 636	30 487	16 884	18 035
G. CASH AND CASH EQUIVALENTS - END OF PERIOD (F+/- D)	6 657	6 657	5 105	5 105

COMMENTARY

1. Capital Group Structure

The ComArch Capital Group has the following structure: the parent company generates the majority of contracts and to a large extent realizes them. ComArch Global, ComArch Software, ComArch Middle East FZ-LLC generate contracts in international markets and realize them fully or partially. Interia.pl is an Internet portal providing IT services, communication services, search capabilities and services for the Internet community. ComArch Internet Ventures is involved in providing IT services aimed at providing Internet connections for the ComArch companies and for projects implemented by ComArch. NetBrokers Sp. z o.o. offers e-commerce services such as a virtual commodity exchange in the Internet. MKS Cracovia SSA is an athletic club. On 31.08.2004 ComArch SA acquired ComArch Kraków SA and CDN-ComArch SA

As of 30.09.2004 the following entities were part of the Capital Group (shares of ComArch SA)

- ComArch SA in Krakow
- ComArch Global, Inc. in Miami (90,00%)
- ComArch Software AG in Frankfurt am MAin (100,00%)
- ComArch Middle East FZ-LLC in Dubai (100,00%)
- ComArch Sp. z o.o. in Kiev (100,00%)
- ComArch s.r.o. In Sliac (Slovakia) (100,0%)
- CIV Sp. z o.o. in Kraków (99,90%)
- Iteria.pl SA in Kraków (49,87%)
- NetBrokers Sp. z o.o. in Kraków (40,00%)
- MKS Cracovia SSA in Kraków (28,4%)

ComArch SA has a dominant share in the Capital Group in regards to revenues, assets and the number and magnitude of contracts.

The consolidated financial statement for the III quarter 2004 includes: ComArch SA, ComArch Software AG, ComArch Global, Inc., ComArch s.r.o., ComArch Middle East FZ-LCC, ComArch Sp. z o.o. (Ukraine), CIV Sp. z o.o. and MKS Cracovia SSA. Shares in Interia.pl and NetBrokers Sp. z o.o. were valued using the ownership rights method. Other entities were consolidated using the full method.

2. Changes in the Structure of the Capital Group

On 19 July 2004, the Regional Court for Kraków Center issued a resolution registering the share increase of MKS Cracovia SSA by 4 million PLN. As a result of the capital increase ComArch acquired 40 000 registered D series shares at an issue price equal to the par value of 100 PLN per share. After the share capital increase the share capital of MKS Cracovia is 14 557 000 PLN and is divided into 145 570 shares. Share capital consists of 70 570 A series shares, 5000 B series shares, 30 000 C series shares and 40 000 D series shares. The total number of votes from all shares is 145 570. ComArch SA holds 70.001 shares and votes at the MKS Cracovia SSA shareholder meeting what constitutes 48,09% of share capital.

On 31 August 2004, a change of shareholders was registered regarding MHTRADE s.r.o. in Sliac (Slovakia) and a change of name to ComArch s.r.o. Share capital of ComArch s.r.o. is 200.000 SKK (1SKK is approx. 0,1105 PLN). ComArch SA acquired 1 share representing 100% of share capital from two private individuals for 175.400 SKK. ComArch s.r.o. develops software for the ComArch Group.

The Regional Court for Kraków Centre, XI Commercial Division of the National Court Register issued a decision registering the merger of ComArch SA and ComArch Kraków SA and the merger between ComArch SA and ComArch CDN SA. The merger date is 31.08.2004.

The merger in both cases is subject to art 492, par 1, pt. 1) in relation to art. 515, par. 1 of the Commercial Code. The entities were merged on conditions subject to art 492, par 1, pt. 1) of the Commercial Code, i.e. through acquisition. All assets of ComArch Kraków SA and ComArch CDN SA was acquired by ComArch SA.

The acquiring company ComArch SA in Kraków is registered in the National Court Register managed by the Regional Court for Krakow Centre, XI Commercial Division as KRS 0000057567. ComArch SA is involved in information technology – PKD 72.

The acquired company ComArch Kraków SA in Kraków is registered in the National Court Register managed by the Regional Court for Krakow Centre, XI Commercial Division as KRS 0000016330. ComArch Kraków SA

was involved in information technology – PKD 72. As of the merger date ComArch Kraków SA was a wholly owned subsidiary of ComArch SA.

The acquired company ComArch CDN SA in Kraków was registered in the National Court Register managed by the Regional Court for Krakow Centre, XI Commercial Division as KRS 0000037947. ComArch CDN SA was involved in information technology – PKD 72. As of the merger date ComArch CDN SA was a wholly owned subsidiary of ComArch SA.

3. Principles Followed When Preparing Financial Statements and Reporting Methods Used

The following entities were consolidated during the II quarter 2004:

	Type of affiliation	Consolidation method	ComArch SA share in capital
ComArch SA	Parent company	Full	
ComArch Software AG	Subsidiary	Full	100,00%
ComArch Global, Inc.	Subsidiary	Full	90,00%
ComArch Middle East FZ LCC	Subsidiary	Full	100,00%
ComArch Sp. z o.o. (Ukraine)	Subsidiary	Full	100,00%
ComArch s.r.o.	Subsidiary	Full	100,00%
CIV Sp.z o.o.	Subsidiary	Full	99,90%
Interia.pl SA	Affiliate	Ownership rights	37,50%
NetBrokers Sp. z o.o.	Affiliate	Ownership rights	40,00%
MKS Cracovia SSA	Subsidiary*	Full	49,15%
Jan – Aug 2004			
ComArch Kraków SA	Subsidiary	Full	100,0%
CDN ComArch SA	Subsidiary	Full	100,0%

*MKS Cracovia SSA is a ComArch SA subsidiary subject to Art 3, pt 37 sec. d) of the Accounting Act

The financial statements were created based on accounting records maintained according to the Accounting Act, of 9.11.2000 . The data was prepared based on asset, liability, and equity reporting principles and on principles regulating the measuring of net financial results as of the balance sheet date.

Generally accepted accounting principles were followed when preparing the non-consolidated balance sheets of consolidated entities within the Capital Group.

4. Information on Corrections Due to Reserves and Revaluations of Assets

a) Revaluation deductions for assets.

ComArch SA

In III quarter 2004 the Company made no revaluation deductions for assets.

ComArch Group

In II quarter 2004 the Company made revaluation deductions for assets of 21 thousand PLN.

b) Corrections due to reserves for the temporary difference for income taxes and resulting changes in deferrals.

ComArch SA

In the III quarter 2004 no assets and reserves due to deferred income taxes were established because the income from operations in the Special Economic Zone was higher than the income on taxable operations. As a result, the Company pays no income taxes.

ComArch Group

In the III quarter 2004, entities of the Group established deferred income tax assets and reserves. Assets decreased by 209 thousand PLN and the reserve decreased by 435 thousand PLN.

c) Other reserves

In the III quarter 2004 no other reserves were established.

5. Differences between Polish Accounting Standards and International Accounting Standards

Subject to par. 18 sec 2 of the decision of the Council of Ministers of 11.08.2004 on the details of the requirements of a prospectus, abbreviated prospectus, a reconciliation of net income and equity resulting from Polish accounting regulations and data resulting from a statement presented using International Accounting Standards (IAS), after quantifying the differences. A presentation of differences has been shown below.

The data is presented to fulfill above mentioned requirements and covers differences identified and quantified as of 30.09.2004.

According to requirements for public companies in the EU, companies will be required to prepare the first full consolidated financial statement consistent with IAS for the fiscal year starting 01.01.2005. As of 30.09.2004 the Company has not prepared a full consolidated statement consistent with IAS, only a balance sheet and income statement.

Preparing the explanation below, Management used information that is accurate to the best of its knowledge about expected standards, interpretations, facts, circumstances, accounting standards, which will be used to prepare the first consolidated statement according to IAS as of 31.12.2005. When preparing data according to IAS principles set forth in IAS 1 were used, although they can be only used to prepare the first full statement according to IAS.

Although the below summary was prepared according to data that Management believes to be accurate in regards to IAS guidelines, all conditions may change. For example the European Commission did not accept all standards and interpretations issued by the International Accounting Standards Board, other changes and changes to existing ones may change. Until the Company prepares its first full statement compliant with IAS and does not set the final transition date to IAS according to IAS 1, it cannot be guaranteed that the data presented below will not change.

a) Organization costs of a joint stock company

According to the Law on Accounting intangible assets include costs of establishing a joint stock company and its later expansion.

IAS 38 forbids the capitalization of costs associated with the organization and expansion of operations, and mandates that these costs be included in the financial results of the period, or according to SIC 17 if they are directly associated with raising capital directly in capital. According to art 36 sec 2 pt of the Accounting Law issue costs of equity associated with expansion of Company operations up to the additional paid in capital decrease reserve capital. However, in a transitional period the non-amortized part of the above costs reported previously in intangible assets is shown in deferrals and reconciled with costs.

In the financial statements prepared in compliance with Polish accounting standards:

Unsettled organization costs of a joint stock company as of 30.09.2004	461 thousand PLN
Organization costs settled with income for 3 quarters	828 thousand PLN

b) Goodwill

According to the Accounting Act goodwill established at the time of purchase is subject to amortization.

According to IAS 3, goodwill is a component of assets and is not depreciated. Goodwill is subject to regular verification of permanent loss of value.

In the financial statement according to Polish accounting standards:

Goodwill depreciated – three quarters of 2004	933 thousand PLN
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c) Negative goodwill

According to IAS 3 negative goodwill established at the time of purchase. According to the Accounting Act part of the negative goodwill established due to the purchase of MKS Cracovia SSA up to the credible, future forecasted costs is reported when they are incurred.

In the financial statement according to Polish accounting standards:

Negative goodwill as of 30.09.2004	783 thousand PLN
Negative goodwill depreciated with income for three quarters of 2004	1 169 thousand PLN

d) Operations in the Special Economic Zone

In addition to the above quantified and identified differences between statements prepared using Polish accounting standards and IAS, the Company is analyzing the outcomes of changes in the tax regulations from unlimited in value to limited in value contingent upon investment value, due to the operations of ComArch SA in the Special Economic Zone. Therefore the presented data may be subject to change after the above analysis is completed.

Differences compared to IAS identified and quantified as of 30.09.2004:

Position	Equity as of 30.09.2004	Net income for 3 quarters 2004
According to Polish accounting standards	111 582	8 011
Differences	1 255	592
Including		
a) organization costs of joint stock company	-461	828
b) goodwill	933	933
c) negative goodwill	783	-1 169
Equity and net income after identifying and quantifying the differences above	112 837	8 603

6. Information About EUR Exchange Rates

a) EURO exchange rates used to convert financial data.

- average NBP exchange rate as of 30-09-2004	4,3832
- average NBP exchange rate as of 30-09-2003	4,6435
- mean (arithmetic) exchange rate for the period 1.01-30.09.2004	4,6214
- mean (arithmetic) exchange rate for the period 1.01-30.09.2004	4,3618

In the *Selected Financial Data* table, points I-VIII and XVI - XVII are valued according to the arithmetic mean exchange rate announced by NBP, for the last day of the month. Points IX – XIV and XVIII – XX are based on the NBP rate for the end of the period.

7. Shareholder Information

a) Shareholders holding directly, or indirectly at least 5% of votes at the ComArch Shareholder Meeting as of the date of the quarterly report.

As of 15.08.2004, the following shareholders held either directly, or indirectly through subsidiaries, at least 5% of votes at the ComArch Shareholder Meeting: Elzbieta and Janusz Filipiak hold a total of 3.122.685 shares what gives them 9.702.685 votes at the Shareholder Meeting, constituting 69,70 % of votes at the Shareholder Meeting.

b) Changes in the share holdings among Management Board Officers and Board of Directors Members for the period from 17.08.2004 to 15.11.2004.

The table below presents the holdings of Management Board and Board of Directors members of ComArch S.A as of the date of the quarterly report for the III quarter 2004, i.e. 16.05.2004 and on 15.11.2004 based on the

information held by the Company. On 08.11.2004 the Vice President sold 15.000 common bearer ComArch SA shares at 67 PLN.

Managerial and Directorial Officers	Position	As of 15.11.2004		As of 16.08.2004	
		Shares	Votes at Shareholder Meeting (%)	Shares	Votes at Shareholder Meeting (%)
Elzbieta and Janusz Filipiak	Chairperson of the Supervisory Board and Chairman and CEO	3.122.685	69,70%	3.122.685	69,70%
Tomasz Maciantowicz	Vice President	197.134	4,12%	212.134	4,26%
Pawel Prokop	Vice President	24.440	0,45%	24.440	0,45%
Pawel Przewiezlikowski	Vice President	24.440	0,45%	24.440	0,45%
Rafal Chwast	Vice President	6.566	0,05%	6.566	0,05%
Issued shares		6.852.387	100,00%	6.726.600	100,00%

8. Factors Having a Major Impact on the ComArch Group Financial Results and Factors Impacting Future Performance in the III Quarter 2004

In the IIIquarter 2004 the ComArch Group recorded a high growth of revenues and profits continuing a very strong trend from previous quarters. Net sales revenues peaked at 90 056 thousand PLN, which was higher by 100,3% compared to the same period of the previous year. Operational income grew even more as it reached 2 857 thousand PLN and was higher by 221,7% respectively. Income before taxes amounted to 2 126 thousand PLN while income after taxes totaled at 2 644 thousand PLN. This meant a 9-time increase of the income before taxes and tremendous rise of the net income, which was recorded at the level of 11 thousand PLN in III quarter 2003.

After three quarters of 2004 consolidated net sales revenues were higher by 68,9%. Operating income reached even higher levels, as it grew by 159,9% compared to the same period of the previous year. Income before taxes quadrupled. After three quarters of 2004 net income reached 8 011 thousand PLN while in the same period in 2003 ComArch recorded a loss of 159 thousand PLN.

Consolidated income per common share increased from 0,59 PLN to 2,58 PLN.

The operating margin for the 3 quarters of 2004 was 4,8% and should be considered high given a 60% revenue growth for the Group and considering an increase of employment by 300 people in the Group. As of the end of June the Group had 1400 employees (excluding Interia.pl, NetBrokers and MKS Cracovia).

The above strong financial results were achieved due to a good performance of the Polish economy (including the domestic IT sector) as well as consequent expansion of the ComArch Group on the international markets. The current order backlog is higher by 40% than a year ago in which the international contracts had a share of 20%.

ComArch Group			
	I-VI 2004	I-X 2003	Change
Signed contracts*	260 596	179 397	45,3%
Including international Share of intl contracts	54 986 21,1% as of 31.10.2004	22 653 12,6% as of 31.10.2003	142,7% +8,5 percentage pt. change
Contracted revenues**	304 417	214 386	42,0%
Including international Share of intl contracts	63 151 20,7%	20 328 9,5%	210,7% +11,2 percentage pt

The share of international sales in total 3 quarters 2004 revenues was 17,8% compared to 11,2% in the corresponding period of 2003. A detailed breakdown of sales of the ComArch Group is presented below:

ComArch Group				
	I – III QT 2004	%	I – III QT 2003	%
Services	112 399	49,8%	73 806	55,2%
Software	59 310	26,3%	26 724	20,0%
Hardware	50 834	22,5%	33 188	24,8%
Other	3 283	1,4%	0	0,0%
TOTAL	225 826	100%	133 718	100,0%
	I – III QT 2004	%	I – III QT 2003	%
Telecommunications	59 772	26,5%	31 694	23,7%
Finance and Banking	38 548	17,1%	29 428	22,0%
Services and Commerce	43 681	19,3%	31 212	23,3%
Industry	18 351	8,1%	3 428	2,6%
Public Administration	62 064	27,5%	37 746	28,2%
Other	3 410	1,5%	210	0,2%
TOTAL	225 826	100,0%	133 718	100,0%
	I - III 2004	%	I – III 2004	%
Domestic	185 622	82,2%	118 797	88,8%
International	40 204	17,8%	14 921	11,2%
TOTAL	225 826	100,0%	88 752	100,0%

In the first 9 months of 2004 software sales recorded the highest growth rates of 122%. Revenues from services and from hardware were higher by 50%. Sectoral division of sales shows a significant growth in the *industrial sector*, which diversifies even more than ever ComArch's customers. *Telecommunications* also gained on importance mainly due to higher export sales. *Public Administration* managed to keep its position due to large software orders mainly placed by MENiS.

High revenue and income growth, significant order backlog and growing international sales cause the Management to look into the future with optimism. Positive trends in the economy and the situation of medium and large companies will be the key factors influencing performance in the forthcoming quarters.

The following events, which will have a significant influence for the current performance of ComArch Group, took place in the third quarter of 2004:

ComArch SA Management Board in the report No. 28/2004 informed about the changes to the permit for operations in the Special Economic Zone (SEZ). In March 1999 ComArch obtained a permit for conducting business activities in the SEZ in Kraków. According to the law on Special Economic Zones (Legal Journal No. 135, pos. 912) the entities, which invested in SEZ at least 2 mio. EUROS were granted the following tax breaks:

- a) corporate income tax exemption for the 6 consecutive years,
- b) after this period, but no longer than to the day specified in the permit, half of the income generated was tax exempt.

The exemption covered the corporate income tax on income generated by operations mentioned in the permit. Due to Poland's accession to the European Union, on 2 October 2003 a law changing regulations pertaining special economic zone as and other legal acts was passed (legal Journal No. 188, pos 1840). The law changed the conditions regarding tax exemptions for entities operating in special economic zones. According to art. 6, sec. 1 of the law, entities can apply for changes in the conditions in order to meet EU regulations regarding public aid. Subject to art.5 sec.2 pt.1 let. B, pt 2, pt.3 of the Law, the maximum amount of public aid for entities operating in the Special Economic Zone based on a permit issued prior to 01.01.2000, cannot exceed 75% of the investment incurred from the day the permit was issued to 31.12.2006. The maximum amount of public aid takes into account the entire amount of public aid received after 01.01.2001. This implies a shift from unlimited tax exemptions to limited exemptions contingent upon the value of the investment. In the case of ComArch SA the amount of public aid cannot exceed 75% of the value of the investments incurred by ComArch from the day the permit was issued, i.e. 22 March 1999 to 31.12.2006.

ComArch SA applied to the Ministry of the Economy for a change in conditions on 01 July 2004 and received a decision from the Ministry of the Economy dated 24 June 2004 regarding changes in the conditions and compliant with the Law. Also, the period for which ComArch received the permit was extended to 31.12.2017. This means an extension of the period in which ComArch can use its limit of public aid due to tax exemptions in the Special Economic Zone.

Subject to art. 25 of the Law dated 29 June 1995 on bonds (legal Journal 2001, No. 120, pos. 1300 as amended) on 14.07.2004 ComArch SA acquired 486 A series bonds convertible into H series shares. The bonds were

acquired with the purpose of retirement. The average unit acquisition price (without brokerage commissions) was 121,50% of par increased by interest owed since the beginning of the interest period until the day the bonds were acquired by ComArch SA.

On 14 July 2004 the ComArch SA Management Board passed a resolution retiring 486 A series bonds convertible into H series shares issued by ComArch SA. After the retirement the total number of A series convertible bonds is 3514.

Due to a signature of a contract between ComArch SA and Bank Przemyslowo Handlowy PBK SA, the ComArch SA Management Board informed that over the period of the last 12 months ComArch SA with subsidiaries signed contracts valued of 13,4 million PLN. A contract of the highest value (4,8 million PLN) is the contract dated on 09.04.2003 for a management support system.

After reviewing the issuer's application, the Management of the National Depository of Securities agreed to accept 125.787 common bearer G series ComArch shares with a par value of 1 PLN into deposit to the National Depository of Securities with designation PLCOMAR00087 (resolution No. 327/04 dated 27.07.2004).

The ComArch SA Management Board informed about a contract signed with the Foundation "Cooperation Fund" Contracting Unit for designing and implementing of a Tax Control System for the Ministry of Finance. The value of the contract is 1.525.000 EUR.

The ComArch SA Management Board applied for introducing 125.787 common bearer G series shares of the par value – 1 zł designated as PLCOMAR00087 by the National Depository of Securities into public trading on the main market of the Warsaw Stock Exchange. The suggested by ComArch date of floatation was 17.08.2004.

Having reviewed ComArch's retirement of 486 A series bonds, the Management of the National Depository of Securities informed that there remained 3514 shares designated as PLCOMAR00079.

ComArch SA informed that subsidiary ComArch Kraków SA signed a contract with Tesco Polska Sp. z o.o. in Kraków valued 7,5 million PLN. The contract covers the designing, implementing and maintaining the WAN of the largest retail chain in Poland. As part of the contract ComArch will deliver and configure and devices working in such environments and will provide optimization and consulting services in the area of new service implementation.

ComArch SA signed a contract with the Czech financing and Contracting unit for implementing an IT system for the Czech Trade Inspection strengthening the monitoring and safety of the Czech commercial market. The system is financed by PHARE. The system implemented by ComArch will be based on a specialized database and will enable mobile communications between the headquarters, regional offices and remote field personnel. This is the first international contract signed by ComArch with a European public administration unit.

On 13 August 2004, the Management of National Depository of Securities refused to perform augmentation of 125 787 ComArch shares designated as PLCOMAR00087 with 4 959 400 shares designated as PLCOMAR00012. The reason for the rejection is the lack of the document stating the same status of the above mentioned shares in the public trade i.e. the official resolution of the Warsaw Stock Exchange Management introducing the shares of the G series into public trading. ComArch SA Management Board continues the talks with the Stock Exchange representatives in order to solve the arisen problem.

Management Board of Comarch informed that on 28 September 2004 it received a contract with Raiffeisen Bank. According to the agreement ComArch is entitled to use 30 million PLN in the form of bank guarantees for good contract's performance, payments, advance payments, as well as in the form of a credit in the current account up to 10 million PLN.

9. Extraordinary Events Impacting Financial results

In the III quarter of 2004 ComArch acquired 40 000 new issue shares D series shares of MKS Cracovia SSA and additionally 1549 shares of the Company. As a result ComArch holds 49,15% of MKS Cracovia capital. According to Art. 60 sec 4 of the Accounting Act, in the event of acquiring newly issued shares of a subsidiary, the excess of fair value of assets allocated to the shares in the subsidiary over the purchase price is included as financial income. A one time impact of this operation on III quarter 2004 results is 2980 thousand PLN.

10. Events after the Balance Sheet Date

ComArch was awarded the "Network Company of the decade" award and first place in the "Integrator" category in an anniversary voting of the *NetWorld* magazine. The nominations were made by the publisher of the magazine and elected by the magazine's readers. *NetWorld* is published by IDG and is considered as one of the most important publications for IT professionals and managers.

During the XIV Economic Summit in Krynica, ComArch was awarded the "Company of the New Economy in Central and Eastern Europe 2003" award. It is given to a company, which during the year exhibited innovativeness, credibility and professionalism in customer service.

ComArch signed an agreement in Lvov with the State University "Technical Institute of Lvov". The intention of ComArch and the Institute is the creation of a software development center in Lvov. As a result ComArch will employ IT graduates from the Institute. Both partners will cooperate in the area of software development, education and research.

The agreement was signed by Prof. Janusz Filipiak, ComArch Chairman & CEO and the President of the Technical Institute of Lvov Prof. Jurij Rudawskij in the presence of the Marshall of the Malopolski Voivodship Janusz Sepiol and the Chairman of the Lvov State Administration Oleksander Sendegi.

On 25.10.2004 ComArch SA signed a contract for the granting of an investment loan with Fortis Bank Polska SA in Warsaw for the financing of a new building in the Special Economic Zone in Kraków. The loan constitutes 85% of the investment value, maximum 20 million PLN. Loan maturity is 10 years with a variable interest rate. The loan should be used by 31.03.2005. The loan is secured with a blank check, mortgage on the lots on which the building will be erected and rights to the insurance policy.

11. Management's Position Regarding the Previously Released Financial Forecasts

The Management Board did not issue a forecast for 2004.

12. Significant Proceedings before Courts, Arbitration Organs or Public Administration Bodies.

In the III quarter of 2004 the Company had not filed any lawsuits nor were there any lawsuit filed against the Company in a proceeding meeting the criteria set forth in par 61 sec 4 pt 7a and 7b of the Ordinance of the Council of Ministers dated 16 October 2001 (Legal Journal No. 139 pos. 1569).

13. Transactions with Affiliates Exceeding 500 000 EUR (except typical and routine transactions)

None

14. Information about Guarantees granted by the Company or Subsidiaries

In the III quarter ComArch nor its subsidiaries made no guarantees as set forth in par. 61 sec 4 pt 9) of the Ordinance of the Council of Ministers dated 16 October 2001 (Legal Journal No. 139 pos. 1569).

15. Significant Information for Judging the Employment, Financial Situation and their Changes; Information Relevant to Judging the Company's Ability to Meet Obligations

None.

Signatures

Date	Name	Position	Signature
2004-11-15	Rafal Chwast	Vice President	
2004-11-15	Pawel Prokop	Vice President	