

SECURITIES AND EXCHANGE COMMISSION**Form SA-QSr 2/2004**

(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 2004Date: 2004-08-16
(submitted)

FINANCIAL HIGHLIGHTS	Thousands of PLN		Thousands of EUR	
	2 quarters to date/ 2004 from 2004- 01-01 to 2005- 06-30	2 quarters to date/ 2003 from 2003- 01-01 to 2003- 06-30	2 quarters to date/ 2004 from 2004- 01-01 to 2005- 06-30	2 quarters to date/ 2003 from 2003-01-01 to 2003-06-30
I. Net sales revenues	135 430	88 752	28 625	20 587
II. Operating income (loss)	8 114	3 306	1 715	767
III. Income (loss) before taxes	5 691	1 674	1 203	388
IV. Net income (loss)	5 432	-170	1 148	-39
V. Net cash flows from operating activities	3 043	9 243	643	2 144
VI. Net cash flows from investing activities	-16 002	13 478	-3 382	3 126
VII. Net cash flows from financing activities	1 369	-22 139	289	-5 135
VIII. Total net cash flows	-11 590	582	-2 450	135
IX. Total Assets	239 500	188 221	52 728	42 230
X. Liabilities and reserves	111 294	91 396	24 502	20 506
XI. Long term liabilities	43 626	39 884	9 605	8 949
XII. Current liabilities	39 888	41 265	8 782	9 258
XIII. Shareholders' Equity	108 936	93 764	23 983	21 037
XIV. Share capital	6 852	7 228	1 509	1 622
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)	0,79	-0,03	0,17	-0,01
XVIII. Book value per share (in PLN/EURO)	15,9	13,94	3,5	3,13
XX. Dividend declared or paid (in PLN/EUR)		0,6		0,13

CONSOLIDATED BALANCE SHEET

(thousands of PLN)	As of 2004-06-30 end of quarter/ 2004	As of 2004-03-31 end of prev quarter/ 2004	As of 2004-06-30 end of quarter/ 2003	As of 2004-03-31 end of prev quarter/ 2003
Assets				
I. Fixed assets	109 908	109 869	69 803	70 039
1. Intangible assets	2 426	3 212	3 495	3 825
2. Value of affiliated companies	2 879	3 160	2 506	2 728
3. Tangible fixed assets	98 200	96 418	55 483	55 347
4. Long-term receivables		62		
4.2 From other units		62		
5. Long-term investments	4 543	5 033	5 796	6 721
5.3. Long-term financial assets	4 543	5 033	5 796	6 721
a) in affiliates	4 324	4 754	5 537	6 413
-shares in affiliates valued using the ownership rights method	4 322	4 548	5 068	5 742
- shares in non-consolidated entities	2	206	469	671
b) in other entities	219	279	259	308
6. Long-term deferrals	1 860	1 984	2 523	1 418
6.1 Deferred income taxes	1 860	1 975	1 787	414

6.2 Other deferrals		9	736	1 004
II. Current assets	129 592	122 225	118 418	125 180
1. Inventories	17 244	12 091	11 684	9 165
2. Accounts receivable	52 770	51 284	45 407	36 375
2.1. from affiliates	103	220	67	186
2.2 from other entities	52 667	51 064	45 340	36 189
3. Short-term investments	38 971	41 355	42 384	64 933
3.1 Short-term financial assets	38 971	41 355	42 384	64 933
a) in affiliates				290
b) in other entities	5 175	15 058	18 772	41 916
c) cash and cash equivalents	33 796	26 297	23 612	22 727
4. Short-term deferrals	20 607	17 495	18 943	14 707
Total Assets	239 500	232 094	188 221	195 219
SHAREHOLDERS' EQUITY AND LIABILITIES				
I. Equity	108 936	106 561	93 764	118 691
1. Share capital	6 852	6 727	7 228	7 228
2. Payments to share capital owed (negative value)	-127			
3. Treasury shares (negative value)			-20 643	
4. Reserve capital	96 714	96 714	96 714	96 714
5 Revaluation capital	282	282	282	282
6. Other reserves	21 948	9 910	29 827	24 560
7. Exchange differences from converting affiliates	-213	-384	208	476
a) positive exchange differences			208	476
b) negative currency differences	-213	-384		
8. Retained earnings (loss)	-21 952	-9 995	-19 682	-10 723
9. Net income (loss)	5 432	3 307	-170	154
II. Minority capital	17 870	14 044	3 061	3 324
III. Negative worth of subsidiaries	1 400			
IV. Liabilities and reserves	111 294	111 489	91 396	73 204
1. Reserves	6 024	12 175	2 054	1 740
1.1 Deferred income tax reserve	6 024	5 863	358	391
1.3. Other reserves		6 312	1 696	1 349
a) long-term		4 375	1 696	1 349
b) short term		1 937		
2. Long-term liabilities	43 626	43 587	39 884	39 894
2.1 To affiliates	600			2
2.2 To other entities	43 026	43 587	39 884	39 892
3. Short-term liabilities	39 888	32 352	41 265	23 221
3.1 To affiliates	936	687	4	622
3.2 to other entities	37 520	30 230	40 158	21 502
3.3 Special funds	1 432	1 435	1 103	1 097
4. Accrued expenses and deferred revenues	21 756	23 375	8 193	8 349
4.2 Other accrued expenses and deferred revenues	21 756	23 375	8 193	8 349
b) short-term	21 756	23 375	8 193	8 349
Total equity and liabilities	239 500	232 094	188 221	195 219
Book value	108 936	106 561	93 764	118 691
Number of shares	6 852 387	6 726 600	6 726 600	7 228 000
Book value per share (PLN)	15,9	15,84	13,94	16,42
Diluted number of shares		6 852 387		
Diluted book value per share (PLN)		15,55		

OFF BALANCE SHEET LIABILITIES

	As of 2004-06-30 end of quarter/ 2004	As of 2004-03-31 end of prev quarter/ 2004	As of 2004-06-30 end of quarter/ 2003	As of 2004-03-31 end of prev quarter/ 2003
Off-balance sheet Liabilities				
2. Contingent liabilities	23 229	21 847	32 440	34 358
2.1. To subsidiaries	1 499			
-granted guarantees	1 499			
2.2. To other companies	21 730	21 847	32 440	34 358
-granted guarantees	21 730	21 847	32 440	34 358
Total off-balance sheet liabilities	23 229	21 847	32 440	34 358

CONSOLIDATED INCOME STATEMENT

	II quarter/ 2004 from 2004-04-01 to 2004-06-30	2 quarters/ 2004 from 2004-01-01 to 2004-06-30	II quarter/ 2003 from 2003-04-01 to 2003-06-30	2 quarters/ 2003 from 2003-01-01 to 2003-06-30
I. Net sales revenue	69 046	135 430	52 506	88 752
-from affiliates	108	207	222	222
1. Net sales of products	43 575	85 871	30 148	62 359
2. Net sales of merchandise and materials	25 471	49 559	22 358	26 393
II. Cost of goods sold	52 907	100 487	38 365	63 192
-from affiliates	300	588	31	31
1. Cost of products sold	30 655	54 864	17 714	38 460
2. Cost of merchandise and material sold	22 252	45 623	20 651	24 732
III. Gross margin (I-II)	16 139	34 943	14 141	25 560
IV. Selling expenses	6 905	14 666	7 885	12 214
V. General and administrative expenses	6 595	12 937	4 662	9 376
VI. Income (loss) on sales (III-IV-V)	2 639	7 340	1 594	3 970
VII. Other operating income	1 316	1 665	71	209
1. Income of sale of non-financial fixed assets	24	35	-1	
2. Subsidies		42		
3. Other operating income	1 292	1 588	72	209
VIII. Other operating expenses	568	891	568	873
1. Loss on sale of non-financial fixed assets	-66		81	98
2. revaluation of non-financial assets	22	28	53	58
3. Other operating expenses	612	863	434	717
IX. Operating income (loss) (VI+VII-VIII)	3 387	8 114	1 097	3 306
X. Financial income	612	2 056	247	1 793
2. Interest, including	315	675	105	1 119
3. Income from sale of investments	185	283	495	561
5. Other	112	1 098	-353	113
XI. Financial expenses	2 174	3 869	1 769	2 981
1. Interest, including	1 219	2 377	1 091	2 208
-to subsidiaries		6		
2. Loss on sale of investments			-95	
4. Other	955	1 492	773	773
XIII. Income (loss) on business activities (IX+X-XI+/-XII)	1 825	6 301	-425	2 118
XV. Deduction of value of affiliates	305	610	223	444
XVII. Income (loss) before taxes (XIII+/-XIV-XV+XVI)	1 520	5 691	-648	1 674
XVIII. Corporate income tax	224	730	-847	275
a)current	380	915	-15	615
b)deferred	-156	-185	-832	-340

XX. Share in income (loss) of entities consolidated using the ownership rights method	-227	-402	-674	-1 133
XXI. Minority (income) loss	1 056	873	151	-436
XXII. Net income (loss) (XVII-XVIII-XIX+/-XX+/-XXI)	2 125	5 432	-324	-170

Net Income (loss) (annualized)	14 899		3 837	
Weighted average number of common shares	6 730 724		6 726 600	
Earnings (loss) per common share (in PLN)	2,21		0,57	

STATEMENT OF SHAREHOLDER'S EQUITY

	II quarter/ 2004 from 2004-04-01 to 2004-06-30	2 quarters/ 2004 from 2004-01-01 to 2004-06-30	II quarter/ 2003 from 2003-04-01 to 2003-06-30	2 quarters/ 2003 from 2003-01-01 to 2003-06-30
I. Shareholders' equity at beginning of period (opening balance)	106 561	103 631	118 691	119 157
I.a. Share capital at beginning of period after restating to comparative data	106 561	103 631	118 691	119 157
1. Share capital at beginning of period	6 727	6 727	7 228	7 228
1.1. Changes in share capital	127	127		
a) increases (due to)	127	127		
-shares issued	127	127		
1.2 Share capital at end of period	6 852	6 852	7 228	7 228
2.1. Changes in owed payments to share capital	127	127		
a) increases (due to)	127	127		
2.2. Owed payments to share capital at the end of the period	-127	-127		
3.1. Change in treasury shares			-20 643	-20 643
a) increases (due to)			-20 643	-20 643
-purchase of shares for retirement			-20 643	-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
5.2. Revaluation capital at end of period	282	282	282	282
6. Other reserve capitals at beginning of period	9 910	9 685	24 560	24 560
6.1 Changes in other reserve capitals	225		5 267	5 267
a) increases due to	12 263	12 263	5 734	5 734
-2003 ComArch SA income distribution	12 263	12 263	5 734	5 734
b) decreases	225		467	467
-settlement of capital from merger	225		467	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	-384	-89	476	394
7b. Exchange differences from affiliated entities at end of period	-213	-213	208	208
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	9 995	18 985	10 723	10 021
8.5 Retained earnings at beginning of period after	9 995	18 995	10 723	10 021

restating to comparative data				
a) increases due to	12 263	12 263		9 770
-2003 income settlement	12 263	12 263		9 770
Including				
-transfer to reserve capital				5 734
-dividend payment				4 036
b) decreases due to	306	9 297	811	109
-share in minority loss			811	109
-2003 income correction	81			
-transfers from subsidiary reconciliation	225			
-2003 consolidated income		9 297		
8.6 Retained earnings at end of period	21 952	21 952	19 682	19 682
8.8. I quarter income	3 307		154	
9. Net income	2 125	5 432	-170	-170
a) net income	2 125	5 432		
b) net loss			170	170
II. Equity capital at end of period	108 936	108 936	93 764	93 764
III. Equity capital at end of period after adjusting for proposed income distribution (loss coverage)	108 936	108 936	93 764	93 764

STATEMENT OF CASH FLOWS

	II quarter/ 2004 from 2004-04-01 to 2004-06-30	2 quarters/ 2004 from 2004-01-01 to 2004-06-30	II quarter/ 2003 from 2003-04-01 to 2003-06-30	2 quarters/ 2003 from 2003-01-01 to 2003-06-30
I. Net income (loss)	2 125	5 432	-324	-170
II. Total adjustments	-1 955	-2 389	3 270	9 413
1. Minority loss	-1 056	-873	-151	436
2. Share in (income) loss of affiliates consolidated using the ownership rights method	227	402	674	1 133
3. Depreciation and amortization	2 507	5 122	2 674	5 536
-deductions of value of affiliated entities or negative value of affiliated entities	-305	58	223	444
4. (Income) loss due to exchange differences	-301	-165	145	184
5. Interest and dividends	1 455	1 441	1 497	1 499
6. (Gain) loss on investing activities	-294	-307	-1 662	-1 774
7. Changes in other reserves	218	-246	286	594
8. Change in inventories	-4 231	-5 632	-2 618	-2 475
9. Change in receivables	-1 419	31 668	-11 008	20 559
10. Change in current liabilities (excluding loans and bank credits)	3 593	-23 934	17 125	-4 647
11. Change in deferrals and accruals	-2 365	-9 576	-5 637	-11 165
12. Other adjustments	-289	-289	1 945	-467
III. Net cash flows from operating activities (I+/-II)	170	3 043	2 946	9 243
I. Inflows	44 476	99 492	23 922	31 126
1. Sales of intangible assets	476	492	27	117
3. From financial assets:	44 000	99 000	23 895	31 009
b) in other entities	44 000	99 000	23 895	31 009
-sale of financial assets	44 000	99 000	23 895	31 009
II. Outflows	-38 672	-115 494	-2 481	-17 648
1. Purchases of intangible assets	-4 908	-11 910	-2 334	-5 169
2. Investments in real estate and intangible assets			4	
3. Acquisition of financial fixed assets:	-33 764	-103 582	-151	-12 479

a) in affiliates	203		-55	-55
-acquisition of financial assets	203		-55	-55
b) in other entities	-33 967	-103 582	-96	-12 424
-acquisition of financial assets	-33 967	-103 582	4	-12 034
- long term loans granted			-100	-390
5. Other investment outflows		-2		
III. Net cash flows from investing activities (I-II)	5 804	-16 002	21 441	13 478
I. Inflows	3 569	3 723		299
2. Loans	3 569	3 723		299
II. Outflows	-1 961	-2 354	-22 156	-22 438
1. Treasury share purchase			-20 643	-20 643
4. Repayment of loans	-453	-826	-162	-206
6. Due to other financial obligations			191	
7. Payment of liabilities from financial leases	1	-16	-9	-17
8. Interest	-1 507	-1 507	-1 531	-1 569
9. Other financial outflows	-2	-5	-2	-3
III. Net cash flows from financing activities	1 608	1 369	-22 156	-22 139
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/-C.III)	7 582	-11 590	2 231	582
E. CHANGE IN BALANCE-SHEET: CASH AND CASH EQUIVALENTS	7 582	-11 590	2 231	582
F. CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	25 992	45 164	20 523	22 172
G. CASH AND CASH EQUIVALENTS - END OF PERIOD (F+/- D)	33 574	33 574	22 754	22 754
-with limited disposition	9 995	9 995		

**ABBREVIATED QUARTERLY FINANCIAL REPORT
BALANCE SHEET**

(thousands of PLN)	As of 2004-06-30 end of quarter/ 2004	As of 2004-03-31 end of prev quarter/ 2004	As of 2004-06-30 end of quarter/ 2003	As of 2004-03-31 end of prev quarter/ 2003
Assets				
I. Fixed assets	109 258	110 179	97 474	97 519
1. Intangible assets	1 616	1 696	2 738	2 934
2. Tangible fixed assets	39 385	38 646	33 079	32 784
4. long-term investments	68 257	69 837	59 795	59 514
4.3. Long-term financial assets	68 257	69 837	59 795	59 514
a) in affiliates	68 038	69 558	59 536	59 206
b) in other entities	219	279	259	308
5. Long-term deferrals			1 862	2 287
5.1 Deferred income taxes				144
5.2 Other deferrals			1 862	2 143
II. Current assets	108 512	96 890	106 827	112 146
1. Inventories	15 309	9 958	10 060	7 347
2. Accounts receivable	36 170	34 877	36 835	27 066
2.1. from affiliates	10 003	7 043	1 150	1 185
2.2 fro other entities	26 167	27 834	35 685	25 881
3. Short-term investments	40 600	38 476	43 887	65 525
3.1 Short-term financial assets	40 600	38 476	43 887	65 525
a) in affiliates	7 901	6 288	7 145	6 425
b) in other entities	5 175	15 058	18 772	41 844
c) cash and cash equivalents	27 524	17 130	17 970	17 256
4. Short-term deferrals	16 433	13 579	16 045	12 208
Total Assets	217 770	207 069	204 301	209 665
Equity and Liabilities				
I. Equity	130 343	129 345	118 553	141 991
1. Share capital	6 852	6 727	7 228	7 228
2. Payments to share capital owed (negative value)	-125			
3. Treasury stock (negative value)			-20 643	
4. Reserve capital	96 714	96 714	96 714	96 714
5 Revaluation capital	1 420	1 723	282	282
6. Other reserves	21 948	9 685	29 827	24 560
7. Retained earnings (loss)	207	12 471	207	9 977
8. Net income (loss)	3 327	2 025	4 938	3 230
II. Liabilities and reserves	87 427	77 724	85 748	67 674
2. Long-term liabilities	43 026	42 657	41 534	41 186
2.2 To affiliates	43 026	42 657	41 534	41 186
3. Short –term liabilities	33 792	24 474	37 565	19 893
3.1 To affiliates	6 637	4 288	3 451	3 128
3.2 to other entities	26 126	19 130	33 168	15 800
3.3 Special funds	1 029	1 056	946	965
4 Accrued expenses and deferred revenues	10 609	10 593	6 649	6 595
4.2 Other accrued expenses and deferred revenues	10 609	10 593	6 649	6 595
b) short-term	10 609	10 593	6 649	6 595
Total equity and liabilities	217 770	207 069	204 301	209 665

Book value	130 343	129 345	118 553	141 991
Number of shares	6 852 387	6 726 600	6 726 600	7 228 000
Book value per share (PLN)	19,02	19,23	17,62	19,64
Diluted number of shares		6 852 387		
Diluted book value per share (PLN)		18,88		

OFF BALANCE SHEET LIABILITIES

	As of 2004-06-30 end of quarter/ 2004	As of 2004-03-31 end of prev quarter/ 2004	As of 2004-06-30 end of quarter/ 2003	As of 2004-03-31 end of prev quarter/ 2003
Off-balance sheet Liabilities				
2. Contingent liabilities	20 977	19 646	33 478	35 434
2.1. to affiliated companies	1 499		1 038	1 094
- granted guarantees	1 499		1 038	1 094
2.2. To other companies	19 478	19 646	32 440	34 340
- granted guarantees	19 478	19 646	32 440	34 340
Total off-balance-sheet liabilities	20 977	19 646	33 478	35 434

INCOME STATEMENT

	II quarter/ 2004 from 2004-04-01 to 2004-06-30	2 quarters/ 2004 from 2004-01-01 to 2004-06-30	II quarter/ 2003 from 2003-04-01 to 2003-06-30	2 quarters/ 2003 from 2003-01-01 to 2003-06-30
I. Net sales revenue	43 681	80 908	40 639	65 931
-from affiliates	4 030	5 445	2 824	3 667
1. Net sales of products	27 085	49 349	21 574	43 948
2. Net sales of merchandise and materials	16 596	31 559	19 065	21 983
II. Cost of goods sold	34 270	62 743	30 737	49 098
-from affiliates	6 540	11 931	8 062	8 878
1. Cost of products sold	18 971	33 105	12 326	28 136
2. Cost of merchandise and material sold	15 299	29 638	18 411	20 962
III. Gross margin (I-II)	9 411	18 165	9 902	16 833
IV. Selling expenses	2 782	5 546	3 253	5 306
V. General and administrative expenses	4 378	7 961	3 716	6 735
VI. Income (loss) on sales (III-IV-V)	2 251	4 658	2 933	4 792
VII. Other operating income	483	606	17	82
1. Income from sale of non-financial fixed assets	52	52	7	7
2. subsidies		42		
3. Other operating income	431	512	10	75
VIII. Other operating expenses	288	539	341	555
1. Loss on sale of non-financial fixed assets	-58			
2. Revaluation of non-financial assets	22	22	12	12
3. Other operating expenses	324	517	329	543
IX. Operating income (loss) (VI+VII-VIII)	2 446	4 725	2 609	4 319
X. Financial income	679	2 067	741	3 872
2. Interest, including	329	723	142	1 127
-from affiliates	179	234	124	124
3. Income from sale of investments	185	283	495	561
4. Revaluation of investments			534	2 184
5. Other	165	1 061	-430	
XI. Financial expenses	1 823	3 465	1 497	2 663
1. Interest, including	1 176	2 329	1 093	2 175
4. Other	647	1 136	404	488
XII. Income (loss) on business activities (IX+X -XI)	1 302	3 327	1 853	5 528

XIV. Income (loss) before taxes (XII+/-XIII)	1 302	3 327	1 853	5 528
XV. Corporate income tax			145	590
b)deferred			145	590
XVIII. Net income (loss) (XIV-XV-XVI+/-XVII)	1 302	3 327	1 708	4 938

Net Income (loss) (annualized)	10 652		13 424	
Weighted average number of common shares	6 730 724		6 726 600	
Earnings (loss) per common share (in PLN)	1,58		2	

STATEMENT OF SHAREHOLDER'S EQUITY

	II quarter/ 2004 from 2004-04-01 to 2004-06-30	2 quarters/ 2004 from 2004-01-01 to 2004-06-30	II quarter/ 2003 from 2003-04-01 to 2003-06-30	2 quarters/ 2003 from 2003-01-01 to 2003-06-30
I. Shareholders' equity at beginning of period (opening balance)	129 041	127 319	141 991	138 761
I.a. Share capital at beginning of period after restating to comparative data	129 041	127 319	141 991	138 761
1. Share capital at beginning of period	6 727	6 727	7 228	7 228
1.1. Changes in share capital	125	125		
a) increases (due to)	125	125		
-shares issued	125	125		
1.2 Share capital at end of period	6 852	6 852	7 228	7 228
2.1. Changes in owed payments to share capital	-125	-125		
a) increases (due to)	-125	-125		
2.2. Owed payments to share capital at the end of the period	125	125		
3.1. Change in treasury shares			-20 643	-20 643
a) increases (due to)			-20 643	-20 643
-purchase of shares for retirement			-20 643	-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	1 723	1 723	282	282
5.1. Change in revaluation capital	303	303		
b) decreases (due to)	303	303		
-revaluation of foreign shares	303	303		
5.2. Revaluation capital at end of period	1 420	1 420	282	282
6. Other reserve capitals at beginning of period	9 685	9 685	24 560	24 560
a)increases (due to)	12 263	12 263	5 734	5 734
-2003 income distribution	12 263	12 263	5 734	5 734
b) decreases (due to)			467	467
-settlement of share retirement costs			467	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	12 470	12 470	9 977	9 977
7.1 Prior years' net income (loss) at beginning of period	12 470	12 470	9 977	9 977
7.2. Prior years' net income (loss) at beginning of period, after restatement to comparative data	12 470	12 470	9 977	9 977
b) decreases due to	12 263	12 263	9 977	9 977
-transfers to reserve capital (2003 ComArch SA income)	12 263	12 263		
-2002 income distribution – increases in reserve capital			5 734	5 734
-2002 income distribution – dividend payment			4 036	4 036
7.3 Prior year's income at end of period	207	207	207	207
7.7. I quarter income (loss)	2 025		3 230	

8. Net income	1 302	3 327	1 708	4 938
a) Net income	1 302	3 327	1 708	4 938
II. Shareholders' Equity at end of period (closing balance)	130 343	130 343	118 553	118 553
III. Shareholders equity after the proposed income distribution (loss coverage)	130 343	130 343	118 553	118 553

STATEMENT OF CASH FLOWS

	II quarter/ 2004 from 2004-04-01 to 2004-06-30	2 quarters/ 2004 from 2004-01-01 to 2004-06-30	II quarter/ 2003 from 2003-04-01 to 2003-06-30	2 quarters/ 2003 from 2003-01-01 to 2003-06-30
I. Net income (loss)	1 302	3 327	1 708	4 938
II. Total adjustments	-431	-387	1 259	3 067
2. Depreciation and amortization	1 444	2 829	1 587	3 299
4. Interest and dividends	1 504	1 449	1 496	1 496
5. (Gain) loss on investing activities	-295	-335	-2 539	-4 063
6. Changes in other reserves			347	691
7. Change in inventories	-5 351	-6 870	-2 713	-3 456
8. Change in receivables	-1 342	28 429	-8 255	17 590
9. Change in current liabilities (excluding loans and bank credits)	6 463	-12 924	13 820	-2 438
10. Change in deferrals and accruals	-2 839	-12 950	-4 181	-9 585
11. Other adjustments	-15	-15	1 697	-467
III. Net cash flows from operating activities (I+/-II)	871	2 940	2 967	8 005
I. Inflows	44 428	104 265	23 903	31 077
1. Sale of intangible assets and tangible fixed assets	428	428	9	69
3. From financial assets:	44 000	103 837	23 894	31 008
a) in subsidiaries		4 837		
-repayment of long-term loans		4 837		
b) in other entities	44 000	99 000	23 894	31 008
-sale of financial assets	44 000	99 000	31 008	31 008
- dividends			-7 114	
II. Outflows	-37 073	-113 049	-2 692	-18 187
1. Purchases of intangible assets and fixed financial assets	-2 418	-8 576	-1 710	-3 907
3. Acquisition of financial fixed assets:	-34 655	-104 473	-982	-14 280
a) in affiliates	-688	-891	-882	-1 903
-purchase of financial assets	-88	-291	202	-55
- long-term loans granted	-600	-600	-1 084	-1 848
b) in other entities	-33 967	-103 582	-100	-12 377
-purchase of financial assets	-33 967	-103 582		-11 987
-granted long term loans			-100	-390
III. Net cash flows from investing activities (I-II)	7 355	-8 784	21 211	12 890
I. Inflows	3 570	3 779		299
2. Loans	3 570	3 724		299
4. Other financial inflows		55		
II. Outflows	-1 658	-1 786	-22 110	-22 345
1. Acquisition of treasury shares			-20 643	-20 643
4. Repayment of loans	-154	-282	-162	-206
6. Due to other financial obligations			191	
8. Interest	-1 504	-1 504	-1 496	-1 496
III. Net cash flows from financing activities	1 912	1 993	-22 110	-22 046
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/-C.III)	10 138	-3 851	2 068	-1 151
E. CHANGE IN BALANCE-SHEET: CASH AND	10 138	-3 851	2 068	-1 151

CASH EQUIVALENTS				
F. CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	16 498	30 487	14 815	18 035
G. CASH AND CASH EQUIVALENTS - END OF PERIOD (F+/- D)	26 636	26 636	16 884	16 884
-with limited disposition	9 995			

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 Kraków operates as a subcontractor in the area of implementation and software development for part of a particular contract. 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. CDN SA is a software developer of financial accounting software and ERP systems. 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.

As of 30.06.2004 the following entities were part of the Capital Group (shares of ComArch SA)

- ComArch SA in Krakow
- ComArch Kraków SA in Kraków (100,00%)
- 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%)
- CDN-ComArch SA seated in Krakó (100,00%)
- Iteria.pl SA in Kraków (49,87%)
- NetBrokers Sp. z o.o. in Kraków (40,00%)
- MKS Cracovia SSA in Kraków (28,4%)
- CIV Sp. z o.o. in Kraków (99,90%)

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 II quarter 2004 includes: ComArch SA, ComArch Kraków SA, ComArch Software AG, ComArch Global, Inc., CDN-ComArch SA, 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 01 June 2004 a limited liability company (wholly owned subsidiary) "ComArch" was registered in Kiev (Ukraine). Share capital of 20.500 UAH (1 UAH = approx. 0,72 PLN). The registered entity is a limited liability company. The subsidiary will be engaged in the sales of ComArch products in the Ukraine and partial support of delivered systems on the Ukrainian market.

On 18.06.2004 the Regional Court for Kraków Center registered CIV Sp. z o.o. seated in Kraków. The entity is a subsidiary of ComArch SA. Share capital is 50.000 PLN and is divided into 1000 shares at 50 PLN each. ComArch SA acquired 999 shares at par value for cash. The total number of votes from all shares is 1000. CIV Sp. z o.o. will be engaged in making available IT connections for ComArch Group entities and for purposes related to contracts.

After the balance sheet date:

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.

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 Kraków SA	Subsidiary	Full	99,99%
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%
CDN ComArch	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	28,40%

*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 II quarter 2004 the Company made revaluation deductions for assets for a total of 22 thousand PLN.

ComArch Group

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

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

ComArch SA

In the II 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 II quarter 2004, entities of the Group established deferred income tax assets and reserves. Assets decreased by 115 thousand PLN and the reserve increased by 161 thousand PLN. (increase of 67 thousand PLN).

c) Other reserves

In the II quarter 2004 no other reserves were established.

5. Information About EUR Exchange Rates

a) EURO exchange rates used to convert financial data.

- average NBP exchange rate as of 30-06-2004 4,5422

- average NBP exchange rate as of 30-06-2003	4,4570
- mean (arithmetic) exchange rate for the period 1.01-30.06.2004	4,7311
- mean (arithmetic) exchange rate for the period 1.01-30.06.2004	4,3110

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.

6. 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 16.08.2004, the following shareholders held either directly, or indirectly through subsidiaries, at least 5% of votes at the ComArch Shareholder Meeting: Elżbieta 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 17.05.2004 to 16.08.2004.

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 I quarter 2004, i.e. 01.03.2004 and on 17.05.2004 based on the information held by the Company.

Managerial and Directorial Officers	Position	As of 16.08.2004		As of 17.05.2004	
		Shares	Votes at Shareholder Meeting (%)	Shares	Votes at Shareholder Meeting (%)
Elżbieta and Janusz Filipiak	Chairperson of the Supervisory Board and Chairman and CEO	3.122.685	69,70%	2.996.898	69,42%
Tomasz Maciantowicz	Vice President	212.134	4,22%	212.134	4,26%
Paweł Prokop	Vice President	24.440	0,45%	24.440	0,45%
Paweł Przewięźlikowski	Vice President	24.440	0,45%	24.440	0,45%
Rafał Chwast	Vice President	6.566	0,05%	6.566	0,05%
Issued shares		6.852.387	100,00%	6.726.600	100,00%

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

The II quarter 2004 was a very good period for the Company with high revenue and income growth. Revenues in the II quarter were 69.046 thousand PLN what translates into a 31,5% growth rate compared to the II quarter of the previous year. Consolidated operating income in the II quarter was 3.387 thousand PLN and was three times higher than a year ago. Earnings before taxes were 1.520 thousand PLN and net income was 2.125 thousand PLN. In the II quarter 2003 the Group had negative earnings before taxes and a net loss.

After 2 quarters of 2004 consolidated revenues were 52,6% higher than a year ago. Net income after 2 quarters was 5.432 thousand PLN compared to a loss of 170 thousand PLN for the first half of 2003. Consolidated earning per share for the last 12 month period increased from 0,57 PLN to 2,21 PLN. Operating margin for the I quarter of 2004 was 6% and should be considered high given 50% revenue growth for the Group and considering and increase of employment by 200 persons in the Group. As of the end of June the Group employed 1300 people (excluding Interia.pl, NetBrokers and MKS Cracovia).

Continued expansion of the Polish economy caused enterprises to invest in new IT projects. The ComArch Group with an established position on the IT market, participates in this expansion, what impacts contracts and financial results. The current order backlog is 40% higher than a year ago, with international contracts gaining on importance (over two fold increase).

ComArch Group			
	I-VI 2004	I-VI 2003	Change
Signed contracts*	173 150	121 874	42,1%
Including international Share of intl contracts	40 926 23,6%	17 693 14,5%	131,3% +9,1 b.p.
Contracted revenues**	as of 31.07.2004 243 447	as of 31.07.2004 172 416	change 41,2%
Including international Share of intl contracts	59 710 24,5%	20 328 11,8%	193,7% +12,7 b.p.

The share of international sales in total 1 half 2004 revenues was 27,1% compared to 11% in the 1 half of 2003. A detailed breakdown of sales of the ComArch Group is presented below:

ComArch Group				
	I half 2004	%	I half 2003	%
Services	72 491	53,5%	56 976	64,2%
Software	44 692	33,0%	9 437	10,6%
Hardware	16 404	12,1%	22 339	25,2%
Other	1 843	1,4%	0	0,0%
TOTAL	135 430	100,0%	88 752	100,0%
Telecommunications	45 408	33,5%	20 670	23,3%
Finance and Banking	26 264	19,4%	11 698	13,2%
Services and Commerce	24 509	18,1%	23 738	26,7%
Industry	9 057	6,7%	2 607	2,9%
Public Administration	28 409	20,9%	29 873	33,7%
Other	1 883	1,4%	166	0,2%
TOTAL	135 430	100,0%	88 752	100,0%
Domestic	98 678	72,9%	79 025	89,0%
International	36 752	27,1%	9 727	11,0%
TOTAL	135 430	100,0%	88 752	100,0%

In the I half of 2004 software sales had the highest growth rates. Revenues from services increased as well. Hardware sales were down due to the fact that in the first half of 2003 large software deliveries took place for the Ministry of Sports. In terms of revenues by sector, telecommunications are seeing increased growth, mainly due to export sales. Sales to the financial sector increased as well, where ComArch enjoys a strong position to a broad product mix.

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 future quarters.

As a supplement to the annual report date 05 April 2004, according to par. 22a pt 3 of the Rules of the WSE, the ComArch SA Management Board submitted a statement about obeying corporate governance principles. ComArch SA declared that it will accept all corporate governance principles except principle No. 20 regarding the composition of the Supervisory Board.

On 16 April 2004 the ComArch SA Management Board was informed about the registration of ComArch Middle East FZ-LLC seated in Dubai, which is a ComArch SA subsidiary. Share capital is 200 thousand AED and is divided into 200 shares with a par value of 1 thousand AED each (1AED = 1,08 PLN). ComArch SA acquired all shares at par value (paid in cash). The total number of votes is 200. The Company will be involved in selling ComArch products in the Middle East and will offer partial support to local clients.

On 26.04.2004 the ComArch SA Management Board informed that as a result of the Securities Exchange Commission allowing ComArch to exceed 50% of votes at the Interia.pl shareholder meeting and:

- a) the recent situation on the Polish Internet portal market and its constant growth,
 - b) positive development of the situation of Interia.pl leading to the Company's earning positive financial results
- ComArch SA feels that it would be beneficial for Interia.pl to offer new products and services based on broadband technology (including UMTS).

Intrial.pl plans to introduce pilots of new products and services and provided that they meet a warm reception in the market, ComArch will propose a new share issue at the Shareholder Meeting aimed at financing the new projects. ComArch SA is prepared to acquire a large portion of this new issue and can, therefore, exceed 50% of votes.

Due to the implementation of the management option program for the Chairman and CEO (Resolution No 6 of the Special Shareholder Meeting of 21 Dec 2001 and the Resolution of the Supervisory Board of 29 March 2004 obliging the Management Board to pass a resolution regarding G series shares (press release RB 3/2004) the ComArch SA Management Board passed resolution No. 1 on 26 April 2004 on increasing the share capital through the public issue of 125 787 common bearer G series shares with a par value of 1 PLN each and changes to the Company Statute.

G series shares will be issued with no preemptive rights. The issue price is 1 PLN. G series shares will be acquired for cash and will be eligible for dividends starting with income that will be distributed for 2004, i.e. 01.01.2004.

G series shares will be issued through a private placement, mentioned in art. 431 par 2, pt 1 of the Commercial Code conducted under conditions of public trade. G series shares will be introduced for trading on the Warsaw Stock Exchange. All G series shares will be offered to the Chairman and CEO. The agreement governing the acquisition of shares will be executed no later than 30 October 2004.

On 30.04.2004 the ComArch SA Management Board passed a resolution on the merger of ComArch SA with subsidiaries ComArch Kraków SA and CDN-ComArch SA, in which the Company holds a 99,99% stake. The consolidated report for previous years contained the financial statements of the merged entities. Assets of CDN ComArch SA and ComArch Kraków SA is fully covered by shares held by ComArch SA in the merged entities. As a result, the merger will take place without a capital increase of ComArch SA and will remain unchanged.

The goal of the merger is to increase the operational efficiency of the Group by eliminating the drawbacks resulting from operating as separate entities, increasing synergies by allowing sales personnel of the entire group to sell the full range of products and cost reductions arising from the subsidiaries operating as separate entities. The acquisition of CDN ComArch SA and ComArch Kraków SA will increase operational efficiency by putting human capital and assets to a more effective use. It is the intention of the Management Board for the merger to take place in the III quarter 2004.

On 27.05.2004 the ComArch SA Management Board informed that it plans to take part in the capital increase of MKS Cracovia SSA through the acquisition of a new equity issue worth 4 million PLN. MKS Cracovia SSA plans to raise funds from EU sources to expand its sports and recreational infrastructure on lots to which the club has perpetual usage rights. The funds will be used by MKS Cracovia to prepare the investment and applications within the scope of Action 1.4 of the Regional Development Operational Program of the European Regional Development Fund. After the capital increase ComArch SA holds 48,09% of share capital. ComArch SA also informed that the Capital Group plans to contribute no more than 1,5% of consolidated revenues (4,5 million PLN) for promotional and marketing purposes through MKS Cracovia SSA.

During a meeting on 14.06.2004, effective 18.06.2004 the Supervisory Board nominated:

- Mr. Janusz Filipiak for President of ComArch SA
- Mr. Rafał Chwast for Vice President of ComArch SA
- Mr. Tomasz Maciantowicz for Vice President of ComArch SA
- Mr. Paweł Prokop for Vice President of ComArch SA
- Mr. Paweł Przewięźlikowski for Vice President of ComArch SA
- Mr Robert Chwastek for Member of the Board of ComArch SA
- Mr. Zbigniew Rymarczyk for Vice President of ComArch SA

The nominations are due to the fact that the present mandates of Management Board Members have expired (on 17.06.2004).

From all Board Members Mr. Zbigniew Rymarczyk was nominated for the first time. The remaining Members (Janusz Filipiak, Rafał Chwast, Tomasz Maciantowicz, Paweł Prokop, Paweł Przewięźlikowski, Robert Chwastek) have already been Management Board Members.

In press release 15/2004 the Management Board announced the Report of the Supervisory Board for ComArch SA, including a comment on the company's situation in 2003 compliant with principle 18 of the Corporate Governance Good Practices Code.

On 17.06.2004 ComArch received two contracts signed by a consortium of companies: ComArch SA and ComArch Kraków SA and the Ministry of Education and Sports in Warsaw for the delivery, installation and integration of Internet labs for schools in the following voivodships: Wielkopolskie, and Zachodniopomorskie (first contract), Śląskie, Opolskie (Second contract). The total value of all contracts signed with MENiS since the publication date of the last report (01.10.2003) is 16,6 million PLN. The highest valued contract was a contract from 16.06.2004 for the delivery, installation and integration of Internet labs for schools in the following voivodships: Wielkopolskie and Zachodniopomorskie for 6,6 million PLN.

In relation to principle No. 2 of the Corporate Governance Good Practices Code the Management Board of ComArch SA issued press release 20/2004 announced resolution No 15/6/2004 of the ComArch SA Supervisory Board on issuing a positive opinion about resolutions presented at the Shareholder Meeting of 30 June 2004.

On 30.06.2004, the Shareholder Meeting passed resolutions regarding the following matters:

- accepting the financial statement and the consolidated financial statement for the period 1.01.2003-31.12.2003,
- accepting the commentary of the Management Board on ComArch SA and Capital Group operations for the period 1.01.2003-31.12.2003
- accepting the report of the Supervisory Board on operations for the period 1.01.2003 – 31.12.2003 and the audit of the financial statement and the consolidated financial statement and the Commentary of the Management Board on ComArch SA and ComArch Group operations for 1.01.2003 – 31.12.2003
- distribution of net income for 1.01.2003 – 31.12.2003 transferred in whole to reserve capital
- granting absolution to Management Board and Supervisory Board Members for 1.01.2003 – 31.12.2003
- the merger of ComArch SA with ComArch Kraków SA and CDN-ComArch SA
- nominating the following persons to the Supervisory Board: Elżbieta Filipiak (Chairwoman), Krzysztof Zieliński (Vice Chairman), Maciej Brzeziński (Member), Anna Ławrynowicz (Member), Wojciech Kucharzyk (Member)
- changes in the Corporate Statute.

On 30.06.2004 the ComArch SA Management Board informed that it has decided to acquire with the purpose of retirement 1.100 A series bonds convertible into H series shares with a par value of 10.000,00 each. After the retirement, the estimated number of A series bonds convertible into H series shares is 2900.

8. Extraordinary Events Impacting Financial results

No extraordinary events took place in the II quarter of 2004.

9. Events after the Balance Sheet Date

The ComArch SA Management Board issued a public announcement regarding the results of the public issue of G series shares aimed at the President as part of a management options program. The issue of G series shares took place from 17-18 June 2004. On 17 June 2004 G series shares have been allocated. The issuer offered 125.787 G series shares at an issue price of 1 PLN. As part of the program one person had applied for shares and G series shares were allocated to one investor. The value of the transaction (multiple of the issue price and number of G series shares) was 125.787,00 PLN. The cost of the G series share issue was 91.676,40 PLN, including: preparing and conduction the offer – 26.850,00 PLN, preparing the issue prospectus including consulting fees 64.826,40 PLN. The cost of the public issue will be included in the financial costs section. The average cost per share was 0,73 PLN.

In press release 28/2004, the ComArch SA Management Board informed about changes to the permit for operations in the Special Economic Zone. ComArch received permission to operate in the Special Economic Zone in Kraków on 22 March 1999. Subject to the decision of the Council of Ministers dated 14 October 1997

on establishing a Special Economic Zone in Kraków (Legal Journal No. 135, pos 912 as amended) entities which invested at least 2 million EUR in the Special Economic Zone enjoyed the following benefits:

- a) during the first 6 years of operations in the Zone, income from such operations was tax exempt
- 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.

On 29 June 2004, the Regional Court for Kraków Center, XI Commercial Division of the National Court Register, registered 125.787 common bearer G series shares. As a result of the registration the wording of art. 7 sec.1 of the Statute was changed. Share capital of the Company is currently 6.852.387 PLN. The total number of votes from all shares is 13.921.187.

The current wording of art. 7 sec.1 of the Statute:

“1. Share capital of the Company is no more than 7 552.387 PLN (seven million five hundred fifty two thousand three hundred eighty seven PLN) and is divided into no more than 7 552.387 PLN (seven million five hundred fifty two thousand three hundred eighty seven) shares, including 1 767 200 (one million seven hundred sixty seven two hundred) registered privileged shares with par value of 1 PLN and no more than 5 785 187 (five million seven hundred eight five thousand one hundred eighty seven) common bearer shares with par value of 1 PLN each, including:

- 1) 883 600 registered privileged A series shares
- 2) 56 400 common bearer A series shares
- 3) 883 600 registered privileged B series shares
- 4) 56 400 common bearer B series shares
- 5) 3 008 000 common bearer C series shares
- 6) 1 200 000 common bearer D series shares
- 7) 638 600 common bearer E series shares
- 8) 125 787 common bearer G series shares
- 9) no more than 700 000 common bearer H series shares”.

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 subsequent contract signed by ComArch SA with Bank Przemysłowo 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 13,4 million PLN with BPH PBK SA. The highest valued contract (4,8 million PLN) is a contract dated 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 designated as PLCOMAR00087 by the National Depository of Securities into public trading on the main market of the Warsaw Stock Exchange.

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.

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

The Management Board did not issue a forecast for 2004.

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

In the II 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).

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

None

13. Information about Guarantees granted by the Company or Subsidiaries

In the II quarter ComArch nor its subsidiaries made no guarantees as set fort 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).

12. 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
2004-08-16	Rafał Chwast	Vice President	
2004-08-16	Paweł Prokop	Vice President	