

SECURITIES AND EXCHANGE COMMISSION**Form SA-QS4/2003**

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

In compliance with par 57 sec 1 pt 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 report for the IV quarter 2003

Date: 2004-03-01

(submitted)

FINANCIAL HIGHLIGHTS	Thousands of PLN		Thousands of EUR	
	4 quarters to date/ 2003 from 2003- 01-01 to 2003- 12-31	4 quarters to date/ 2002 from 2002- 01-01 to 2002- 12-31	4 quarters to date/ 2003 from 2003- 01-01 to 2003- 12-31	4 quarters to date/ 2002 from 2002-01-01 to 2002-12-31
I. Net sales revenues	258 037	195 065	58 020	50 408
II. Operating income (loss)	15 105	9 153	3 396	2 365
III. Income (loss) before taxes	12 148	8 475	2 731	2 190
IV. Net income (loss)	9 267	4 403	2 084	1 138
V. Net cash flows from operating activities	29 854	12 192	6 713	3 151
VI. Net cash flows from investing activities	25 301	-42 728	5 689	-11 042
VII. Net cash flows from financing activities	-32 530	38 574	-7 314	9 968
VIII. Total net cash flows	22 625	8 038	5 087	2 077
IX. Total Assets	256 989	216 161	54 481	53 769
X. Liabilities and reserves	139 615	94 266	29 598	23 448
XI. Long term liabilities	41 076	39 900	8 708	9 925
XII. Current liabilities	65 783	42 346	13 946	10 533
XIII. Shareholders' Equity	103 588	119 157	21 961	29 640
XIV. Share capital	6 727	7 228	1 426	1 798
XV. Number of shares	6 726 600	7 228 000	6 726 600	7 228 000
XVI. Earnings (loss) per common share (in PLN/EURO)	1,35	0,61	0,3	0,16
XVIII. Book value per share (in PLN/EURO)	15,4	16,49	3,26	4,1
XX. Dividend declared or paid (in PLN/EUR)		0,6		0,15

BALANCE SHEET

(thousands of PLN)	As of 2003-12-31 end of quarter/ 2003	As of 2003-09-30 end of prev quarter/ 2003	As of 2002-12-31 end of quarter/ 2002	As of 2002-09-30 end of prev quarter/ 2002
Assets				
I. Fixed assets	105 315	73 325	73 848	75 167
1. Intangible assets	3 219	3 079	4 341	4 630
2. Value of affiliated companies	3 466	2 285	2 950	3 076
3. Tangible fixed assets	91 252	56 369	55 713	53 868
4. Long-term receivables	215			
4.2 From other units	215			
5. Long-term investments	5 061	8 241	6 952	10 020
5.3. Long-term financial assets	5 061	8 241	6 952	10 020
a) in affiliates	4 731	8 010	6 615	9 375
-shares in affiliates valued using the ownership rights method	4 729	4 540	6 201	6 573
- shares in non-consolidated entities	2	3 470	414	2 802
b) in other entities	330	231	337	645
6. Long-term deferrals	2 102	3 351	3 892	3 573
6.1 Deferred income taxes	1 900	1 764	1 443	861
6.2 Other deferrals	202	1 587	2 449	2 712

II. Current assets	151 674	112 690	142 313	114 746
1. Inventories	11 753	14 542	9 258	14 731
2. Accounts receivable	89 195	45 775	65 174	38 923
2.1. from affiliates	119	81	93	245
2.2 from other entities	89 076	45 694	65 081	38 678
3. Short-term investments	45 271	31 107	58 431	53 152
3.1 Short-term financial assets	45 271	31 107	58 431	53 152
a) in affiliates				102
b) in other entities	351	19 382	34 771	36 400
c) cash and cash equivalents	44 920	11 725	23 660	16 650
4. Short-term deferrals	5 455	21 266	9 450	7 940
Total Assets	256 989	186 015	216 161	189 913
SHAREHOLDERS' EQUITY AND LIABILITIES				
I. Equity	103 588	93 641	119 157	114 318
1. Share capital	6 727	7 228	7 228	7 228
3. Own 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	9 685	29 827	24 560	23 894
7. Exchange differences from converting affiliates	-102	-557	394	208
a) positive exchange differences			394	208
b) negative currency differences	-102	-557		
8. Retained earnings (loss)	-18 985	-19 051	-14 424	-14 311
9. Net income (loss)	9 267	-159	4 403	303
II. Minority capital	13 786	2 748	2 738	2 364
IV. Liabilities and reserves	139 615	89 626	94 266	73 231
1. Reserves	15 070	2 435	1 358	928
1.1 Deferred income tax reserve	5 796	388	353	275
1.3. Other reserves	9 274	2 047	1 005	653
a) long-term	6 774	2 047	1 005	653
b) short term	2 500			
2. Long-term liabilities	41 076	39 838	39 900	39 838
2.1 To affiliates	1 209			
2.2 To other entities	39 867	39 838	39 900	39 838
3. Short –term liabilities	65 783	40 942	42 346	27 863
3.1 To affiliates	164	206	645	201
3.2 to other entities	64 527	39 613	40 749	26 412
3.3 Special funds	1 092	1 123	952	1 250
4 Accrued expenses and deferred revenues	17 686	6 411	10 662	4 602
4.2 Other accrued expenses and deferred revenues	17 686	6 411	10 662	4 602
b) short-term	17 686	6 411	10 662	4 602
Total equity and liabilities	256 989	186 015	216 161	189 913
Book value	103 588	93 641	119 157	114 318
Number of shares	6 726 600	6 726 600	7 228 000	7 228 000
Book value per share (PLN)	15,4	13,92	16,49	15,82

OFF BALANCE SHEET LIABILITIES

	As of 2003-12-31 end of quarter/ 2003	As of 2003-09-30 end of prev quarter/ 2003	As of 2002-12-31 end of quarter/ 2002	As of 2002-09-30 end of prev quarter/ 2002
Off-balance sheet Liabilities				
2. Contingent liabilities	20 612	41 002	24 171	23 229
2.2. To other companies	20 612	41 002	24 171	23 229

-granted guarantees	20 612	41 002	24 171	23 229
Total off-balance sheet liabilities	20 612	41 002	24 171	23 229

INCOME STATEMENT

	4 quarter/ 2003 from 2003-10-01 to 2003-12-31	4 quarters to date/ 2003 from 2003- 01-01 to 2003-12- 31	4 quarter/ 2002 from 2002-10-01 to 2002-12-31	4 quarters to date/ 2002 from 2002- 01-01 to 2002- 12-31
I. Net sales revenue	124 319	258 037	82 911	195 065
-from affiliates	74	401	104	530
1. Net sales of products	50 828	140 472	40 967	113 214
2. Net sales of merchandise and materials	73 491	117 565	41 944	81 851
II. Cost of goods sold	94 076	192 947	61 058	140 008
-from affiliates	193	396	551	574
1. Cost of products sold	25 348	84 192	24 895	69 313
2. Cost of merchandise and material sold	68 728	108 755	36 163	70 695
III. Gross margin (I-II)	30 243	65 090	21 853	55 057
IV. Selling expenses	11 203	27 067	7 643	22 123
V. General and administrative expenses	8 454	22 621	8 277	23 059
VI. Income (loss) on sales (III-IV-V)	10 586	15 402	5 933	9 875
VII. Other operating income	858	1 114	610	1 185
1. Income of sale of non-financial fixed assets			-11	
2. Subsidies			30	126
3. Other operating income	858	1 114	591	1 059
VIII. Other operating expenses	533	1 411	706	1 907
1. Loss on sale of non-financial fixed assets	52	150	15	15
2. revaluation of non-financial assets	32	93	-248	176
3. Other operating expenses	449	1 168	939	1 716
IX. Operating income (loss) (VI+VII-VIII)	10 911	15 105	5 837	9 153
X. Financial income	463	2 936	1 668	5 125
2. Interest, including	502	2 175	878	3 376
3. Income from sale of investments	28	714	1 141	1 141
5. Other	-67	47	-351	608
XI. Financial expenses	3 332	7 424	2 347	5 041
1. Interest, including	1 362	4 680	1 284	3 422
-to affiliates			-7	
2. Loss on sale of investments	41	41	192	192
4. Other	1 929	2 703	871	1 427
XIII. Income (loss) on business activities (IX+X-XI+/-XII)	8 042	10 617	5 158	9 237
XV. Deduction of value of affiliates	346	1 011	243	762
XVI. Deduction of negative value of affiliated units	2 542	2 542		
XVII. Income (loss) before taxes (XIII+/-XIV-XV+XVI)	10 238	12 148	4 915	8 475
XVIII. Corporate income tax	1 139	1 421	64	63
a)current	2 042	1 757	586	974
b)deferred	-903	-336	-522	-911
XIX. Mandatory income deductions (loss increases)			4	6
XX. Share in income (loss) of entities consolidated using the ownership rights method	-22	-1 682	-373	-3 506
XXI. Minority (income) loss	349	222	-374	-497
XXII. Net income (loss) (XVII-XVIII-XIX+/-XX+/-XXI)	9 426	9 267	4 100	4 403

Net Income (loss) (annualized)	9 267		4 403	
Weighted average number of common shares	6 875 602		7 228 000	
Earnings (loss) per common share (in PLN)	1,35		0,61	

STATEMENT OF SHAREHOLDER'S EQUITY

	4 quarter/ 2003 from 2003-10-01 to 2003-12-31	4 quarters to date/ 2003 from 2003- 01-01 to 2003-12- 31	4 quarter/ 2002 from 2002-10-01 to 2002-12-31	4 quarters to date/ 2002 from 2002- 01-01 to 2002- 12-31
I. Shareholders' equity at beginning of period (opening balance)	93 641	119 157	114 318	117 471
a) Changes in accounting regulations				654
-new regulations in valuing long term contracts				478
-assets and reserve for deferred income taxes				176
I.a. Share capital at beginning of period after restating to comparative data	93 641	119 157	114 318	118 125
1. Share capital at beginning of period	7 228	7 228	7 228	7 228
1.1 Changes in share capital	501	501		
b) decreases (due to)	501	501		
-retirement of shares	501	501		
1.2 Share capital at end of period	6 727	6 727	7 228	7 228
2. Treasury stock at beginning of period	-20 643			
a) increases (due to)		-20 643		
-acquisition of shares for retirement		-20 643		
b) decreases (due to)	20 643	20 643		
-retirement of shares	20 643	20 643		
4. Reserve capital at beginning of period	96 714	96 714	96 714	103 982
4.1 Changes in reserve capital				-7 268
b)decreases (due to)				7 268
-reduction of reserve capital - convertible bond issue costs				1 268
-transfer to reserve capital				6 000
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	
5.1 Changes in revaluation capital				282
a) increases (due to)				282
-capital from bond valuation				282
5.2. Revaluation capital at end of period	282	282	282	282
6. Other reserve capitals at beginning of period	29 827	24 560	23 894	7 642
6.1 Changes in other reserve capitals				16 918
a) increases due to		5 734		17 146
-ComArch SA income distribution		5 734		10 479
-transfers from reserve capital				6 000
-income tax refund			666	667
b) decreases (due to)	20 142	20 609		228
-use of budgetary liabilities fund				228
-settlement of share retirement costs		467		
-retirement of shares	20 142	20 142		
6.2 Other reserve capitals at end of period	9 685	9 685	24 560	24 560
7. Exchange differences from affiliated entities at			394	

beginning of period				
7. Exchange differences from affiliated entities at end of period	-557	394	394	
7a. Exchange differences from affiliated entities at end of period	-102	-102	394	394
8.1 Retained earnings at beginning of period	19 051	10 021	14 311	1 382
a) changes in accounting regulations				-654
c) increases due to				
8.2 Retained earnings at beginning of period after restating to comparative data	19 051	10 021		728
a) increases due to		9 770		13 696
-transfers to reserve capital		5 734		
-dividend payment		4 036		
-transfers of retained losses of acquired entities			84	665
-acquisition of other capitals of acquired companies				27
-share in prior losses of ComArch Software AG				1 484
-depreciation of ComArch Software AG for 2001				513
-corrections of intangible assets				499
-2001 income distribution				10 479
-depreciation for ComArch Global for 2001			29	29
b) decreases due to	66	806		
-share in minority capital losses		128		
-revaluation due to currency differences	66	678		
8.3 Retained earnings at end of period	18 985	18 985		14 424
8.8. III quarter results	-159		303	
9. Net income	9 426	9 267	4 100	4 403
a) net income	9 426	9 267	4 100	4 403
II. Equity capital at end of period	103 588	103 588	119 157	119 157

STATEMENT OF CASH FLOWS

	4 quarter/ 2003 from 2003-10-01 to 2003-12-31	4 quarters to date/ 2003 from 2003- 01-01 to 2003-12- 31	4 quarter/ 2002 from 2002-10-01 to 2002-12-31	4 quarters to date/ 2002 from 2002- 01-01 to 2002- 12-31
I. Net income (loss)	9 426	9 267	4 100	4 403
II. Total adjustments	13 736	20 587	2 759	7 789
1. Minority loss	-351	-223	374	497
2. Share in (income) loss of affiliates consolidated using the ownership rights method	22	1 682	373	3 506
3. Depreciation and amortization	828	9 103	2 701	9 696
-deductions of value of affiliated entities or negative value of affiliated entities	-2 195	-1 530	243	762
4. (Income) loss due to exchange differences	365	478	424	200
5. Interest and dividends	1 547	3 039	1 103	1 335
6. (Gain) loss on investing activities	-808	-2 857	-995	-972
7. Changes in other reserves	2 833	3 938	1 356	1 222
8. Change in inventories	2 743	-2 576	4 098	-492
9. Change in receivables	-35 032	-10 154	-28 822	-23 607
10. Change in current liabilities (excluding loans and bank credits)	15 762	9 773	18 054	17 832
11. Change in deferrals and accruals	26 004	8 851	4 701	-618
12. Other adjustments	-177	-467	-608	-810
III. Net cash flows from operating activities (I+/-II)	23 162	29 854	6 859	12 192

I. Inflows	42 439	79 518	23 403	67 189
1. Sales of intangible assets	32	160	-55	192
3. From financial assets:	42 387	79 338	23 458	66 997
a) in subsidiaries	-942			
-sale of financial assets	-942			
-dividends	-942			
b) in other entities	43 329	79 338	23 458	66 997
-sale of financial assets	43 329	79 338	23 458	66 997
4. Other financial inflows	20	20		
II. Outflows	-25 320	-54 217	-21 988	-109 917
1. Purchases of intangible assets	-4 307	-12 235	-662	-8 849
3. Acquisition of financial fixed assets:	-21 013	-41 982	-21 306	-101 048
a) in affiliates	3 959	-85	-694	-694
-acquisition of financial assets	2 971	-85		
-other expenditures	988			
b) in other entities	-24 972	-41 897	-20 612	-100 354
-acquisition of financial assets	-24 972	-41 897	-20 612	-100 354
5. Other investment outflows			-20	-20
III. Net cash flows from investing activities (I-II)	17 119	25 301	1 415	-42 728
I. Inflows	120	514	-539	40 164
1. Net inflows from convertible bond issue			40 120	40 120
2. Loans	120	514	42	44
3. Issue of debt securities			-40 120	
4. Other financial inflows			-581	
II. Outflows	-6 387	-33 044	-747	-1 590
1. Acquisition of treasury stock	-4 455	-25 098		
2. Loans		-4 036		
4. Repayment of loans	-515	-858		-57
6. Due to other financial obligations			786	
7. Payment of liabilities from financial leases	-8	-33	-24	-24
8. Interest	-1 407	-3 013	-1 507	-1 507
9. Other financial outflows	-2	-6	-2	-2
III. Net cash flows from financing activities	-6 267	-32 530	-1 286	38 574
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/-C.III)	34 014	22 625	6 988	8 038
E. CHANGE IN BALANCE-SHEET: CASH AND CASH EQUIVALENTS	34 014	22 625	6 988	8 038
-change in cash due to currency exchange differences			-22	
F. CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	10 783	22 172	14	14 134
Fa Cash at beginning of period – Cracovia	35	35		
Fb. Cash at end of period - total	10 818	22 207		
G. CASH AND CASH EQUIVALENTS - END OF PERIOD (F+/- D)	44 832	44 832	7 002	22 172

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 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.

As of 31.12.2003 the following entities were part of the Capital Group (shares of ComArch SA)

- ComArch SA in Krakow
- ComArch Kraków SA in Kraków (99,99%)
- ComArch Global, Inc. in Miami (90,00%)
- ComArch Software AG in Frankfurt am MA in (100,00%)
- Interia.pl SA in Kraków (49,87%)
- ComArch Internet Ventures SA in Kraków (99,99%). As of 30.09.2003 the entity held 60,00% of CDN SA shares. From 7.10.2003 ComArch Internet Ventures SA holds 59,56% of CDN SA shares and is the sole shareholder as the remaining shares have been bought back with the purpose of retirement.
- NetBrokers Sp. z o.o. in Kraków (37,33%)
- 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 IV quarter 2003 includes: ComArch SA, ComArch Kraków SA, ComArch Internet Ventures SA, CDN SA, MKS Cracovia SSA, ComArch Software AG and ComArch Global, Inc. 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. It should be noted that in the IV quarter of 2003 MKS Cracovia SSA and NetBrokers Sp. z o.o. were consolidated for the first time.

2. Changes in the Structure of the Capital Group

On 07.10.2003, CDN SA purchased 55.000 of its own shares at 81 PLN per share (total value of 4.455.000 PLN) with the purpose of retirement. The shares constitute 40,44% of CDN share capital. The Company acquired 54.399 shares from individuals, who are CDN SA shareholders-founders and 601 shares from ComArch Internet Ventures SA. As a result of the operation, ComArch Internet Ventures SA (a ComArch SA subsidiary) holds 100% of CDN SA shares, i.e. the Group will consolidate 100% of CDN SA.

On 20.10.2003, the Regional Court in Frankfurt am Main issued a decision increasing the share capital of subsidiary ComArch Software AG by 830 EUR through the issue of 166 registered shares. After the increase, ComArch Software AG has share capital of 58.380 EUR. Share capital consists of 11.676 registered shares with a par value of 5 EUR each. The total number of votes from all issued shares after the registration of the above mentioned increase is 11.676 votes. All newly issued shares have been acquired and paid in cash by ComArch SA. The issue price of each share is 3012 EUR. After the above mentioned increase, ComArch SA holds 100% of shares and votes of ComArch Software AG.

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

The following entities were consolidated during the IV quarter 2003:

	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 Internet Ventures SA	Subsidiary	Full	99,99%
CDN SA	Subsidiary – II degree	Full	60% (held by CIV)
ComArch Global, Inc.	Subsidiary	Full	90,00%
Interia.pl SA	Affiliate	Ownership rights	37,50%
NetBrokers Sp. z o.o.	Affiliate	Ownership rights	40%
MKS Cracovia SSA	Subsidiary*	Full	28,4%

*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 11 November 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.

In IV quarter 2003 the Company made revaluation deductions for assets for a total of 93 thousand PLN.

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

In IV quarter 2003 assets due to deferred income taxes increased 136 thousand PLN and the reserve for income taxes increased by 5.438 thousand PLN.

c) Other reserves

In the IV q 2003 the Company increased the reserve due to issued convertible bonds by 351 thousand PLN. A reserve of 6.875 thousand PLN was created for the future costs of MKS Cracovia SSA

3. Information About EUR Exchange Rates

a) EURO exchange rates used to convert financial data.

- average NBP exchange rate as of 31-12-2003	4,7170
- average NBP exchange rate as of 21-12-2002	4,0202
- mean (arithmetic) exchange rate for the period 1.10-31.12.2003	4,4474
- mean (arithmetic) exchange rate for the period 1.01-31.12.2002	3,8697

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.

4. 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 01 March 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 2.996.898 shares what gives them 9.576.898 votes at the Shareholder Meeting, constituting 69,42 % 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 14.11.2003 to 01.03.2004.

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 IV quarter 2003, i.e. 14.11.2003 and on 01.03.2004 based on the information held by the Company.

According to the Company's knowledge, on 17 December 2003, Mrs. Elżbieta Filipiak, Chairperson of the Supervisory Board sold 65.000 common bearer shares for 50,5 PLN each.

Managerial and Directorial Officers	Position	As of 16.02.2004		As of 04.11.2003	
		Shares	Votes at Shareholder Meeting (%)	Shares	Votes at Shareholder Meeting (%)
Elżbieta and Janusz Filipiak	Chairperson of the Supervisory Board and Chairman and CEO	2.996.898	69,42%	3.061.898	67,44%
Tomasz Maciantowicz	Vice President	212.134	4,26%	212.134	4,11%
Paweł Prokop	Vice President	24.440	0,45%	24.440	0,43%
Paweł Przewięźlikowski	Vice President	24.440	0,45%	24.440	0,43%
Rafał Chwast	Vice President	6.566	0,05%	6.566	0,05%
Issued shares		6.726.600	100,00%	7.228.000	100,00%

5. Factors Having a Major Impact on ComArch IV Quarter 2003 Financial Results and Factors Impacting Future Performance

The IV quarter 2003 was extremely strong for the ComArch Group in relation to both revenues and net income. Revenues of the Capital Group were 124.319 thousand in the IV quarter and were 49,9% higher than in the IV quarter 2002. Group operating income was 10.911 thousand PLN, i.e. 86,9% higher than a year ago. Net income was 9.426 thousand PLN what translates into a 129,9% growth rate compared to the IV quarter of the previous year. The IV quarter was an excellent conclusion of the very strong year for the ComArch Group. Throughout 2003, Group revenues were a record high 258.037 thousand PLN (32,3% increase compared to 2002). Operating income was 15.105 thousand PLN (65,0% increase) and net income was 9.267 thousand PLN (110,5% increase). The Group's results point to the strengthening of its position among IT integrators in Poland. In all vertical markets served. The Group consistently develops export sales, which in the previous year generated 15% of total sales.

The financial position of large and medium enterprises, which are the Company's key clients, will have a key impact on the Company's financial results.

The following IV quarter events had a key impact on ComArch SA operations:

On 13.10.2003 ComArch Kraków SA signed a contract with Statoil Polska Sp.z o.o. seated in Warsaw for the implementation and outsourcing of IT infrastructure. The contract was signed for an indefinite period of time. The approximate value of the contract throughout the first five years is 11,8 million PLN.

On 29.10.2003 the Management Boards of ComArch Internet Ventures and ComArch SA decided on a merger, which will take place in the beginning of 2004.

On 4.11.2003 the Regional Court for Kraków Centre issued a decision registering the decrease in share capital of ComArch SA by 501.400 PLN through the retirement of 501.400 common bearer shares with a par value of 1 PLN each, including 361.400 E and 140.000 F series shares. After the decrease, ComArch SA share capital is 6.726.600 PLN and is divided into 1.767.200 registered privileged shares and 4.959.400 common bearer shares with a par value of 1 PLN each. The number of votes from the retired shares is 501.400. The total number of votes from all issued shares after the share capital decrease is 13.795.400 shares. The retirement took place with shareholder consent (voluntary retirement) based on the resolution of the ComArch Shareholder Meeting of 30.06.2003 on share retirement and share capital decrease. The Company acquired 361.400 shares through a public tender of 25 March 2003 at 32,20 PLN per share. A further 140.000 shares were acquired on 30.04.2003 from Dom Maklerski Banku Handlowego SA at 64,44 PLN per share.

On 08.12.2003 ComArch SA was informed by subsidiary ComArch Software AG in Frankfurt am Main about two signed contracts for the provision of an integrated revenue assurance system for mobile telecommunications operator UMC in the Ukraine. The total value of both contracts is 4,8 million EUR (22,3 million PLN). The contract is considered significant based on the Company's equity capital.

On 15.12.2003 subsidiary ComArch Kraków SA signed a subsequent contract on the Russian market in the finance and banking sector. The signed contracts are for the delivery of a license and the implementation of the integrated Egeria-Leasing solution at OOO Raiffeisen Leasing in Moscow. The system will be covered by a comprehensive service agreement. The total value of the contracts is 335.000 USD. OOO Raiffeisen Leasing is one of the fastest growing leasing companies in Russia. In rankings of Russian leasing companies it ranks among the top 15. It is also one of the largest leasing companies with international capital in Russia. This is the third ComArch contract in Russia. Clients also include OOO Scania Leasing and OOO Karkade.

Due to the retirement of 501.400 shares, after reviewing the Company's application, through resolution No. 588/03 of 18 December 2003 the Management Board of the National Depository of Securities concluded that 4.959.400 share are designated as PLCOMAR00012

8. Extraordinary Events Impacting Financial results

Due to the acquisition of 28,4% of MKS Cracovia SSA shares, starting with the IV quarter ComArch consolidates MKS Cracovia. A one time impact of this operation in the IV quarter 2003 is 2.542 thousand PLN (deduction of negative value of subsidiaries)

9. Events after the Balance Sheet Date

On 01.03.2004 subsidiaries ComArch Internet Ventures SA and CDN SA in Kraków informed about 3 decisions issued on 27.02.2004 by the Regional Court for Kraków Centre in Kraków.

Subject to the first decision, a share capital increase was recorded of CDN SA from 102.000 PLN to 250.000 PLN through the issue of 169.000 D series shares with a par value of 1 PLN and the concurrent retirement of 28.141 A series shares and 26.859 B series shares, i.e. own shares held by CDN SA.

Subject to the second resolution CDN SA was acquired by ComArch Internet Ventures SA through the takeover of all assets. The Company under which ComArch Internet Ventures SA operates was changed to CDN SA.

Subject to the third decision CDN SA (the taken over entity) was removed from the National Court Register.

After the takeover, the share capital of ComArch Internet Ventures SA (currently CDN SA) has not changed and is 12.848.000 PLN and is divided into 13.840 registered privileged shares (with 5 votes per share) with a par value of 1000 PLN each. ComArch SA currently has 100% of votes at the shareholder meeting. The total number of votes from all shares is 64.200.

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

The Management Board did not issue a forecast for 2003.

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

In the IV quarter of 2003 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 IV 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

Due to the Motivation Program passed by the Special Shareholder Meeting on 21.12.2001, the Company informs that the Chairman and CEO of ComArch SA has an option to acquire ComArch SA shares. The value of the option according to the calculations performed by the Management Board is 6 149 727 PLN, i.e. 5% of 122.994.538, which is the increase in the Company's capitalization. The final decision is up to the Supervisory Board. As of the day of the publication of the report, the Supervisory Board has not set the final amount of the option and has not made a decision regarding the number and issue price of the shares. According to calculations performed by the Management Board (assuming that the issue price is 1 PLN) 125.787 G series shares should be issued.

Signatures

Date	Name	Position	Signature
2004-03-01	Rafał Chwast	Vice President	
2004-03-01	Paweł Prokop	Vice President	