

ABBREVIATED TRANSLATED VERSION OF PROSPECTUS OF ORBIS S.A.

prepared in connection with the introduction to Public Trading of
37,500,000 series A common bearer shares, with a face value of PLN 2.00 each
8,523,625 series B common bearer shares, with a face value of PLN 2.00 each
and 226,375 series C common bearer shares, with a face value of PLN 2.00 each;

and

Public Offer to Sell by the Minister of the State Treasury,
acting on behalf of the State Treasury of the Republic of Poland,
10,000,000 series A common bearer shares, with a face value of PLN 2.00 each,
at a nominal selling price of PLN 16.00 per Share,
subject to the terms and conditions set forth in the Prospectus;

and

Public Subscription announced by ORBIS S.A.
for 8,523,625 series B common bearer shares, with a face value of PLN 2.00 each,
at the issue price to be no less than the minimum issue price of the series A Shares, subject
to the terms and conditions set forth in the Prospectus;
the issue price of series B Shares established by the Management Board of ORBIS S.A. shall be
publicly announced at least two days prior to the opening of the subscription;

and

Public Subscription for 226,375 series C common bearer shares, with a face value of PLN 2.00 each,
addressed to the Selected Group of the Company's Employees,
at the issue price equal to the issue price of the series B
Shares, subject to the terms and conditions set forth in the Prospectus

This document is an abbreviated English language version of an unofficial translation of the Prospectus ("Prospectus") issued in the Polish language for the sale of Shares of ORBIS S.A. (the "Company" or "Issuer"). It is provided for convenience only and has no official or formal status. No representation or warranty, expressed or implied, has been made by the Company or any of the entities which prepared the Prospectus or any managers of the sales as to the accuracy or completeness of the information contained in this document or otherwise, in respect of this document. No liability or responsibility is accepted for any errors or omissions in this document. This document does not constitute an offer to any person to purchase Shares, nor an invitation to any person to make an offer for the purchase of such Shares. This document has not been submitted to, nor approved, not reviewed by the Polish Securities Commission or any other authorities.

The English abbreviated version of the Prospectus does not constitute an offer as understood in article 66.1 of the Civil Code. It is only a summary of the separately published Prospectus of the Company, existing only in a Polish language version, which contains legally binding information about the Company and the conditions of the Public Share Offer and Public Subscription. Persons intending to purchase Shares of the Company should become acquainted with the full contents of the Prospectus (in its original Polish form) and should rely solely on that document.

"Prospectus" or "the Prospectus" as used in this document refers exclusively to the legally binding Polish language version of the Prospectus and not to the abbreviated English translation.

ORBIS SPÓŁKA AKCYJNA (ORBIS JOINT-STOCK COMPANY)

PROSPECTUS

prepared in connection with the introduction
to Public Trading of 37,500,000 series A common bearer shares,
with a face value of PLN 2.00 each 8,523,625 series B common bearer shares,
with a face value of PLN 2.00 each and 226,375 series C common bearer shares,
with a face value of PLN 2.00 each;

and

Public Offer to Sell by the Minister of the State Treasury, acting on behalf of
the State Treasury of the
Republic of Poland,

10,000,000 series A common bearer shares, with
a face value of PLN 2.00 each, at a face selling price
of PLN 16.00 per Share,

subject to the terms and conditions set forth in the Prospectus;

and

Public Subscription announced by ORBIS S.A.

for 8,523,625 series B common bearer shares, with a face value of PLN 2.00 each,
at the issue price to be no less than the minimum issue price of the series A Shares, subject
to the terms and conditions set forth in the Prospectus;

the issue price of series B Shares established by the Management Board of ORBIS S.A.
shall be publicly announced at least two days prior to the opening of the subscription;

and

Public Subscription for 226,375 series C common bearer shares,
with a face value of PLN 2.00 each, addressed to the Selected Group of the
Company's Employees, at the issue price equal to the issue price of the series B Shares,
subject to the terms and conditions set forth in the Prospectus

STATEMENT OF THE SECURITIES COMMISSION

(concerning the original Polish language version of Prospectus)

The Securities Commission has appraised that all the information and data required pursuant to the provisions of law are included in the presented documents.

The Securities Commission shall not be liable for the investment risk in connection with the purchase of the securities offered under this Prospectus.

The Securities Commission stresses that the liability for the selection of the sales procedure rests with the Issuer and the Seller, while the liability for the conduct thereof rests with the brokerage house acting as the offerer.

Pursuant to decision No. RF-411-75/97-120/97 of 24 September 1997, the Securities Commission has admitted the securities under this Prospectus to public trading.

INTRODUCTION**1. NAME AND REGISTERED OFFICE OF THE ISSUER**

COMPANY'S NAME: ORBIS Spółka Akcyjna
 ABBREVIATED NAME: ORBIS S.A.
 REGISTERED OFFICE: 00-028 Warsaw, ul. Bracka 16
 TELEPHONE: (48-22) 826 02 71-79, 827 72 61-69
 FAX: (48-22) 827 33 01

2. NAME AND REGISTERED OFFICE OF THE ISSUER'S DOMINANT ENTITY

The State Treasury is, within the meaning of Art. 2 Clause 9 of the Securities and Trust Funds Act, the Issuer's Dominant Entity with 100% shareholding. The State Treasury is represented by the Minister of the State Treasury with his office in Warsaw (postal code: 00-522), ul. Krucza 36/Wspólna 6.

3. NAME AND REGISTERED OFFICE OF THE ENTITY INTRODUCING SERIES A SHARES TO PUBLIC TRADING

The State Treasury represented by the Minister of the State Treasury, 00-522 Warsaw, ul. Krucza 36/Wspólna 6.

4. NAME AND REGISTERED OFFICE OF THE ISSUE AGENT OFFERING SERIES A, B, C SHARES IN PUBLIC TRADING

The entity offering the Shares of ORBIS S.A. in public trading shall be:

Centrum Operacji Kapitałowych
 Banku Handlowego w Warszawie SA
 6/12 Nowy Świat
 00-400 Warsaw

As at the date of the preparation of the Prospectus, the State Treasury – the Seller, was the owner of 26,650,000 shares in Bank Handlowy w Warszawie SA. In addition, there are links existing among Bank Handlowy w Warszawie SA, V Branch Centrum Operacji Kapitałowych and the Issuer, the Seller and the Dominant Entity, which links arise pursuant to the following agreements:

- Bank Handlowy w Warszawie SA keeps a current account for ORBIS S.A. and the branches of the Company pursuant to an understanding between the Company and Bank Handlowy w Warszawie SA;
- Guaranty agreement extended to the Company by Bank Handlowy w Warszawie SA, described in Chapter V section 16.2;
- Agreement entered into on 5 November 1996 by and between the Company and Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA for the provision of brokerage services;
- Agreement entered into on 6 June 1997 by and between the Company and Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA for the performance of actions in connection with the introduction of series B and C Shares to public trading;
- Agreement entered into on 26 September 1997 by and between the Company and Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA to act as the registrar of the series A, B and C Share issue.

The links with the Seller and the Issuer's Dominant Entity and the subsidiaries of the Dominant Entity:

- As at the date of the preparation of the Issue Prospectus, the Seller – the Minister of the State Treasury, was the owner of 26,650,000 shares in Bank Handlowy w Warszawie SA;
- Agreement of 30 September 1996, with the State Treasury, represented by the Minister of Privatisation, for the provision of advisory services in connection with the privatisation of Polar S.A. and for the performance of actions in connection with the introduction of the shares held by the State Treasury to public trading;
- Agreement entered into on 15 October 1996 with the State Treasury, represented by the Minister of Privatisation, regarding the provision of advisory services in connection with the privatisation of ORBIS S.A.;
- Agreement entered into on 11 December 1996, with the State Treasury, represented by the Minister of Trade and Industry, regarding the provision of advisory services in connection with the privatisation of Górnośląskie Zakłady Elektroenerge-

tyczne S.A. and for the performance of actions in connection with the introduction of the shares held by the State Treasury to public trading;

- Agreement for the provision of brokerage services entered into on 18 May 1995 with the State Treasury, represented by the Minister of Privatisation;
- Agreement of 11 January 1995 between the State Treasury and Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA. The purpose of the agreement is the conduct of the public sale of shares in KZF Polfa S.A., including the conduct of preferential sale to the persons entitled to purchase the shares of the company subject to preferential principles;
- Agreement for the provision of brokerage services entered into on 20 October 1994 with the State Treasury, represented by the Minister of Finance,
- Agreement of 26 June 1997 regarding the performance of actions in connection with the introduction of shares in ORBIS S.A. held by the State Treasury to public trading.

5. TYPE AND AMOUNT OF SECURITIES SUBJECT TO INTRODUCTION TO PUBLIC TRADING

All of the existing Shares of the Company, i.e. 37,500,000 series A Shares, with a nominal value of PLN 2.00 each, which are common bearer shares, as well as the new issue Shares in the Company, i.e. 8,523,625 series B common bearer Shares, with a nominal value of PLN 2.00 each, and 226,375 series C common bearer Shares, with a nominal value of PLN 2.00 each, shall be subject to the introduction to public trading.

The structure of the shares being introduced to public trading is as follows:

- 37,500,000 series A shares;
- 8,523,625 series B shares;
- 226,375 series C shares.

There are no limitations with respect to the possibility to sell the shares being introduced to public trading.

6. TYPE AND AMOUNT OF SHARES OFFERED IN PUBLIC TRADING

The following shall be the shares offered in public trading:

- 10,000,000 series A Shares at the minimum selling price of PLN 16.00 per Share;
- 8,523,625 series B Shares at the issue price to be no less than the minimum selling price of series A Shares;
- 226,375 series C Shares at the issue price to be equal to the issue price established with respect to the series B Shares.

7. DATE AND PLACE OF THE PREPARATION AND THE TERM OF VALIDITY OF THE PROSPECTUS

- The Prospectus is the only legally binding document containing the information regarding the Offer to Sell series A Shares and the Public Subscription for series B and C Shares. The Prospectus shall not constitute an offer within the meaning of Art. 66 of the Civil Code.
- The Prospectus has been prepared on 28 June 1997 in Warsaw based on the financial statements of the Issuer contained in Chapter VII of the Prospectus and covering the years 1994-1996, as well as based on the consolidated financial statements for the years 1995 and 1996, and on the information obtained from the Management Board of the Company.
- The Prospectus has been updated by the inclusion of the material information contained in a resolution of the Extraordinary General Assembly of the Shareholders held on 4 September 1997.
- Pursuant to the decision of the Securities Commission, the Prospectus will be valid to the date of the completion of the Public Subscription, but no later than through 24 January 1998.

8. ENTITIES PREPARING THE PROSPECTUS

This Prospectus has been prepared by the following entities:

8.1. Central Europe Trust – Polska Spółka z o.o.

00-517 Warsaw, ul. Parkingowa 1
tel. (022) 621 80 67; 623 67 65; 623 67 66
fax (022) 621 75 73

8.2. Bank Handlowy w Warszawie SA, V Branch Centrum Operacji Kapitałowych

01-211 Warsaw, ul. Nowy Świat 6/12
tel. (022) 632 22 00-09
fax (022) 632 22 15; 632 81 03

8.3. Kancelaria Prawnicza M. Łukowicz i Partnerzy

00-052 Warsaw, ul. Mazowiecka 13
tel. (022) 826 71 39; 827 33 22; 827 36 79
fax (022) 826 83 19

8.4. FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o.

Warsaw, ul. Świętokrzyska 20
tel. (022) 826 16 50
fax (022) 826 45 43

8.5. ORBIS S.A.

00-028 Warsaw, ul. Bracka 16
tel. (022) 826 02 71-79; 827 72 61-69
fax (022) 827 33 01

9. PLACE AT WHICH THE PROSPECTUS SHALL BE AVAILABLE TO THE PUBLIC

The Prospectus will be made available to the public 14 days prior to the opening of the Public Sale of series A Shares, i.e. starting from 21 October 1997, at the seat of the Company and in all customer service points of the brokerage houses accepting subscriptions for series A, B and C Shares. It will also be made available at the Information Centre of the Securities Commission in Warsaw and at the Warsaw Stock Exchange.

In addition, audited financial statements of the Company for the periods ending 31 December 1994; 31 December 1995; 31 December 1996 will be made available for inspection at the Company's seat.

10. PLACE AT WHICH THE ABBREVIATED VERSION OF THE PROSPECTUS SHALL BE AVAILABLE

The abbreviated version of the Prospectus will be published in the following daily newspapers:

- "Gazeta Giełdy Parkiet";
- "Rzeczpospolita".

11. PROCEDURE OF NOTIFICATION OF ANY CHANGES TO THE DATA CONTAINED IN THE PROSPECTUS

During the term of validity of the Prospectus, the Company and the Seller shall notify the Securities Commission of any changes to the data contained in the Prospectus.

In the event that any change to the data contained in the Prospectus might have a significant impact on the price of the value of Shares, the Issuer and the Seller shall provide Polska Agencja Prasowa with such data and shall publish them in the daily newspapers: "Rzeczpospolita" and "Gazeta Giełdy Parkiet" within 7 days following the date on which a given change occurred or on which the Issuer or the Seller became aware of such a change.

TABLE OF CONTENTS

Public Offer, Prospectus of ORBIS S.A., Statement of the Securities Commission.

Chapter I – INTRODUCTION

1. Name and Registered Office of the Issuer	3
2. Name and Registered Office of the Issuer's Dominant Entity	3
3. Name and Registered Office of the Entity Introducing series A Shares to Public Trading	3
4. Name and Registered Office of the Issue Agent Offering series A, B, C Shares in Public Trading	3
5. Type and Amount of Securities Subject to Introduction to Public Trading	4
6. Type and Amount of Shares Offered in Public Trading	4
7. Date and Place of the Preparation and the Term of Validity of the Prospectus	4
8. Entities Preparing the Prospectus	5
8.1. Central Europe Trust – Polska Spółka z o.o.	5
8.2. Bank Handlowy w Warszawie SA, V Branch Centrum Operacji Kapitałowych	5
8.3. Kancelaria Prawnicza M. Łukowicz i Partnerzy	5
8.4. FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o.	5
8.5. ORBIS S.A.	5
9. Place at Which the Prospectus Shall be Available to the Public	5
10. Place at Which the Abbreviated Version of the Prospectus Shall be Available	5
11. Procedure of Notification of any Changes to the Data Contained in the Prospectus	5
Table of contents	6

Chapter II – DATA REGARDING THE SHARE ISSUES

1. Information on the Shares Offered for Public Trading	10
1.1. Descriptions of the Shares Offered	10
1.2. Classification Evaluation (Rating)	11
1.3. Estimated Commissions and Costs	11
1.4. Legal Basis of the Issue of Shares Offered in Public Trading	12
1.5. Pre-emptive Right to Take Up Shares	13
1.6. Factors Affecting the Issue Price of the Shares Offered	14
1.7. Decrease of the Book Value	14
1.8. Objectives of the Public Offer	16
1.9. Factors Creating High Risk for Purchasers of Shares	17
1.10. Agreements Regarding Conditional Readiness to Take Up Shares	20
1.11. Rights and Obligations Attached to Shares, Obligations of the Purchaser of Shares in the Scope of Additional Benefits, and Limitations on the Purchase and Sale Thereof	20
1.12. Dividends	23
1.13. Tax and Income Generated from Shares	23
1.14. Principles of Distribution of series A Shares	24
1.15. Legal Consequences of a Failure to Make Payment for series A Shares Within the Time-Limit Prescribed or a Failure to Make Full Payment for series A Share	27
1.16. Date on Which Instruction to Purchase series A Shares Made Ceases to be Binding	27
1.17. Failure to Effect Public Offer to Sell series A Shares	27
1.18. Intents of the Issuer with Respect to the Secondary Trading in series A Shares	27
1.19. The Agreement Set Forth in Art. 62 § 2 of the Law on Public Trading in Securities	27
1.20. Principles of Distributions of series B Shares	28
1.21. Legal Consequences of a Failure to Make Payment for series B Shares Within the Time-Limit Prescribed	36
1.22. Subscription Order Binding Dates for series B Shares	36
1.23. Announcement of Failure to Effect series B Share Issue, Manner and Time-Limit for Reimbursement of Amounts Paid In	36
1.24. Intents of the Issuer with Respect to Trading in series B Shares	37
1.25. The Agreement Set Forth in Art. 69 § 2 of the Law on Public Trading in Securities	37
1.26. Principles for Distribution of series C Shares	37
1.27. Legal Consequences of a Failure to Make Payment for series C Shares Within the Time-Limit Prescribed	41
1.28. Subscription Order Binding Dates for series C Shares for Employees	42
1.29. Announcement of Failure to Effect series C Share Issue, Manner and Time-Limit for Reimbursement of Amounts Paid In	42
1.30. Intents of the Issuer with Respect to Trading in series C Shares	42
1.31. The Agreement Set Forth in Art. 69 § 2 of the Law on Public Trading in Securities	42
2. Information Regarding Shares Introduced to Public Trading Other Than the Securities Subject to Offer	42
2.1. Characteristics of series A Shares Intended for Employees	42
2.2. Characteristics of series A Shares Introduced to Public Trading (Other Than Those Subject to Offer)	43
2.3. Classification Evaluation (Rating)	43
2.4. Costs of Issue of series A Shares Being Introduced to Public Trading (Other Than Those Subject to Offer)	43
2.5. Legal Basis of the Issue of series A Shares Being Introduced to Public Trading, Excluding the Shares Subject to Offer	43
2.6. Pre-emptive Right to Take Up series A Shares Being Introduced to Public Trading, with the Exclusion of Shares Subject to Offer	44

2.7. Basic Factors Affecting the Issue Price of series A Shares Being Introduced to Public Trading (Other Than Those Subject to Offer)	45
2.8. Agreements Regarding Conditional Readiness to Take Up series A Shares Being Introduced to Public Trading (with the Exception of Those Subject to Offer)	45
2.9. Rights and Obligations with Respect to Holding series A Shares	45
2.10. Consent to Licensing Authority to File an Application for Consent to be Granted to Introduce series A Shares in the Company to Public Trading	45
2.11. Secondary Trading in Shares Being Introduced to Public Trading, Other Than series A Shares	45
2.12. The Agreement Referred to in Art. 62 § 2 of the Law on Public Trading in Securities	45
Chapter III – INFORMATION REGARDING THE ISSUER	
1. Name and Registered Office of the Company	46
2. Purpose of the Issuer's Enterprise	46
3. Company's Legal Form	46
4. Legal Basis of the Company's Activities	46
5. Registry Court, Data From the Register	46
6. History of the Company and Its Legal Predecessor	46
7. Company's Ties with Other Entities	47
8. Term of the Company	47
9. Company's Capitals and Funds	47
10. Fundation Certificates	49
11. Securities Markets on Which the Company's Shares are Listed	50
12. Listing of Company's Shares in Securities Markets	50
Chapter IV – DATA REGARDING MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY AUTHORITIES AND ON THE MANAGING PERSONS	
1. General Assembly of the Shareholders	51
2. Supervisory Board	51
3. Management Board	52
Chapter V – DATA REGARDING THE ISSUER	
1. Description of Issuer's Business Operations	53
1.1. Basic Scope of Services Provided by Issuer	53
2. Environment in Which Issuer is Functioning – Issuer's Position on the Market	55
2.1. Hotel-Tourist Sector World-wide and in Poland – Current Situation and Development Projections	55
2.2. Issuer's Market Position	56
3. Main Markets – Issuer's Customers	56
3.1. Main Markets	56
3.2. Issuer's Customers	57
4. Seasonal Nature of Markets	57
5. Value and Structure of Issuer's Sales in the Last Three Business Years	57
6. Sources of Supply	58
7. Company's Dependence on One or Several Customers and Suppliers	58
8. Agreements That are of Significance to Company's Business Operations	58
9. Concessions and Permits	59
10. Organisational Structure of the Issuer's Enterprise	59
10.1. Company's Management Authorities	59
10.2. Issuer's Organisational Structure	60
10.3. Company's Interests in Other Entities	60
10.4. Organisation of Sales of Basic Services Provided by the Issuer	60
11. Human Resources Management	61
11.1. Level of Employment	61
11.2. Employment Structure	61
11.3. Professional Qualifications of Employees	62
11.4. Forms of Employment Relationships	62
11.5. Trade Unions	62
11.6. Remuneration System	62
12. Information Regarding Research and Development and Implementation Works	62
13. Issuer's Main Investments in the Years 1994-1996	63
13.1. Capital Investments	63
13.2. Investments in Tangible Components of Fixed Assets	63
14. Banks Managing Issuer's Current Accounts and Servicing the Issuer	64
15. Credits, Loan Agreements, Warranties and Guaranties	64
15.1. Loan/Credit Agreements to Which Issuer is a Party	64
15.2. Guaranties/Warranties to Which Issuer is a Party	65
15.3. Loan/Credit Agreements to Which Issuer's Subsidiaries are a Party	65
15.4. Guaranties to Which Issuer's Subsidiaries are a Party	66
16. Company's Real Estate	66
16.1. The Following Hotels and Real Estate on Which Hotels are Located are in the Company's Possession	66
16.2. In addition, the Following Real Estate are in the Company's Possession	69
16.3. Co-operative Right is Vested in the Company to the Following Premises	71
16.4. Real Estate in the Company's Possession Pursuant to Lease Agreements	71
17. Information Regarding Pending Proceedings	71

17.1. Bankruptcy, Composition, Settlement and Liquidation Proceedings Against Issuer	71
17.2. Bankruptcy, Composition, Settlement and Liquidation Proceedings Against Issuer's Subsidiaries	72
17.3. Proceedings to Which Issuer is a Party	72
17.4. Information Regarding the Arrangements with the Bureau for the Protection of Competition and Consumers	72
18. Data Regarding the Activities of ORBIS Capital Group	72
18.1. Purpose of Activities of the Capital Group	72
18.2. Capital Group's Market Position	73
18.3. Primary Markets of the Capital Group	73
18.4. Seasonal Nature of the Capital Group's Sales	73
18.5. Value and Structure of the Capital Group's Sales	74
18.6. The Capital Group's Sources of Supply	74
18.7. The Capital Group's Dependence on One or Several Customers and Suppliers	74
18.8. Characteristics of the Individual Members of the Capital Group Subject to Consolidation	74
18.9. Characteristics of Issuer's Subsidiaries Not Subject to Consolidation	77
Chapter VI – EVALUATIONS AND PROJECTIONS OF THE ISSUER REGARDING THE BUSINESS OPERATIONS CONDUCTED	
1. Evaluation of Issuer's Financial Resources Management	82
2. Evaluation of Potential to Achieve the Issuer's Investment Objectives	84
3. Evaluation of Basic Factors and Extraordinary Events Affecting Issuer's Operations	84
4. Internal and External Factors of Material Significance to the Development of Issuer's Enterprise and Prospects for Business Development	85
4.1. Internal and External Factors of Material Significance	85
4.2. Prospects for the Development of Issuer's Business Activities	86
5. Issuer's Financial Result Projection for 1997	87
6. Evaluation and Projections of Issuer Regarding the Operations Conducted by the Capital Group	88
6.1. Evaluation of the Management of Financial Resources of ORBIS Capital Group	88
6.2. Evaluation of Investment Objectives of the Capital Group	89
6.3. Evaluation of the Main Factors and Extraordinary Events Affecting the Operations of the Capital Group	90
6.4. Internal and External Factors of Material Significance to the Development of the ORBIS Capital Group, with Consideration Given to Its Development Strategy	90
6.5. Projection of ORBIS Capital Group Financial Results for 1997	91
Chapter VII – FINANCIAL STATEMENTS	
1. Auditor's Opinion on the Examination of the Correctness and Reliability of Financial Statements for the Years 1994-1996	92
2. Sources of Information and the Opinions of Auditors	93
2.1. Financial Statement for the Year Ended 31 December 1994	94
2.2. Financial Statement for the Year Ended 31 December 1995	94
2.3. Financial Statement for the Year Ended 31 December 1996	95
3. Financial Statements of ORBIS S.A. for the Years 1994, 1995, 1996	96
3.1. Balance Sheet	96
3.2. Profit and Loss Account	97
3.3. Cash flow Statement for the Year 1994	98
3.4. Cash flow Statement	99
3.5. Notes to the Balance Sheet	101
3.6. Notes to Profit and Loss Account	110
3.7. Additional Notes to the Most Recent Financial Statement	114
3.8. Information on Events Occurring Following the Date of the Preparation of the Balance Sheet	115
4. Opinion on the Audited Consolidated Financial Statements of ORBIS S.A. for the Years 1995 and 1996	116
5. Sources of Information	117
5.1. Consolidated Financial Statement of ORBIS Capital Group for the Year 1995	117
5.2. Consolidated Financial Statement for the Year Ended 31 December 1996	118
6. Consolidated Financial Statements for the Years 1995 and 1996	119
6.1. Balance Sheet	119
6.2. Consolidated Profit and Loss Account	120
6.3. Consolidated Cash Flow Statement	121
6.4. Notes to the Consolidated Balance Sheet	123
6.5. Notes to Consolidated Profit and Loss Account	133
6.6. Additional Notes to the Most Recent Financial Statement	136
6.7. Events of Material Significance Occurring Following the Date of the Preparation of the Balance Sheet	137
Chapter VIII – ADDITIONAL INFORMATION	
1. Methods of Valuation of Assets and Liabilities and Methods of Measurement of Financial Result Used When Preparing Financial Statements	138
2. Financial Statement of ORBIS S.A. for the Period from 1 January 1997 to 31 March 1997 and Period from 1 January 1997 to 30 June 1997, Together With the Financial Statement	138
2.1. Balance Sheet	138
2.2. Profit and Loss Account	139
2.3. Cash flow Statement	140
2.4. Notes to the Balance Sheet	142
2.5. Notes to the Profit and Loss Account	151
2.6. Additional Notes to the Most Recent Financial Statement	155
2.7. Information for Period 1.04.1997 – 30.06.1997	156

2.8. Information for Period 1.07.1997 – 31.07.1997	156
2.9. Information for Period 1.08.1997 – 31.08.1997	156
Chapter IX – APPENDICES	
1. List of Customer Service Points and Brokerage Houses Participating in the Public Subscription for series B Shares in ORBIS S.A.	157
2. List of Customer Service Points and Brokerage Houses Participating in the Public Subscription for series C Shares in ORBIS S.A.	159
SUPPLEMENT TO THE TRANSLATION OF THE ABBREVIATED VERSION OF THE PROSPECTUS (ON THE BASIS OF AND IN ACCORDANCE WITH THE NUMBERING USED IN THE PROSPECTUS IN THE POLISH LANGUAGE VERSION	
Chapter I	
12. Persons Liable for the Information Contained in the Prospectus	163
12.1. Persons Acting on Behalf of the Issuer – Members of the Management Board of ORBIS S.A.	163
12.2. Persons Acting on Behalf of the Seller	163
12.3. Persons Acting on Behalf of the Dominant Entity	163
12.4. Persons Acting on Behalf of the Entity Preparing the Prospectus	163
12.5. Persons Auditing Financial Statements of the Issuer and of the Capital Group	164
12.6. Persons Acting on Behalf of the Offerer	165
13. Statements of Persons Liable for the Information Contained in the Prospectus	165
13.1. Statement of the Persons Acting on Behalf of Issuer	165
13.2. Statement of the Minister of the State Treasury as the Seller and the Dominant Entity	165
13.3. Statement of the Entities Preparing the Prospectus	165
13.4. Statement of Auditors	167
13.5. Statement of the Persons Acting on Behalf of the Issue Agent Offering the Securities in Public Trading	168
Chapter III	
2. Purpose of the Issuer's Enterprise	169
7. Company's Links with Other Entities	169
Chapter IV	
4. Remuneration and Awards for Members of the Supervisory Board and Members of the Management Board.....	172
4.1. Remuneration and Awards for Members of the Management Board in 1996	172
4.2. Remuneration and Awards for Members of the Supervisory Board in 1996	172
4.3. Remuneration and Awards for Members of the Management Board in 1996 in Respect of the Participation in the Authorities of Subsidiaries	172
Chapter V	
2.2. Issuer's Position in the Market	173
7. Company's Dependence on One or Several Customers and Suppliers	174
8. Agreements That are of Significance to the Company's Business Operations	174
10. Patents, Licenses and Trademarks	179
10.1. Patents	179
10.2. Licenses	179
10.3. Trademarks	181
12.6. Average Monthly Remuneration at ORBIS S.A. (in PLN)	181
16. Credits, Loan Agreements, Warranties and Guaranties	182
16.1. Loan/credit Agreements Under Which Issuer is a Party	182
16.2. Guaranties, Warranties to Which Issuer is the Party	184
16.3. Loan/Credit Agreements to Which Issuer's Subsidiaries are a Party	185
16.4. Guaranties to Which Issuer's Subsidiaries are a Party	187
Chapter VI	
4. Directions of Changes in Issuer's Business Operations During the Period From the Preparation of the Latest Financial Statement Contained in the Prospectus Until the Date of the Preparation of the Prospectus	188
Chapter VII	
3. Methods of Valuation of Assets and Liabilities and of Measurement of Financial Result Used When Preparing Financial Statements	189
3.1. Intangible and Legal Assets	189
3.2. Tangible Fixed Assets	189
3.3. Financial Fixed Assets	190
3.4. Inventory	190
3.5. Accounts Receivable; Claims	190
3.6. Accrued Expenses	190
3.7. Credits and Loans	191
3.8. Liabilities	191
3.9. Provisions	191
3.10. Net Revenues on Sales of Goods and Services, and Cost	191
3.11. Other Revenues and Costs on Operational Activities	191
3.12. Financial Revenues and Costs	191
3.13. Financial Result	191
8. Methods of Valuation of Assets and Liabilities and of Measurement of Financial Result, as well as Consolidation	191
8.1. Methods of Valuation	191
8.2. Methods of Consolidation	194
Appendix No. 2	
Unified Text of the By-Laws of ORBIS S.A. – for the Purposes of the Prospectus	197

DATA REGARDING THE SHARE ISSUES

The Seller – the Ministry of the State Treasury – introduces 37,500,000 series A Shares, nominal value of PLN 2.00 each, to public trading.

The Seller offers to sell 10,000,000 series A Shares under a Public Offering of the pursuant to the decision of the Minister of the State Treasury of 27 June 1997 (26.67% of the total number of series A Shares).

Pursuant to the Commercialisation Act, 5,625,000 series A Shares will be made available, free of charge, for acquisition by the employees of the Company (15% of the total number of series A Shares).

The series A Shares being introduced to public trading are ordinary bearer shares with no obligation to provide any additional benefits and no privileges attached to them.

In addition, the Issuer – the Management Board of ORBIS S.A., will introduce to public trading and offers:

- 8,523,625 series B common bearer Shares under the Initial Public Offer;
- 226,375 series C common bearer Shares offered by an offer addressed to the Selected Group of Employees of ORBIS S.A.

No obligation to provide any additional benefit and no privileges shall be attached to series B and C Shares.

1. INFORMATION ON THE SHARES OFFERED FOR PUBLIC TRADING

1.1. Description of the Shares Offered

1.1.1. Characteristics of series A Shares

Minimum Price PLN 16.00

Securities by Type	Number [units]	Nominal Value [PLN]	Selling Price [PLN]	Premium over nominal value [PLN]	Estimated Commissions and Costs of Issue [PLN]	Proceeds from Sales [PLN]
1	2	3	4	5	6	7
Series A ordinary bearer Shares						
Per Unit	1	2.00	16.00	14.00	0.02	15.98
Total	10,000,000	20,000,000	160,000,000	140,000,000	192,000	159,808,000

No obligation to provide any additional benefit to the Company and no privileges shall be attached to the series A common bearer shares offered.

1.1.2. Characteristics of series B Shares

Minimum price PLN 16.00

Securities by Type	Number [items]	Nominal Value [PLN]	Issue Price [PLN]	Premium over nominal value [PLN]	Estimated Commissions and Costs of Issue [PLN]	Issuer's Proceeds [PLN]
1	2	3	4	5	6	7
Series B ordinary bearer Shares						
Per Unit	1	2.00	16.00	14.00	0.70*	15.30
Total	8,523,625	17,047,250	136,378,000	119,330,750	5,977,639	130,400,361

* excluding the series C Share issue

No obligation to provide any additional benefit to the Company and no privileges shall be attached to the series B common bearer shares offered.

1.1.3. Characteristics of series C Shares Addressed to the Selected Group of Employees

Minimum price PLN 16.00

Securities by Type	Number [items]	Nominal Value [PLN]	Issue Price [PLN]	Premium over nominal value [PLN]	Estimated Commissions and Costs of Issue [PLN]	Issuer's Proceeds [PLN]
1	2	3	4	5	6	7
Series C Ordinary bearer Shares						
Per Unit ¹	1	2.00	16.00	14.00	0.70	15.30
Per Unit ²	1	2.00	16.00	14.00	0.69	15.31
Total ¹	1	2.00	16.00	14.00	0.70	15.30
Total ²	226,375	452,750	3,622,000	3,169,250	157,040	3,464,960

1/ Total 1 with respect to the number of shares – 1

2/ Total 2 with respect to the number of shares – 226,375

No obligation to provide any additional benefit to the Company and no privileges shall be attached to the series C common bearer shares offered.

1.2. Classification Evaluation (Rating)

According to the information in the possession of the Management Board of the Company, there has been no classification evaluation (rating) made and published regarding the investment risk connected with the securities issued by the Company or regarding the credit-worthiness of the Issuer.

1.3. Estimated Commissions and Costs

The total amount of the costs and commissions relating to the introduction of series A, B and C Shares to public trading and with the Public Offering to Sell series A Shares and with the Public Subscription of series B and C Shares will amount to approximately PLN 7.6 million.

1.3.1. Estimated Commissions and Costs of the Public Offer to Sell series A Shares

The costs of the preparation of the sale of series A Shares will include:

costs of business and legal due diligence	PLN 1.1 mln	(which constitutes 73% of costs)
costs of printing and distribution of Prospectus	PLN 0.2 mln	(13.5%)
costs of publication of abbreviated version of Prospectus	PLN 0.2 mln	(13.5%)

The costs set out above, estimated to be PLN 1.5 million in aggregate, will be charged by the Company against the costs of business operations.

The costs of servicing by the Brokerage House – pursuant to the agreement entered into on 26 June 1997 by and between the Minister of the State Treasury and Centrum Operacji Kapitałowych – in an amount of 0.12% of the value of the series A Shares sold will be charged against the proceeds generated from the sale of series A Shares and will be covered out of the State Treasury's budget.

1.3.2. Estimated Commissions and Costs of series B and C Share Issue

The estimated commissions and costs related to actions in connection with the Public Subscription for Series B and C Shares will amount to approximately PLN 3.6 million (which constitutes 59% of total costs). Such costs do not include any fees of a potential underwriting of the series B Share issue.

The additional costs related to the promotion of the Offer have been estimated to amount to PLN 2.5 million, which constitutes 41% of the costs of the series B and C Share issue.

The issue costs will be charged (capitalised) by the Company against intangible and legal assets and will be depreciated over a period of 5 years.

1.4. Legal Basis of the Issue of Shares Offered in Public Trading

1.4.1. Legal Basis of the Sale of series A Shares

On 17 December 1990, the Minister of Privatisation effected, pursuant to Art. 5 Section 1 Clause 1 of the Act on Privatisation of State-Owned Enterprises, the privatisation of a state-owned enterprise under the name of Państwowe Przedsiębiorstwo "Orbis" with its seat in Warsaw, into a One-Person Joint Stock Company of the State Treasury ORBIS S.A. (notary deed drawn up in Warsaw – Repertory A No. 1882/90). All shares of the Company, i.e. 7,500,000* first issue shares, with a nominal value of 10.00 zlotys each, were acquired by the State Treasury.

The Company was registered on 9 January 1991 at the District Court for the capital city of Warsaw under the RHB number 25134.

Pursuant to Art. 8 of the Act on Privatisation of State-Owned Enterprises, The Company assumed all rights and obligations of Państwowe Przedsiębiorstwo "Orbis" with its seat in Warsaw.

** Pursuant to the resolution of the General Assembly of Shareholders No. 1 of 27 June 1997, the nominal value of a share was reduced from 10.00 zlotys to 2.00 zlotys, therefore the number of series A Shares was increased to 37,500,000 Shares*

The sale of series A Shares by public offer will be one of the procedures of selling the shares in ORBIS S.A. held by the State Treasury, pursuant to Art. 33 of the Commercialisation Act.

The Commercialisation Act and the Decision of the Minister of the State Treasury of 27 June 1997 constitute the legal basis of the offer to sell series A Shares.

1.4.2. Legal Basis of series B Share Issue

Pursuant to the provisions of the Commercial Code (Art. 431 § 1) and the provisions of the By-Laws of the Company (§ 29 Section 1 Clause 6), a decision regarding an increase of the share capital under the issue of new shares is taken by the General Assembly of Shareholders in a form of resolution.

A majority of 3/4 of the votes cast will be required for a resolution in this matter to be valid.

The decision concerning the Public Subscription to 8,523,625 series B Shares of the second issue was taken by the Extraordinary General Assembly of Shareholders of the Company on 27 June 1997.

Date and Form of Adopting the Decision Regarding series B Share Issue

On 27 June 1997, the Extraordinary General Assembly of Shareholders of the Company adopted resolution No. 5 regarding the increase of the Company share capital under the issue of series B Shares, as changed by the resolution No. 3 of the Extraordinary General Assembly of Shareholders of ORBIS S.A. of 11 August 1997, changed by the resolution No. 1 of the Extraordinary General Assembly of Shareholders of ORBIS S.A. of 4 September 1997.

The wording of the relevant excerpt from the resolution is as follows:

§ 1

It is resolved that the Company's share capital be increased by an amount of PLN 17,047,250 (in words: seventeen million forty seven thousand two hundred fifty zlotys), i.e. up to the amount of PLN 92,047,250 (in words: ninety two million forty seven thousand two hundred fifty zlotys) under the second share issue.

§ 2

The increase of the share capital shall take place by issuing 8,523,625 (in words: eight million five hundred twenty three thousand six hundred twenty five) series B ordinary bearer shares numbered from No. 1 through No. 8,523,625, with a nominal value of PLN 2.00 (in words: two zlotys) each."

1.4.3. Legal Bases of series C Share Issue

Pursuant to the provisions of the Commercial Code (Art. 431 § 1) and the provisions of the By-Laws of the Company (Art. 29 Section 1 Clause 6), a decision regarding an increase of the share capital under the issuing new shares will be made by the General Assembly of Shareholders in a form of resolution.

A majority of 3/4 of the votes cast will be required for a resolution in this matter to be valid.

The decision regarding the Public Subscription to 226,375 series C Shares was made by the Extraordinary General Assembly of Shareholders of the Company on 27 June 1997.

Date and Form of Adopting the Decision Regarding series C Share Issue

On 27 June 1997, the Extraordinary General Assembly of Shareholders of the Company adopted resolution No. 6 regarding the increase of the Company share capital under the issue of series C Shares, changed by resolution No. 4 of the Extraordinary General Assembly of Shareholders of ORBIS S.A. of 11 August 1997.

The wording of the relevant excerpt from the resolution is as follows:

"§ 1

It is resolved that the Company's share capital be increased by an amount to be no less than PLN 2.00 (in words: two zlotys) and no more than PLN 452,750 (in words: four hundred fifty two thousand seven hundred fifty zlotys), i.e. up to an amount within the range from PLN 92,047,252 (in words: ninety two million forty seven thousand two hundred fifty two zlotys) up to PLN 92,500,000 (in words: ninety two million five hundred thousand zlotys) by way of the third issue of 1 to up to 226,375 shares.

§ 2

The increase of the share capital shall take place by and issue of 1 to up to 226,375 series C ordinary bearer shares numbered from No. 1 through No. 226,375, with a nominal value of PLN 2.00 (in words: two zlotys) each."

1.5. Pre-emptive Right to Take Up Shares

1.5.1. Pre-emptive Right to Take Up series A Shares

ORBIS S.A. is a One-Person Company of the State Treasury. As the sole shareholder, the State Treasury will make series A Shares available to third persons under the initial public offering.

The pre-emptive right of the existing shareholder, the State Treasury, to take up series A Shares shall not apply.

1.5.2. Pre-emptive Right to Take Up series B Shares

The pre-emptive right to take up series B Shares has been excluded under Resolution No. 5 of the Extraordinary General Assembly of Shareholders of 27 June 1997, changed by Resolution No. 3 of the Extraordinary General Assembly of Shareholders of ORBIS S.A. of 11 August 1997.

The following is the wording of the relevant excerpt from the Resolution:

"§ 4

The existing shareholder, i.e. the State Treasury, shall be excluded from the pre-emptive right to take up series B Shares.

Justification

Deprivation of the existing shareholder, i.e. the State Treasury, of the pre-emptive right to take up series B shares is in the interest of the Company and is closely related to the process of its privatisation.

Allowing the existing shareholder to retain the pre-emptive right to take up new share issues might provide for the preservation of the already existing predominance of the founder-shareholder and for hindering the commenced process of the privatisation of the Company.

The General Assembly deems the privatisation activities to be in the interest of the Company, which justifies depriving the existing shareholder of the pre-emptive right."

1.5.3. Pre-emptive Right to Take Up series C Shares

The Pre-emptive right to take up series C Shares has been excluded under Resolution No. 6 of the Extraordinary General Assembly of Shareholders of 27 June 1997, changed by resolution No. 4 of the Extraordinary General Assembly of Shareholders of ORBIS S.A. of 11 August 1997.

The following is the wording of the relevant excerpt from the Resolution:

"§ 4

The existing shareholder, i.e. the State Treasury, shall be excluded from the pre-emptive right to take up series C Shares.

Justification

Deprivation of the existing shareholder, i.e. the State Treasury, of the pre-emptive right to take up series C shares is in the interest of the Company and is closely related to the process of its privatisation.

Allowing the existing shareholder to retain the pre-emptive right to take up new share issues might provide for the preservation of the already existing predominance of the founder-shareholder and for hindering the commenced process of the privatisation of the Company.

Additionally, the Extraordinary General Assembly deems as favourable to enable the employees of the Company to acquire new share issues in order to more closely tie them with the employer and to make use of the motivation mechanisms resulting from share ownership.

The General Assembly recognises that both the privatisation activities and the tying up of employees in a motivational manner are in the interests of the Company, which justifies depriving the existing shareholder of the pre-emptive right".

1.6. Factors Affecting the Issue Price of the Shares Offered

1.6.1. Basic Factors Affecting the series A Shares Minimum Selling Price

The minimum selling price per one series A Share of ORBIS S.A. established by the Minister of the State Treasury based on the results of the pre-privatisation analyses is PLN 16.00.

The final value will be determined by the Minister of the State Treasury based on the list of orders of the investors who will place their orders for series A Shares included under the Public Offering to Sell.

1.6.2. Basic Factors Affecting the Issue Price of series B Shares

The issue price of series B Shares will be a fixed price which will be no less than the series A Shares minimum selling price.

The final issue price will be determined by the Management Board of the Company and published pursuant to Section 11 in Chapter I of the Prospectus no later than two days before the commencement of the Public Subscription for series B Shares. The declarations of the investors submitted during the process of book-building, referred to in Chapter II Section 1.20.2.4 of the Prospectus, as well as the following factors, will constitute the basis for the determination of the price:

- financial results of ORBIS S.A. and the projection regarding the future development;
- value of the net assets of the Company as at 31 December 1996;
- position of ORBIS S.A. in the sector;
- level of the market indices with respect to companies listed on the Warsaw Stock Exchange ("GPW");
- number of series A, B and C Shares that are subject to this Offer;
- anticipated business outlook in Polish economy and in the securities market;
- risk factor set out in Chapter II Section 1.9 of the Prospectus

1.6.3. Basic Factors Affecting the Issue Price of series C Shares

The issue price of series C Shares will be equal to the issue price of series B Shares determined based on the factors indicated in Section 1.6.2.

1.7. Decrease of the Book Value

1.7.1. Degree of the Decrease of the Net Book Value Per Series A Share

The public offer of series A Shares applies to the sale of the Shares held by the State Treasury. In view of the fact that these are the shares that are already existing, no growth of the equity capital of the Company will take place as a result of the sale thereof.

Therefore, the net book value per one series A Share will not be reduced and, consequently, the requirement to present the degree of the decrease of the net book value per share to the purchaser shall not apply.

1.7.2. Decrease of the Net Book Value Per Series B Share

Option I

The degree of the decrease of the book value per 1 series B Share at the minimum issue price per 1 series B Share equal to PLN 16.00:

Issue price per 1 series B Share	16.00
Book value per 1 Share prior to the issue (31.03.1997)	16.83
Fall of the book value per 1 Share as a result of the issue of series B Shares	0.16
Net book value per 1 Share following the issue (pro forma)	16.67
Increase of the book value per 1 series B Share purchased	0.67

	Purchased Shares		Aggregate Cash Contribution to Company's capital		Average Price Paid Per 1 Share
	number	percentage	value	percentage	
Existing Shareholders (series A)	37 500 000	81.48	75 000 000	35.48	2.00
New purchasers of series B Shares	8 523 625	18.52	136 378 000	64.52	16.00
Total	46 023 625	100.00	211 378 000	100.00	4.59

1.7.3. Decrease of the Net Book Value Per One Series C Share

Option I

The degree of the decrease of the book value per 1 series C Share:

- if 226 375 series C Shares are taken up
- with the minimum issue price per 1 series B Share equal to PLN 16.00

Issue price per 1 series C Share	16.00
Issue price per 1 Share prior to the issue (following the issue of series B Shares)	16.67
Book value per 1 Share as a result of the issue of series C Shares	0.00
Net book value per 1 Share following the issue (pro forma)	16.67
Increase of the net book value per 1 purchased series C Share	0.67

Option II

The degree of the decrease of the book value per 1 series C Share:

- if 1 series C Shares is taken up
- with the minimum issue price per 1 series B Share equal to PLN 16.00.

Issue price per 1 series C Share	16.00
Issue price per 1 Share prior to the issue (following the issue of series B Shares)	16.67
Book value per 1 Share as a result of the issue of series C Shares	0.00
Net book value per 1 Share following the issue (pro forma)	16.67
Increase of the net book value per 1 purchased series C Share	0.67

	Purchased Shares		Aggregate Cash Contribution to Company's capital		Average Price Paid Per 1 Share
	number	percentage	value	percentage	

Option I

Existing Shareholders (series A)	37 500 000	81.48	75 000 000	35.48	2.00
Purchasers of series B Shares	8 523 625	18.43	136 378 000	63.43	16.00
New purchasers of series C Shares	226 375	0.49	3 622 000	1.68	16.00
Total	46 250 000	100.00	215 000 000	100.00	4.65

Option II

Existing Shareholders (series A)	37 500 000	81.48	75 000 000	35.48	2.00
Purchasers of series B Shares	8 523 625	18.52	136 378 000	64.52	16.00
New purchasers of series C Shares	1	0.00	16	0.00	16.00
Total	46 023 626	100.00	211 378 016	100.00	4.59

1.8. Objectives of the Public Offer

1.8.1. Objectives of Public Offer of series A Shares

The purpose of the sale of series A Shares in ORBIS S.A. is to change the shareholding structure of the Company, and the funds generated from the sale will be allocated to increase the Company's capital. The proceeds generated from the sale of series A Shares, less the costs of the sale, will be received by the State Treasury.

1.8.2. Objectives of series B Share Issue

The issue is aimed at obtaining the funds necessary for the development of the Company and for the achievement of the strategic objectives.

The funds obtained from the issue will be allocated for the completion of stage I of the projected plan of modernisation of the hotel infrastructure and, in part, for the implementation of new investments.

The funds obtained from the series B Share issue will, first of all, be allocated for the realisation of stage I of the so called modernisation programme I of ORBIS S.A. hotels in 1998. 90.7% of the funds generated from the series B Share issue (PLN 118.3 million) will be allocated to the realisation of Stage I of the programme, with the assumption that the shares are sold at the issue price of PLN 16.00 per share.

When structuring the comprehensive programme of modernisation, the hotels have been divided into 3 groups from the point of view of the moment at which the implementation would be commenced. The choice of the point in time is contingent upon the current technical condition of the individual buildings, the market situation from the point of view of the development of competition, as well as upon the impact that a given building has on the results of the Company. The implementation of modernisation programme I has been envisaged to take place in the years 1998-2000. The amount of the investments in each case has been established by specifying the target standard and the nature of the hotels included in the modernisation programme in the light of their current technical condition.

The modernisation will include residential premises (units), reception halls, generally available premises, restaurants, multi-purpose rooms, fittings and installations, facades and computer systems. The construction of recreation centres has also been provided for within the programme. The purpose of the planned activities is to improve the quality of the product, to better adaptation the processing programmes to the needs and expectations of potential guests, to increase the interest in the offer presented by the hotels among new guest segments, to extend the length stay of guests in the hotels (this primarily relates to the buildings in which construction and development of recreation facilities has been envisaged), to increase the number of guests, to strengthen the market position, sales growth and achievement of high dynamics of the financial result following the completion of the programme.

The programme I modernisation works planned for the years 1999-2000 will be financed out of the Company's own funds.

The remaining modernisation programmes II and III will be financed in part out of the Company's own funds and in part out of credit. The final decision regarding the source of financing with respect to each undertaking forming the individual programmes will be made once they have been analysed in detail prior to the commencement of the implementation thereof.

It is planned that in the scope of the new investments programme in 1998, the funds generated from series B Share issue will be allocated to the purchase of a 3-star hotel (5.4% of the funds from the issue – PLN 7.1 million) and to the completion in 1998 of the hotel in Zamość (3.8% – PLN 5 million).

It is planned that the hotel in Zamość will be commissioned at the end of 1998 and it will be financed in full out of the funds generated from series B Share issue. The purchase and a potential modernisation of the 3-star hotel will be financed in part out of the funds generated from the issue, and in part out of the remaining portion of the Company's own funds.

The next development undertaking planned for the years 1999-2002 (including the project regarding the construction of motels) will be financed out of the Company's own funds and credit funds.

From among the financial project presented, the following projects will be most important to the Company in the priority order:

- completion of modernisation programme I with respect to the already existing infrastructure (within the scope of programme I in 1998, the projects regarding the following hotels should be deemed as the most important: the "Mrongovia", the "Poznań", the "Grand" Sopot, the "Neptun", the "Forum" Warsaw, the "Kasprowy" and the project of the development of recreation centres);
- completion of the investment in Zamość;
- purchase/modernisation of a 3-star hotel.

Should the funds generated from the issue not be used in full in 1998, they will be allocated in 1999 to the continuation of modernisation programme I and potential construction of 2 motels. This is contingent upon the degree of works advancement achieved in 1998.

It is also possible that in 1998, the remaining portion of funds will be allocated to Stage II of the on-going modernisation of the "Victoria" hotel in Warsaw (item: other purchases and modernisation undertakings).

It is not envisaged that the funds generated from series B Share issue will be allocated for the repayment of debt, the purchase of the components of assets in a manner materially different from the one used to date, or the purchase of the components of assets from subsidiaries.

1.8.3. Objectives of series C Share Issue

The funds obtained from the series C Share issue (PLN 3.5 million – with the assumption that the issue price is PLN 16.00 per share and that all series C Shares offered are taken up) will be allocated to the realisation of Stage I of modernisation programme I of the Orbis S.A. hotels to take place in 1998.

If the funds obtained by issuing series C Shares are not sufficient, the modernisation will be financed in part out of the Company's own funds and in part out of credit.

It is not envisaged that the funds generated from series C Share issue will be allocated for the repayment of debt, the purchase of the components of assets in a manner materially different from the one used to date, or the purchase of the components of assets from subsidiaries.

1.9. Factors Creating High Risk for Purchasers of Shares

When purchasing the shares in ORBIS S.A., investors should take into consideration the following factors that create a high risk for the purchasers of Shares:

1.9.1. Risk Factors Directly Related to the Company

● Unregulated Status of Ownership Title to Some of the Real Properties Used by the Company

Real properties in the form of both the land and the hotels located thereon constitute the most important component of the Company's assets. The legal status is not clear with respect to all real properties and in some cases it is extremely difficult or even impossible to establish such status; this relates primarily to the areas that prior to 1 September 1939 were outside the boundaries of Poland. Entries in title and mortgage registers were often made based on permits granted by the authorities that were not authorised to grant such permits, which might be the reason for various types of problems arising when verifying the legal status of the real properties in question.

Taking into consideration the legal status of the real estate and a potential risk of the loss thereof, they may be divided into four basic groups:

- 1) real properties the legal status of which is regulated;
- 2) real properties the legal status of which is regulated but third parties have asserted claims for the return of portions thereof;
- 3) real properties the legal status of which is unregulated without a risk of a loss thereof;
- 4) real properties the legal status of which is unregulated and there is a risk that they might be lost.

The following real properties may be included in the second group: in Lublin – the "Unia" Hotel; in Częstochowa – the "Patria" Hotel.

The following real properties may be included in the third group: in Częstochowa – the "Motel" hotel; in Warsaw – the "Victoria" Hotel and the "Bristol" Hotel.

The following real properties may be included in the fourth group: in Warsaw – the "Europejski" Hotel; in Zakopane – the "Giewont" Hotel; in Kraków – the real estate located at ul. Pijarska 11 (office building).

In accordance with the due diligence conducted and the existing practise of the relevant authorities, the risk of losing the real properties referred to above is small.

The real properties with their legal status unregulated are described in Chapter V Section 16 of the Prospectus.

● Possibility of Losing the Right to Use Trademarks

Pursuant to the licence agreements entered into, the Company has a right to use trademarks and computer programmes. Some of the agreements provide that they will be subject to termination should the Company be privatised through a direct sale of the hotels or the assets thereof. In such an event the Company will additionally be obliged to pay compensation set forth under the agreements. The material terms and conditions of the agreements pursuant to which the Company has a right to use the trademarks and computer programmes and the procedure with respect to the termination thereof are described in Chapter V Section 8 of the Prospectus.

● Increase of Local Charges, Among Others, of Tax on Land and Real Estate

In connection with the increase of the value of the real properties, which results from the process of revaluation of the real properties under way, the charges in respect of tax on land and real estate, the basis of the calculation of which is the

value of real properties determined by communities, will be growing. As a result of such changes, the costs borne by the Company will be increased.

● Exchange Rates Changes

Price list with respect to services is determined with a considerable notice – a period of one year – in Deutsche Marks. This gives rise to a risk related to the unfavourable impact of exchange rates changes on the results achieved by the Company. In addition, agreements entered into with foreign partners do not allow for adjusting prices in respect of services in line with the conditions applicable at the time of the performance of a contract.

● Risk of the Development of Competition

ORBIS S.A. has currently at its disposal a network of 53 hotels, which are primarily 3-star hotels, and it has the biggest share in the Polish hotel market which is close to 25% (based on the number of rooms). There is no other hotel chain in Poland with a comparable market potential. The competitors of the Company that are already present in the Polish market, as well as the futures ones, may be divided into several groups. The first of them includes the hotels of the biggest chains in the world located in the most attractive points of large Polish towns. The second group includes private hotels of both medium and quite high standard but with a relatively narrow range of services on offer. The third group encompasses hotels that are owned by the individual Polish towns in which they are located, together with the hotels of Ogólnokrajowa Spółdzielnia Turystyczna "Gromada" (the "Gromada" National Tourist Co-operative).

The hotels of the biggest chains in the world feature an extensive range of complimentary services and their clients are primarily foreign guests on business trips and foreign organised groups. These hotels are connected to international systems of reservations, which increases the number of guests and the growth of bookings in those hotels. Other hotels of this class will be commissioned for use in the near future. The chains are already at present planning to open more hotels in other towns, e.g. Holiday Inn intends to open 20 medium standard hotels, or a smaller number lower class hotels but with a raised standard in Poland by the end of the century. Best Western Hotels chain has plans to expand its activities in Eastern Europe. Accor Chain also wants to strengthen its position in Poland by constructing, together with "Echo Investment", a Polish company, a whole chain of 1-star, 2-star and 3-star hotels in the next few years.

The second category of competition includes smaller hotels of medium and quite high standard but with a relatively narrow range of services on offer. These include mainly single hotels the owners of which are Polish companies, joint ventures and the target clients of which are business people and tourists. This group is significantly varied internally, but competing primarily in the area of a flexible range of prices, it may put up a successful fight with the ORBIS S.A. hotels for the share in the market. A growth in the number of the hotels in this category may be expected in the coming years.

The third group of hotels competitive in relation to the Company includes the hotels that remain in the hand of local authorities of the individual Polish towns. The majority of those hotels offer a lower level of services than the one offered by the ORBIS S.A. hotels; however, they typically have a very good location. The 2-star and 3-star Warsaw "Syrena" Hotels, that have been purchased by "Bau Holding" AG, an Austrian company, are an example of such hotels. With the assumption of increasing the capital of the Warsaw "Syrena" Hotels, as well as of other hotels in the hands of municipal authorities, they may become direct competitors of the Company. This group also includes 12 3-star hotels of the "Gromada" National Tourist Co-operative. These compete with the hotels of the Company only in the market of Warsaw, Poznań, Olsztyn, Toruń and Zakopane. The strength of the "Gromada" hotels lies in their location, and their recently completed modernisation have significantly raised the quality of the services provided by them. The "Gromada" Co-operative is planning to build new hotels in Przemyśl, Wrocław and Poznań in the nearest future.

● Development of Non-Hotel Catering Businesses

Approximately 33% of the revenue of the Company is generated by the sales of catering services. A significant growth in the number of restaurants and cafes opened outside the hotels has become noticeable recently. In the long-term, it should be expected that the number of catering points being opened outside the hotels will systematically grow. The quality of the services provided by such points will also be improving, which may cause a drop in the revenues of the Company generated by restaurants and cafes operating at the hotels.

● Risk of the Shares Acquired Free of Charge by the Employees Appearing in Trading

Pursuant to the Commercialisation Act, the employees are entitled to acquire, free of charge, up to 15% of the shares held by the State Treasury. Following the increase of the share capital, the shares taken up by the employees free of charge will constitute approximately 12% of all shares. Pursuant to the terms and conditions of the Commercialisation Act, the employees and members of the management for a period of two and three years respectively may not sell the shares acquired free of charge in accordance with said Act. Following the lapse of such time-limits, they may freely dispose of the shares held by them.

1.9.2. General Risk Factors

● Current Domestic Social-Economic Situation

The current domestic social-economic situation still does not provide for the achievement of a stable economic growth in the country. Despite the positive trends in the economy, a danger still exists for the budget deficit to grow, for yet another change in the tax rates to be introduced, for the rate of inflation to grow and for unemployment to increase. These factors

render it difficult to project the volume of investments for tourist and hotel-catering purposes and, therefore, to project the level of the Issuer's profits.

● Economic and Legal Environment

The feature that is characteristic of the countries undergoing the transformation of the economic system is high instability of the main economic parameters, such as the rate of inflation, exchange rates.

The provisions of law are also subject to frequent amendments, including tax provisions. The volatility of direct and indirect tax rates renders it difficult to project the volume of funds to be allocated to the services offered by the Company and, therefore, the level of the turnover, which directly affects the level of the profits of the Issuer.

The lack of stability with respect to the factors referred to renders it difficult to make long-term plans regarding undertakings of which the period of realisation is measured in years. Any material changes in the economic and legal environment of the Company may be brought about, among others, by the necessity to adapt the Polish economic-legal system to the solutions applicable within the European Union.

Within the Company's judgement, the opening of the border of the European Union may contribute to the growth in tourism and an increased use of the hotels owned by the Company. At the same time, however, it may have an influence on the growth of competition from international hotels chains which will be able to invest in Poland without any obstacles.

● Risk of the Company's Shares Not Being Admitted to Stock Exchange Trading

Once the Company's shares have been admitted to public trading, the Issuer will undertake the necessary actions aimed at the series A Shares of ORBIS S.A. being admitted to stock exchange trading. As at the date of the preparation of the Prospectus, the Company does not meet the requirements of the Rules of the Stock Exchange set forth in § 5 letters a), h), i), j), l), m); however, there are premises that upon the completion of the Public Offer to Sell series A Shares, all the terms and conditions necessary to obtain a listing on the Stock Exchange will have been fulfilled.

Following the registration of the increase of the share capital by series B Share issue, the Company will take all the necessary activities aimed at the admission of series C Shares of ORBIS S.A. to stock exchange trading.

● Risk Connected with the Capital Market

The investors purchasing the Shares of ORBIS S.A. have to take into consideration the risk in connection with the primary and the secondary securities market which is still in the developing stage. It is characterised by the poorly developed base of institutional investors and a relatively low liquidity, which may be of significance from the point of view of the possibilities of quick purchase or sale of the Company's Shares, in particular in the event of an intent to sell or purchase large numbers of securities. In addition, as in any other market, the prices of shares may be subject to relatively large fluctuations, even over short periods of time, which means that the investor purchasing the Shares in the Company should consider a possibility of suffering potential losses resulting from the sale of Shares at a price lower than the original purchase thereof.

A risk of significant share price fluctuations are connected with the secondary market, which fluctuations might be the result of the changing supply and demand relations with respect to the shares of particular companies, of short-term speculation factor, possibilities of restricting the liquidity of transactions concluded at the exchange and the risk of long-term decline in the capital market. As a result the prices of shares might be subject to significant fluctuations, regardless of the current market position and financial situation of the Issuer.

● Risk Connected with the Issue not Being Effectuated

The investors interested in purchasing the Shares under public subscription have to take into consideration the possibility that the issue might not be effectuated for reasons described in Sections 1.23 and 1.29 of the Prospectus. In such an event, the funds will be returned to the investors pursuant to the principles described in the Prospectus. In order to eliminate the risk of the issue of series B Shares not being effectuated, the Company intends to sign underwriting agreements with respect to the issue of series B Shares prior to the commencement of public subscription.

With respect to series C Shares, the issue thereof is effectuated; provided that at least one series C Share is taken up by the entitled employee of the Company.

● Risk of a Failure to Receive Allocation of Shares

In the event that investors subscribe for more shares than the number thereof offered to be taken up under the Public Subscription, the Company may, pursuant to the principles regarding the distribution of the Shares as described in the issue Prospectus, distribute a smaller number of shares than subscribed for or it may not distribute the Shares at all. In such an event, the funds in respect of the payment for the Shares, paid in when subscribing for the Shares, will be returned to the investors. The reimbursement of the funds will take place subject to the principles described in the Prospectus.

This risk relates, in particular, to the investors that subscribe for series B Shares and are deemed by the Management Board of the Company as entities conducting activities that are competitive in relation to the activities of the Company in the tourist sector or as entities that are dominant over or dominated by, competitive entities within the meaning of the Law on Public Trading in Securities and on Trust Funds. In the event that such a situation should occur, pursuant to Resolution No. 5 of the Extraordinary General Assembly of the Shareholders of 27 June 1997, as amended pursuant to Resolution No. 3 of the General Assembly of the Shareholders of 11 August 1997, the Management Board of the Company was obligated to secure the strategic interest of the Company in the scope of purchasing series B Shares by

the aforementioned investors by way of limiting the number of the Series B Shares allocated to them or by way of not allocating series B Shares to them at all.

● **Shares in ORBIS S.A. Retained by the State Treasury**

Once the Shares in ORBIS S.A. have been made available to third parties under the Public Offer to Sell and to the employees of the Company pursuant to the Commercialisation Act, the State Treasury will retain 21,875,000 series A Shares of which 1,875,000 series A Shares (i.e. 5% of the current share capital) constitutes the reprivatisation reserve, and 3,750,000 Shares (i.e. 10% of the share capital) will be allocated to reinforce the social security system. The shares retained by the State Treasury will constitute 43% of the share capital. Once the increase of the share capital by the series B and C Share issue has been registered, the Shares owned by the State Treasury will constitute 35% of the share capital. As at the date of the preparation of the Prospectus, the State Treasury has not made a decision regarding the manner in which such Shares will be made available to third parties.

1.10. Agreements Regarding Conditional Readiness to Take Up Shares

1.10.1. Agreements Regarding series A Shares

As at the date of the preparation of the Prospectus, the Seller has not entered into an agreement regarding the conditional readiness to take up series A Shares.

1.10.2. Agreements Regarding series B Shares

As at the date of the preparation of the Prospectus, the Seller has not entered into an agreement regarding the conditional readiness to take up series B Shares.

Prior to the commencement of the public subscription, the Company intends to enter into an underwriting agreement with respect to series B Shares. The terms and conditions relating to the underwriting of the issue will be published pursuant to the procedure provided for in Chapter I Section 11 no later than two days prior to the commencement of the public subscription for series B Shares.

1.10.3. Agreements Regarding series C Shares

The Company has not entered into any agreements regarding the conditional readiness to take up series C Shares.

1.11. Rights and Obligations Attached to Shares, Obligations of the Purchaser of Shares in the Scope of Additional Benefits, and Limitations on the Purchase and Sale Thereof

1.11.1. General Rights and Obligations of a Shareholder

1.11.1.1. Commercial Code

The Commercial Code is the fundamental act setting forth the rights and obligations of shareholders. The rights vested in a shareholder are divided into two main categories – property rights and corporate rights.

Basic Property Rights:

- right to dividend – a shareholder is vested with a right to participate in a portion of the net profit of the company allocated by the general assembly to distribution;
- pre-emptive right to take up new share issues – shareholders have a pre-emptive right to take up new shares if another issue is adopted, unless the resolution regarding the issue deprives them of such a right; new share issues are taken up in proportion to the number of the shares held; resolution regarding the exclusion of the pre-emptive rights may be adopted only in the interest of the company by a majority of four fifths of the votes cast;
- right to participate in the distribution of the assets remaining once the creditors have been satisfied or secured in the event of liquidation of the company.

Basic Corporate Rights:

- right to participate in the general assembly of the shareholders;
- right to vote at the general assembly of the shareholders.

The obligation that the Commercial Code imposes on a shareholder is the necessity to make a full payment of the amount due in respect of shares. The Shares subject to the Public Offer to Sell have been paid up in full.

1.11.1.2. Law on Public Trading in Securities

Pursuant to Art. 5 § 1 of the Law on Public Trading in Securities, registered deposit certificates are issued in public trading in securities which confirm the placing of securities specified in the Securities Depository. An entity running a brokerage house, a bank or another institution authorised to do so pursuant to the Act may issue such a certificate.

Pursuant to Art. 72 of the Law on Public Trading in Securities, a person who after having acquired shares in a public company has gained or surpassed 5% or 10% of the total number of votes at the general assembly of shareholders, or who, prior to sale of shares in a public company, had held shares in the number that secured more than 5% or 10% of the total number of votes at the general assembly of shareholders, and after having disposed of those shares has become a shareholder who holds the number of shares securing less than 5% or 10% of the total number of votes respectively, is under an obligation to notify the Commission, the Bureau for the Protection of Competition and Consumers and the company thereof within 7 days about the number of votes held as a result of the transaction. The obligation to effect such a notification also applies to persons who, while holding in excess of 10% of the votes at the General Assembly of Shareholders, acquire or sell the shares resulting in a change of the number of votes held by them by 2% or more. Until such notification of completed transactions is made, further stocks must not be acquired or sold.

Acquisition or sale of stocks by a dependent entity will be treated as the acquisition or sale by the dominant entity. A dominant entity is an entity that holds the majority of votes in the authorities of another entity (dependent entity), including pursuant to agreements with other entitled persons, or that is entitled to appoint or dismiss the majority of members of the management authorities of a dependent entity, or if more than one half of members of the management board of the dependent entity are simultaneously members of the management board or persons in management positions of the first entity or another entity in a subordinate relationship with respect to that first entity.

The company shall pass the information received from the purchaser without any delay to the information agency. The company shall send to the Securities Commission a list of shareholders authorised to participate in the general meeting, and, not later than within 14 days from the date of the general meeting, it shall announce in a national daily newspaper a list of shareholders holding 5% or more of the total number of votes, specifying at the same time the number of votes held by those shareholders.

Art. 73 of the Law on Public Trading in Securities obligates any person who intends to acquire shares in a public company in the number that secures such person reaching or surpassing respectively 25%, 33% or 50% of the total number of votes at the general assembly, to notify such intent to the Commission. The intent to acquire shares by a dependent entity shall be deemed as an intent to acquire them by the dominant entity. The Securities Commission may, within 14 days following the notification, and having sought the opinion of the Bureau for the Protection of Competition and Consumers, prohibit the acquisition of shares if such acquisition were to cause a violation of the provisions of law under the Law on Public Trading in Securities, the Act on Counteracting Monopolistic Practices or if material interest of the State or of the state economy were to be endangered. If there are no objections, the Securities Commission shall pass on the information about the intent to acquire shares to the information agency.

Pursuant to Art. 74 of the Law on Public Trading in Securities, acquisition of shares admitted to the public trading in an amount of 10% or more of the total number of votes may be executed only by way of a public invitation to subscribe for the sale or exchange of shares. The manner of announcing the invitation as well the terms of acquiring shares listed on the stock exchange are set forth in the regulation of the Chairman of the Securities Commission of 16 June 1994 regarding the manner of announcing a public invitation to subscribe for the sale or exchange of shares, as well as the terms and conditions of acquiring shares listed on the stock exchange purchased in this manner ("Monitor Polski" No. 36, item 314). The entity extending the invitation to subscribe for the sale or exchange of shares is obligated to place in deposit with a bank or another institution a security in an amount of 50% of the value of the intended transaction.

Art. 87 of the Law on Public Trading in Securities imposes an obligation on any person who has become a holder of shares in one company in an amount representing over 33% of votes at the general assembly shall be obligated, to announce the invitation to subscribe for the sale or exchange of the remaining shares in that company prior to executing any rights resulting from the voting rights.

Pursuant to Art. 86 of the Law on Public Trading in Securities, any person that has become a holder of shares and has failed to provide the notice referred to in Art. 72 or has acquired shares without complying with the condition referred to in Art. 73, or that has not complied with the obligation referred to in Art. 87, may not exercise the voting rights attached to such shares. In addition, pursuant to Art. 122 § 1 of the Law on Public Trading in Securities, any person that does not deliver the notice referred to in Art. 72, and any person that does not comply with the obligation referred to in Art. 73 and in Art. 87, is subject to a fine in an amount of up to PLN 1,000,000.

Pursuant to Art. 88 of the Law on Public Trading in Securities, the provisions of articles 73-87 thereof shall not apply to an acquisition of shares from the State Treasury.

1.11.1.3. Act Regarding Purchase of Real Estate by Foreigners

Pursuant to Art. 3e Section 1 of the Act of 24 March 1920, regarding Purchase of Real Estate by Foreigners (unified text: Government Laws and Regulations Gazette No. 54, item 245), a purchase or acquisition by a foreigner of shares or stocks in a commercial company, e.g. limited liability company, joint stock company, etc., having its seat within the territory of

The maximum number of series A Shares with respect to which an investor may submit a purchase order is 10,000,000.

The remaining terms and conditions with respect to the submission and handling of orders are subject to the rules of brokerage houses with which orders are placed, in particular with respect to the part thereof regarding stock exchange instructions.

There are no limitations with respect to the number of the orders placed.

The following types of purchase orders will not be accepted: WAN (≥1 or nothing); PCR (at market price); PKC (at any price). A purchase order submitted subject to a condition or with a reservation will be invalid. A purchase order may neither be changed nor cancelled.

Submission of an order by an investor is equivalent to the acceptance of the terms and conditions set forth in the Prospectus.

1.14.2.5. Payment in Respect of series A Shares

The full payment for the series A Shares with respect to which an investor placed a purchase order must be made in PLN pursuant to the rules regarding provision of brokerage services of a given brokerage house no later than at the time of placing the order.

The product of the number of the series A Shares ordered and the price per series A Share shall constitute the full payment for the series A Shares with respect to which an investor places a purchase order.

The brokerage commission, as set forth in the rules regarding the provisions of brokerage services of a given brokerage house, will be covered by the investor.

If an investor does not make the full payment, the order will be treated pursuant to the rules of the brokerage house accepting the instruction.

Payment may be made in cash or by a bank transfer of funds or in any other form accepted in accordance with the rules applicable at the brokerage house accepting the instruction.

If the payment is made in a form other than cash, the date on which the funds are credited to the account of the brokerage house accepting the instruction shall be deemed as the date of making the payment.

Pursuant to Instruction No. 16/92 of the President of the National Bank of Poland of 1 October 1992 (Official Gazette of the President of the National Bank of Poland No. 9/92) and in accordance with resolution no. 396 of the Securities Commission of 9 November 1995 regarding the Commission's position with respect to the principles of the procedure of the entities running brokerage enterprises in the event of a justified suspicion that the funds of clients originate from crime or are connected with crime (Laws and Regulations Gazette of the Securities Commission No. 6, item 197), the person making the payment at a Customer Service Point in an amount exceeding PLN 20,000 will be entered on file and the data thereon will be kept for a period of 5 years.

When making the payment, a foreign investor is obligated to comply with Art. 10 of the Act of 14 June 1991 on Companies with Foreign Participation (unified text, Government Laws and Regulations Gazette of 1997 No. 26, item 143).

Funds for the purchase of series A Shares by foreign investors may be paid in:

- a) the currency accumulated in a free foreign exchange account;
- b) Polish currency originating from sales of convertible currencies at a bank authorised to purchase such currencies;
- c) with respect to expending:
 - income from shares or stocks;
 - amounts generated from sale or redemption of shares or stocks;
 - amounts receivable due to the foreign entity as a shareholder from distribution of assets as a result of liquidation of the company once the creditors have been satisfied or provided for.

Paying contribution to the Company in the manner referred to above does not require a foreign exchange permit.

1.14.3. Principles of Allocation of series A Shares

Once they are admitted to public trading and to trading at the stock exchange, series A Shares will be introduced to trading on the stock exchange through an intermediary of the Warsaw Stock Exchange (GPW) in accordance with the procedure of public sale and they will be sold at the price specified by the Minister of the State Treasury.

It is envisaged that the allocation of series A Shares will take place on 15 November 1997, although the said date requires the acceptance by the GPW Management Board. If the date of the GPW special session is changed, such new date will be announced to the public no later than 2 days prior to the date on which instructions to purchase series A Shares start being accepted, i.e. 3 November 1997. The information regarding a change of the date of the special session will be published pursuant to the procedure set forth in Chapter I Section 11 of the Prospectus, and in particular, in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers.

Brokerage offices – members of the GPW will be solely responsible for the correct preparation and introduction of brokers' instructions into the GPW computer system.

Distribution of series A Shares will take place in accordance with the following principles.

If the number of the series A Shares on which instructions to purchase have been placed is lower than the number of series A Shares offered for sale, then series A Shares will be sold at the minimum price and the unsold series A Shares will remain at the State Treasury possession.

If the number of the series A Shares on which instructions to purchase have been placed exceeds or is equal to the number of series A Shares offered for sale at the minimum price, then series A Shares will be sold at the price specified by the Minister of the State Treasury with consideration given to the principle of minimising the difference between the specified sales price and the minimum sales price, and in accordance with the principles set forth in the GPW Rules with respect to the determination of the uniform rate.

The purchased series A Shares will be transferred to the securities accounts within 3 business days following the date on which they are allocated at the special session.

The purchaser's monetary account managed by the Brokerage House will be debited in respect of the transaction concluded. The amount debited will be equal to the sum of the value of the series A Shares purchased and the brokerage commission applicable at a given brokerage house. Fractional parts of series A Shares will not be allocated. One share will be a transaction unit.

1.14.4. Reimbursement of the Unused Amounts Paid In

The unused part of the amounts paid in for series A Shares will be left in the investor's monetary account in the Brokerage House which accepted the instruction to purchase, interest free, on the date of settling the accounts in respect of stock exchange transactions applicable at the Brokerage House.

1.15. Legal Consequences of a Failure to Make Payment for series A Shares Within the Time-Limit Prescribed or a Failure to Make Full Payment for series A Shares

In the event of a failure to make the payment for series A Shares timely in restriction failure to make the full payment for series A Shares, the instruction to purchase shall be deemed null and void Section 1.14.2.5.

1.16. Date on Which Instruction to Purchase series A Shares Made Ceases to be Binding

An investor shall remain bound by the obligation under the subscription until the date of the purchase of series A Shares through the intermediary of the Stock Exchange, no longer, however, than for a period of 3 months following the date on which instructions to purchase series A Shares start being accepted.

1.17. Failure to Effect Public Offer to Sell series A Shares

The purpose of the offer is the sale of the already issued Shares, therefore, in each case when instructions to purchase have been correctly accepted and paid, the transfer of the ownership title to series A Shares to the purchasers will take place once the series A Shares have been allocated. Such a purchase of any number of series A Shares by the purchasers is valid and effective, regardless of the number of series A Shares that is purchased.

1.18. Intents of the Issuer with Respect to the Secondary Trading in series A Shares

The Issuer intends to introduce 10,000,000 series A Shares to the primary market on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) pursuant to the procedure of a public offer to sell. The intent of the Company is that the first listing of series A Shares at the Warsaw Stock Exchange takes place within one week time following the special trading session.

1.19. The Agreement Set Forth in Art. 69 § 2 of the Law on Public Trading in Securities

The Issuer has not entered into, and it does not intend to enter into, the agreement provided for in Art. 69 § 2 of the Law on Public Trading in Securities, under which securities in connection with the securities issued by the Company would be issued outside the territory of the Republic of Poland.

1.20. Principles of Distribution of series B Shares

1.20.1. Issue Agent Offering series B Shares in Public Trading

The series B Shares shall be offered in public trading by:

Centrum Operacji Kapitałowych
Banku Handlowego w Warszawie SA
ul. Nowy Świat 6/12
00-400 Warsaw

1.20.2. General Principles of Taking Up series B Shares

1.20.2.1. Purpose of Public Subscription for series B Shares

The purpose of the Public Subscription includes 8,523,625 series B ordinary bearer Shares with a nominal value of PLN 2.00 each.

1.20.2.2. Time-Limits of Public Subscription for series B Shares

The Public Subscription for series B Shares will be opened on 3 December 1997.

Subscriptions to series B Shares will be accepted starting from 1 December 1997 until 3 December 1997.

The Public Subscription for series B Shares will be closed on 10 December 1997.

The Company may resolve and announce to the public a change of the opening date of the Public Subscription for series B Shares no later than 2 days prior to the commencement thereof; the Company may also resolve and announce to the public an extension of the period during which subscriptions will be accepted 1 day prior to the closing of the acceptance of subscriptions, pursuant to the procedure provided for in Chapter I Section 11 of the Prospectus, in particular in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers.

If not all series B Shares are subscribed during the period of accepting subscriptions for series B Shares, the Company shall offer the unsubscribed for series B Shares to the potential underwriters of the issue subject to the principles set forth in Section 1.20.4 of the Prospectus.

1.20.2.3. Issue Price

The issue price of series B Shares will be specified by the Management Board and it will be published pursuant to Chapter I Section 11 of the Prospectus, in particular in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers, no later than 2 days prior to the commencement of the Public Subscription for series B Shares.

The issue price of series B Shares shall be no less than the selling price of series A Shares.

The issue price per one series B Share shall be a fixed price.

When establishing the final issue price, the Issuer shall take into consideration, among others, the results of the book-building process referred to in Section 1.20.2.4 of the Prospectus.

1.20.2.4. Series B Shares Book-Building Process

Prior to the commencement of the Public Subscription to series B Shares, research will be conducted regarding the demand for series B Shares among the potential investors interested in making subscriptions or expressing readiness to take up series B Shares by way of executing underwriting agreements.

Within the scope of the research, investors will specify the following in the declarations of interest in the purchase of series B Shares:

- number of series B Shares they intend to subscribe for; and
- issue price per series B Share at which they are prepared to take up the Shares (within the price range specified by the Management Board of the Company).

The price range will be published pursuant to the procedure provided for in Chapter I Section 11 of the Prospectus no later than 2 days prior to the commencement of the process of book-building, i.e. on 17 November 1997.

The declarations referred to above are not subscriptions for series B Shares within the meaning of the Prospectus and shall not constitute an obligation of any party.

A declaration of interest in the purchase of series B Shares should include the following:

- first and last name (company name);
- residence address (address of the registered office);
- address for correspondence (telephone number);
- series and number of the identity card or a passport as well as the PESEL number (REGON number or other identification number);
- number of series B Shares declared to be taken up;
- price cap;
- date and investor's signature.

The declaration should be completed in two copies, one for the investor and one for the Customer Service Point accepting the declaration.

Investors may submit declarations personally or by proxy during a period from 19 November 1997 to 25 November 1997 at the Customer Service Points accepting subscriptions for series B Shares. A power of attorney to submit a declaration should be drawn up subject to the general principles of the Civil Code.

A book of orders with respect to series B Shares will be built based on the submitted declarations. The book of orders will be used when distributing series B Shares and when establishing the final issue price of series B Shares.

1.20.2.5. Subscription for series B Shares

1.20.2.5.1. Persons Eligible to Purchase series B Shares

The persons entitled to take up series B Shares include:

Domestic Investors

The following are the domestic investors entitled to purchase series B Shares:

- individuals permanently residing within the territory of Poland;
- legal entities having their seats within the territory of Poland;
- organisational entities without a legal status established pursuant to Polish law.

Foreign Investors

The following are the foreign investors entitled to purchase series B Shares:

- individuals permanently residing abroad;
- legal entities having their registered offices abroad;
- organisational entities with no legal status established pursuant to legislation of foreign states.

A legal entity having its registered office in Poland, which is a subsidiary of a foreign entity, will also be deemed as a foreign person. Pursuant to Art. 7 of the Act on Companies with Foreign Participation, a legal person shall be deemed as a foreign person if the foreign entity:

- directly holds the majority of votes at the Meeting of the Shareholders (Stockholders), including on the basis of agreements with other shareholders and stockholders, or
- is entitled to appoint and recall the majority of members of the management authorities of such a legal person.

A legal entities will also be deemed to be a dependent entity if more than half of members of its management board are concurrently members of the management board or persons fulfilling the management functions in a foreign entity or another entity that is in the relation of dominance with the foreign entity.

Foreign investors intending to take up series B Shares should become familiarised with the relevant regulations of the state in which their seats are located or in which they are resident.

The attention of foreign investors is drawn to the fact that, in the light of the applicable provisions, only the person designated in a registered deposit certificate issued by a brokerage house, a bank or another entity entitled to the issuance thereof, pursuant to the Law on Public Trading in Securities and on Trust Funds, is the person that is entitled to exercise the rights attached to the shares admitted to public trading.

Trust Funds

Subscriptions placed by a trust fund association (domestic or foreign) in its own name, separately for the benefit of the individual trust funds managed by a given association, constitute – within the meaning of this Prospectus – the subscriptions of separate investors.

1.20.2.5.2. Acting Through a Proxy

Domestic and foreign investors are entitled to subscribe for series B Shares under the Public Subscription for series B Shares by a Proxy.

The person acting as a proxy is obligated to present the following documents at the Customer Service Point:

a) written power of attorney issued by the investor authorising the proxy to make a subscription for series B Shares and containing the following data regarding the person of the proxy:

- with respect to domestic natural persons: first name, last name, address, series and number of the identification card or passport (as well as the country of the issuer of the passport), the PESEL number;
- with respect to domestic legal persons: company name, seat, the REGON statistical number (if applicable), excerpt from the relevant register (attached to the power of attorney).

If a proxy, which keeps a bank account or a monetary account and a securities account in BH, makes a subscription with the Customer Service Point at Centrum Operacji Kapitałowych, then – due to the existing obligation to update the documentation in connection with having an account with Bank Handlowy – it may only provide the company name, registered office and the account number, as well as the information regarding the branch of Bank Handlowy with which the account is kept.

- with respect to foreign natural persons: first name, last name, address, passport number, the country of the issuer of the passport);
- with respect to foreign legal persons: company name, registered office, excerpt from the relevant foreign register (attached to the power of attorney) certified by a Polish diplomatic agency, a foreign branch of representative office of Bank Handlowy w Warszawie SA or a correspondent bank of Bank Handlowy w Warszawie SA. Such a certification is not necessary if the legal person has its registered office in the country that is a party to an interstate agreement signed with the Republic of Poland regarding legal flow of business with abroad and containing a waiver of the requirement for documents to be legalised.

If a proxy, which keeps a bank account or a monetary account and a securities account in BH, makes a subscription with the Customer Service Point at Centrum Operacji Kapitałowych, then – due to the existing obligation to update the documentation in connection with having an account with Bank Handlowy – it may only provide the company name, registered office and the account number, as well as the information regarding the branch of Bank Handlowy with which the account is kept;

b) information regarding the investor as specified in Section 1.20.2.6.1 letter a) of the Prospectus

The proxy signs the receipt of the relevant documents on behalf of the investor.

A power of attorney in the form of a notarial deed or with the principal's signature certified by a notary is required for the purpose of collecting a deposit certificate or overpayment.

The attention of investors is drawn to the fact that a power of attorney requires to be drawn up in a correct manner and that stamp duty must be paid thereon by way of affixing the stamp duty marks on the document of the power of attorney.

If a power of attorney is drawn up in a foreign language, it is required to be translated into Polish by a sworn translator.

The document of a power of attorney or a copy thereof will be kept at the Customer Service Point in which the subscription has been made.

The number of the powers of attorney held is unlimited; the same applies to the number of proxies.

1.20.2.6. Subscriptions for series B Shares

1.20.2.6.1. Procedure of Submitting Subscriptions for series B Shares

A subscription for series B Shares should be made in Polish, in three counterparts, one for the subscriber, one for the Customer Services Point accepting the subscription and one for the Company.

A subscription should include the following information:

a) data regarding the investor:

- first name and last name or company name – with respect to a trust fund association, information regarding the fund managed for the benefit of which a given subscription is made;
- address or registered office;
- address for correspondence (it is advisable that a telephone number be provided – if applicable);
- with respect to:
 - domestic individuals – series and number of the identity card or passport (name of the state of the issuer thereof) and the PESEL number;

- domestic entities or organisational entity without a legal status established pursuant to Polish law – number in the relevant register and the REGON statistical identification number (if applicable);
- foreign individuals – passport number, country of the issuer thereof;
- foreign legal entities or organisational entity without a legal status established pursuant to the legislation of foreign states – number in the relevant foreign register (if applicable);
- foreign exchange status (specification whether a given entity is a domestic or foreign person within the meaning of the Foreign Exchange Law);
- b) specification whether the investor participated in the book-building process offering a price that was equal or that exceeded the finally determined issue price;
- c) specification whether the investor is a legal person established by the employees of ORBIS S.A., registered prior to 31 May 1997, entitled to preferences with respect to the allocation of series B Shares;
- d) specification whether the investor is an employee of ORBIS S.A. employed as at 1 October 1997, entitled to preferences with respect to the allocation of series B Shares;
- e) price per one series B Share;
- f) number and type of the series B Shares subject to the subscription;
- g) specification of the manner of payment pursuant to Section 1.20.3 of the Prospectus;
- h) amount of the payment made in respect of series B Shares;
- i) number and full name of the monetary account with a bank or brokerage house to which any funds are to be reimbursed in respect of a failure to realise the subscription or a failure to realise the subscription fully, or an instruction for the reimbursement to be effected in cash at the Customer Service Point with which the subscription was made;
- j) representation of the investor in which the investor states that:
 - it has become familiarised with the contents of the Prospectus;
 - it has become familiarised with, and accepts, the contents of the By-Laws of the Company;
 - expresses its consent for a smaller number of series B Shares than the number declared under the subscription to be allocated to it or the consent for no allocation to be made to it, in accordance with the principles described in Section 1.20.5 of the Prospectus;
- k) subscriber's signature;
- l) signature of the person authorised to accept subscriptions for series B Shares.

In addition, Investors that are not engaged in the activities that are competitive in relation to the Company in the tourist sector or those that are not in a dominant or subordinate position in relation to entities conducting activities of such a type within the meaning of the Act – Law on Public Trading, shall sign a representation confirming they are not conducting any activity that is competitive in relation to the Company.

Submission of an incorrectly completed form of subscription or of an incomplete subscription for series B Shares shall result in the invalidity thereof. Investors are responsible for incorrectly filled in subscription forms.

A subscription is unconditional, it may not contain any reservations and it is irrevocable within the time-limit during which it remains binding.

The following are the documents which an investor must leave with or present at the Customer Service Point when making a subscription for series B Shares:

1. with respect to a domestic investor:
 - individuals must present his/her identity card or passport;
 - legal entities leave a copy of the then current excerpt from the relevant register and a certificate of allocation of the statistical identification REGON number (if applicable);
 - organisational entities without a legal status, established pursuant to Polish law, leave a copy of the then current excerpt from the relevant register and a certificate of allocation of the statistical identification REGON number (if applicable);
2. with respect to a foreign investor:
 - individuals must present his/her passport;
 - legal entities leave a copy of the then current excerpt from the relevant foreign register;
 - organisational entities without a legal status, established pursuant to the legislation of foreign states, leave a copy of the then current excerpt from the relevant foreign register.

The documents set out above must be certified by a Polish diplomatic agency, a foreign branch of representative office of Bank Handlowy w Warszawie SA or a correspondent bank of Bank Handlowy w Warszawie SA.

Such a certification is not necessary if the legal entities has its seat in the country that is a party to an interstate agreement signed with the Republic of Poland regarding legal flow of business with abroad and containing a waiver of the requirement for documents to be legalised.

Information for the investors that have a bank account or a monetary account and a securities account in Bank Handlowy w Warszawie SA and that are making subscriptions at Customer Service Points at Centrum Operacji Kapitałowych.

Due to the existing obligation to update the documentation arising in connection with having an account with Bank Handlowy w Warszawie SA, a legal entities or an organisational entity without a legal status provides only the company name, seat and the account number, as well as the information regarding the branch of Bank Handlowy with which the account is kept.

The employees of ORBIS S.A. present a certificate issued by the Issuer and confirming the fact of their employment by the Company as at 1 October 1997.

1.20.2.6.2. Procedure for Submitting a "Depository Disposition"

At the time of making a subscription for series B Shares, the investor or its proxy may submit an irrevocable "Depository Disposition", which enables the registration on the investor's securities account of all series B Shares allocated to the investor by the Issuer without the necessity to collect a deposit certificate at the Customer Service Point with which the investor placed the subscription, and subsequently to present such a certificate for confirmation at the brokerage house keeping the investor's securities account.

Forms of the disposition prepared by the Offeror shall be made available by the Customer Service Points referred to in Appendix No. 1 to the Prospectus.

A "Depository Disposition" should be completed in four copies, one for the Investor, one for the Customer Service Point accepting the "Depository Disposition" and two for the Issue Registrar.

A form of the "Depository Disposition" includes the following information:

a) data regarding the investor:

- domestic individuals – series and number of the identity card or passport and the PESEL number;
- domestic legal entities or organisational entity without a legal status established pursuant to Polish law – number in the relevant register and the REGON statistical identification number (if applicable);
- foreign individuals – passport number, country of the issuer thereof;
- foreign legal entities or organisational entity without a legal status established pursuant to the legislation of foreign states – number in the relevant foreign register (if applicable);

b) data regarding the proxy:

- domestic individuals – series and number of the identity card or passport and the PESEL number;
- domestic legal entities or organisational entity without a legal status established pursuant to Polish law – number in the relevant register and the REGON statistical identification number (if applicable);
- foreign individuals – passport number, country of the issuer thereof;
- foreign legal entities or organisational entity without a legal status established pursuant to the legislation of foreign states – number in the relevant foreign register (if applicable);

c) number and type of series B Shares;

d) name of the brokerage house as well as the name and number of the securities account on which all series B Shares allocated to the investor by the Issuer are to be deposited;

e) clause with the following wording: "please deposit all series B Shares allocated to me on my securities account";

f) clause with the following wording: "I agree to notify in writing the Customer Service Point with which I made the subscription of any changes regarding my securities account";

g) number of the subscription (the number of the proof of subscription);

h) signatures: of the investor or its proxy and of the employee of the Customer Service Point who is accepting the subscription.

The investor shall bear any and all consequences resulting from completing the form of the "Depository Disposition" in an incorrect manner.

1.20.2.6.3. Principles of Submitting Subscriptions for series B Shares

Subscription with respect to a minimum of 5,000 series B Shares and a maximum of 2,000,000 series B Shares may be made under the Public Subscription for series B Shares.

Subscriptions with respect to a number of series B Shares less than 5,000 shall be deemed invalid.

With respect to the subscriptions made by legal persons established by the employees of ORBIS S.A., registered by 31 May 1997, the list of which was drawn up by the Company's Management Board (pursuant to § 7 of resolution No. 5 of the General Assembly of the Shareholders of ORBIS S.A. of 27 June 1997, as amended pursuant to resolution No. 3 of the General Assembly of the Shareholders of 11 August 1997, as amended pursuant to resolution No. 1 of the General Assembly of the Extraordinary General Assembly of the Shareholders of 4 September 1997), the minimum number of series B Shares to be included under a subscription is 100. Any such subscriptions made with respect to a number less than 100 will be deemed invalid. The maximum number of series B Shares included under a subscription may not exceed 2,000,000 series B Shares.

Appendix No. 10 to the Prospectus constitutes the list of legal persons established by the employees of ORBIS S.A. referred to above.

With respect to the subscriptions made by the employees of ORBIS S.A. employed as at 1 October 1997, excluding seasonal employees and apprentices, the minimum number of series B Shares to be included under a subscription is 10. Any such subscriptions made with respect to a number less than 10 will be deemed invalid.

The maximum number of series B Shares included under a subscription may not exceed 2,000,000 series B Shares.

Restrictions with respect to the number of series B Shares do not apply to subscriptions made by the underwriters of the issue if the subscriptions are made by the underwriters within the scope of the performance of the obligation arising under agreements regarding conditional readiness to take up series B Shares.

An investor has the right to make several subscriptions; provided that the total number of the shares subscribed does not exceed 2,000,000. Subscriptions made with respect to a larger number of series B Shares shall be deemed as subscriptions for 2,000,000 series B Shares.

Submission of a subscription may be preceded by the investor completing a declaration of interest in the purchase of series B Shares in the book-building process referred to in Section 1.20.2.4 of the Prospectus.

Subscriptions for series B Shares may be made in person or by a proxy in one of the Customer Service Points listed in Appendix No. 1 to the Prospectus, or they may be made by letter* mailed to the following address:

Customer Service Point
Centrum Operacji Kapitałowych
Banku Handlowego w Warszawie SA
ul. Nowy Świat 6/12; 00-400 Warsaw

** A subscription made by letter should be construed as a subscription sent by a registered letter or through the intermediary of a messenger against a confirmation of the receipt*

A subscription by letter must be received at the address specified above no later than on the last day on which subscriptions are accepted, and it should be marked on the envelope in the following manner:

"Subscription for Series B Shares in ORBIS S.A."

1.20.3. Payments for series B Shares

1.20.3.1. Principles with Respect to Making Payments for series B Shares

Payment in respect of series B Shares must be made in full no later than at the time of making the subscription for series B Shares. If a payment is made in the form of a wire transfer, the full amount of the payment due must be credited to the subscription account no later than by the day on which subscriptions cease being accepted, i.e. by 3 December 1997.

An amount equal to the product of the number of the series B Shares subscribed for and the issue price shall mean a payment made in full.

Investors making subscriptions shall make payments for series B Shares in Polish zlotys to the subscription account designated by the Customer Service Point accepting the subscription.

Investors making subscriptions by letter may make payments for series B Shares to the following account:

10301045-87647285

V O/BH w Warszawie

Payment in respect of: "Payment for ORBIS S.A. series B Shares"

A subscription for series B Shares submitted without the full payment made within the prescribed time-limit will be deemed invalid with the exception of a situation in which it turns out that the amount obtained from the sale of foreign

association in its own name, separately for the benefit of the individual trust funds managed by the association, constitute – within the meaning of this Prospectus – the subscriptions of separate investors.

Fractional parts of series B Shares will not be allocated; similarly, series B Shares will not be allocated jointly to several investors.

The shares remaining as a result of rounding will be allocated in succession to the subscribers that subscribed for the biggest number of series B Shares. In the event of equal subscription, a draw will decide on the allocation.

1.20.6. Effecting series B Share Issue

Series B Share Issue will be effected if 8,523,625 series B Shares are taken up and duly paid up and if the relevant court registers the increase of the share capital.

Lists of the investors to whom series B Shares have been allocated will be made available in the Customer Service Points listed in Appendix No. 8 to the Prospectus within 14 days following the completion of the allocation of series B Shares.

Payments for series B Shares are interest free, and any potential reimbursement of overpayments or funds resulting from a failure to allocate any shares will take place within a period of time not to exceed 14 days following the completion of the allocation of series B Shares in the form indicated by the investor in the subscription form:

- transfer to a bank account;
- transfer to the monetary account managed by a brokerage enterprise;
- in cash at the Customer Service Point which accepted the subscription for series B Shares, if the Customer Service Point accepting the subscription provides front office services.

Once it has been ascertained that all series B Shares have been taken up and duly paid up, the Management Board of the Company will file an application with the Registry Court for the registration of the increase of the share capital.

Following the registration of the increase of the share capital by way of a new share issue and upon the adoption by the Management Board of the National Securities Depository (Krajowy Depozyt Papierów Wartościowych S.A.) of a resolution on accepting the series B Shares collective receipt in deposit, within 14 days the Customer Service Points will commence the issuance of deposit certificates to the investors that series B Shares were allocated to.

An investor that completed an "Instruction to Place series B Shares in Deposit" will not receive a deposit certificate at the Customer Service Point with which the investor made the subscription, but only a certificate on the number of the series B Shares allocated to such an investor. Entering the series B Shares allocated to an investor in the securities account designated by the investor will take place within 14 business days following the day on which the Management Board of the National Securities Depository S.A. adopts the resolution on the acceptance of the series B Shares collective receipt in deposit. The information regarding the entering of the shares allocated to the investor in its securities account will be transferred to the investor by the brokerage House keeping the securities account pursuant to the principle of providing information to clients adopted by a given brokerage house.

1.21. Legal Consequences of a Failure to Make Payment for series B Shares Within the Time-Limit Prescribed

Expiration of the subscription is the legal consequence of a failure to make the payment for series B Shares within the time-limit specified in the Prospectus, with the exception of a situation in which it turns out that the amount obtained from the sale of foreign currency by foreign investors is not sufficient to make the payment in respect of the number of shares subscribed for. In such an event the subscription will remain valid, but the number of the series B Shares allocated will be reduced accordingly.

1.22. Subscription Order Binding Dates for series B Shares

The subscriber shall remain bound by the subscription for series B Shares for a period not to exceed 3 months following the date on which the Public Subscription closes.

1.23. Announcement of Failure to Effect series B Share Issue. Manner and Time-Limit for Reimbursement of Amounts Paid In

Pursuant to the provisions of the Commercial Code, an issue is not effected if:

- within the time-limit specified in the Prospectus 8,523,625 series B Shares are not subscribed for and duly paid up;
- within three months following the date of the closing of the subscription, the increase of the share capital by way of the series B Share issue is not filed for registration;
- decision of the Registry Court refusing to register the increase of the share capital becomes valid.

If the issue is not effected due to the fact that 8,523,625 series B Shares are not subscribed for, the Management Board of the Company shall be obligated to notify, within a period not to exceed two weeks following the closing of the Public Subscription, of the issue not having been effected by way of a one-time announcement in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers and to invite the subscribers to collect the amounts paid in.

If the issue is not effected as a result of a failure to file an application for the registration of the increase of the share capital within three months following the closing of the Public Subscription or the decision of the Registry Court refusing to register such an increase becoming valid, the Management Board of the Company will make an announcement thereof in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers and issue an instruction for the amounts paid in to be reimbursed.

Reimbursement of the amounts paid in for series B Shares will take place in the form indicated by the investor in the subscription form:

- transfer to a bank account;
- transfer to the monetary account of the investor managed by a brokerage enterprise;
- in cash at the Customer Service Point which accepted the subscription for series B Shares, if the Customer Service Point accepting the subscription provides front office services

Reimbursement of the amounts paid in for series B Shares will take place within fourteen days following the announcement regarding the failure to effect issue.

With respect to a reimbursement in the form of a bank transfer, the funds in respect of the reimbursement of the amounts paid in for series B Shares will be sent to investors within 14 days from the announcement regarding the failure to effect the issue to the account designated within the contents of the subscription.

1.24. Intents of the Issuer with Respect to Trading in series B Shares

Promptly after the closing of the Public Subscription, the Company intends to undertake any and all actions provided for by law the purpose of which is to introduce series B Shares to trading at the Warsaw Stock Exchange in the primary market.

1.25. The Agreement Set Forth in Art. 69 § 2 of the Law on Public Trading in Securities

ORBIS S.A. has not entered, and does not intend to enter, into the agreement provided for in Art. 69 § 2 of the Law on Public Trading in Securities, under which securities in connection with the securities issued by the Company would be issued outside the territory of the Republic of Poland.

1.26. Principles for Distribution of series C Shares

1.26.1. Issue Agent Offering series C Shares in Public Trading

The series C Shares shall be offered in public trading by:

Centrum Operacji Kapitałowych
Banku Handlowego w Warszawie SA
ul. Nowy Świat 6/12
00-400 Warsaw

1.26.2. General Principles with Respect to Taking Up series C Shares

1.26.2.1. Purpose of Public Subscription for series C Shares

The purpose of the Public Subscription includes 226,375 series C ordinary bearer Shares with a nominal value of PLN 2.00 each.

The offer with respect to series C Shares is addressed to the employees of the Company, not entitled to purchase series A Shares free of charge pursuant to the Act on Commercialisation and Privatisation of State-Owned Enterprises, who meet the requirements set forth in the "Rules of Purchasing Shares by Employees of ORBIS S.A.".

1.26.2.2. Time-Limits of Public Subscription for series C Shares

The Public Subscription to series C Shares will be opened within one month following the date on which the Registry Court issues a decision regarding the increase of the share capital of ORBIS S.A. by way of series B Share issue or a decision refusing to register the series B Share issue. The time-limits for the acceptance of subscription for series C Shares will be announced pursuant to the procedure set forth in Chapter I Section 11 of the Prospectus, in particular in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers.

1.26.2.3. Series C Shares Issue Price

The issue price per one series C Share will be a fixed price and it will be equal to the issue price of series B Shares.

1.26.3. Procedure of Making Subscriptions for series C Shares

1.26.3.1. Persons Eligible to Take Up series C Shares

The persons entitled to take up series C Shares are those who meet jointly the following conditions:

1. employment relationship with ORBIS S.A. has been established following 9 January 1991 and such persons are not entitled to a free of charge purchase of the ORBIS S.A. shares belonging to the State Treasury pursuant to Art. 36 in connection with Art. 2 Section 5 of the Act of 30 August 1996 on Commercialisation and Privatisation of State-Owned Enterprises;
2. on the day the shares in the Company are admitted to public trading:
 - they are in employment (pursuant to an employment contract) at the Company; or
 - they are in employment (pursuant to an employment contract) at PBP "Orbis" Sp. z o.o. or at Orbis Transport Sp. z o.o., and they have been taken over into PBP "Orbis" Sp. z o.o. or to Orbis Transport Sp. z o.o. from the Company; or
 - they are in employment (pursuant to an employment contract) at PH MAJEWICZ Sp. z o.o. Hotel "Pod Orlern", and they have been taken over into PH MAJEWICZ Hotel "Pod Orlern" from the Company;
3. on the day the shares in the Company are admitted to public trading, they have a proven employment record of at least 1 year with the Company and with the legal predecessors thereof.

Series C Shares will be offered pursuant to the principles described in the "Rules of Purchasing Shares by Employees of ORBIS S.A.".

1.26.3.2. Acting by Proxy

The persons entitled to subscribe for series C Shares may submit subscriptions for series C Shares under the Public Subscription through the intermediary of proxies.

The person acting as a proxy is obligated to present the following documents at the Customer Service Point:

- a) written power of attorney issued by the investor authorising the proxy to make a subscription for series C Shares and containing the following data regarding the person of the proxy:
 - with respect to domestic natural persons: first name, last name, address, series and number of the identification card or passport (as well as the country of the issuer of the passport), the PESEL number;
 - with respect to domestic legal persons: company name, registered office, the REGON statistical number (if applicable), excerpt from the relevant register (attached to the power of attorney).

If a proxy, which keeps a bank account or a monetary account and a securities account in BH, makes a subscription with the Customer Service Point at Centrum Operacji Kapitałowych, then – due to the existing obligation to update the documentation in connection with having an account with Bank Handlowy – it may only provide the company name, registered office and the account number, as well as the information regarding the branch of Bank Handlowy with which the account is kept.

- with respect to foreign natural persons: first name, last name, address, passport number, the country of the issuer of the passport);
- with respect to foreign legal persons: company name, registered office, excerpt from the relevant foreign register (attached to the power of attorney) certified by a Polish diplomatic agency, a foreign branch of representative office of Bank Handlowy w Warszawie SA or a correspondent bank of Bank Handlowy w Warszawie SA. Such a certification is not necessary if the legal person has its registered office in the country that is a party to an interstate agreement signed with the Republic of Poland regarding legal flow of business with abroad and containing a waiver of the requirement for documents to be legalised.

If a proxy, which keeps a bank account or a monetary account and a securities account in BH, makes a subscription with the Customer Service Point at Centrum Operacji Kapitałowych, then – due to the existing obligation to update the documentation in connection with having an account with Bank Handlowy – it may only provide the company name, registered office and the account number, as well as the information regarding the branch of Bank Handlowy with which the account is kept;

- b) information regarding the Employer as specified in Section 1.26.3.3.1 letter a. of the Prospectus

The proxy signs the receipt of the relevant documents on behalf of the Employee.

A power of attorney in the form of a notarial deed or with the principal's signature certified by a notary is required for the purpose of collecting a deposit certificate or overpayment.

The attention of Employees is drawn to the fact that a power of attorney requires to be drawn up in a correct manner and that stamp duty must be paid thereon by way of affixing the stamp duty marks on the document of the power of attorney.

If a power of attorney is drawn up in a foreign language, it is required to be translated into Polish by a sworn translator.

The document of a power of attorney or a copy thereof will be kept at the Customer Service Point with which the subscription has been made.

The number of the powers of attorney held is unlimited; the same applies to the number of proxies.

1.26.3.3. Subscriptions for series C Shares

1.26.3.3.1. Procedure of Making Subscriptions for series C Shares

A subscription for series C Shares should be drawn up in Polish, in three counterparts, one for the Employee, one for the Customer Services Point accepting the subscription and one for the Company.

A subscription should include the following information:

a) data regarding the Employee:

- first name and last name;
- address;
- address for correspondence (it is advisable that a telephone number be provided – if applicable);
- series and number of the identity card or passport (name of the state of the issuer thereof) and the PESEL number;

b) price per one series C Share;

c) number and type of the series C Shares subject to the subscription (not to exceed the number of series C Shares vested in the Employee pursuant to the "Rules of Purchasing Shares by Employees of ORBIS S.A.");

d) specification of the manner of payment pursuant to Section 1.26.3.4 of the Prospectus;

e) amount of the payment made in respect of series C Shares;

f) number and full name of the monetary account with a bank or brokerage house to which any funds are to be reimbursed in respect of a failure to realise the subscription or an instruction for the reimbursement to be effected in cash at the Customer Service Point with which the subscription was made;

g) representation of the Employee in which he/she states that:

- he/she has become familiarised with the contents of the Prospectus;
- he/she has become familiarised with, and accepts, the contents of the By-Laws of the Company;

h) Employee's signature;

i) signature of the person authorised to accept subscriptions and payments for series C Shares.

Submission of an incorrectly completed form of subscription or of an incomplete subscription for series C Shares shall result in the invalidity thereof. Employees are responsible for incorrectly filled in subscription forms.

A subscription is unconditional, it may not contain any reservations and it is irrevocable within the time-limit during which it remains binding.

When making the subscription for series C Shares, an Employee must present an identity card or passport at the Customer Service Point accepting the subscription.

Subscriptions for series C Shares may be made in person or by a proxy with one of the Customer Service Points listed in Appendix No. 2 to the Prospectus, or they may be made by letter* mailed to the following address:

Customer Service Point
Centrum Operacji Kapitałowych
Banku Handlowego w Warszawie SA
ul. Nowy Świat 6/12; 00-400 Warsaw

A subscription by letter must be received at the address specified above no later than on the last day on which subscriptions for series C Shares are accepted, and it should be marked on the envelope in the following manner:

"Subscription for series C Shares in ORBIS S.A."

* A subscription made by letter should be construed as a subscription sent by a registered letter or through the intermediary of a messenger against a confirmation of the receipt.

1.26.3.3.2. Procedure of Submitting a "Depository Disposition"

At the time of making a subscription for series C Shares, the investor or its proxy may submit an irrevocable "Depository Disposition", which enables the registration on the investor's securities account of all series C Shares allocated to the investor by the Issuer without the necessity to collect a deposit certificate at the Customer Service Point with which the investor placed the subscription, and subsequently to present such a certificate for confirmation at the brokerage house keeping the investor's securities account.

Forms of the instruction prepared by the Offerer shall be made available by the Customer Service Points referred to in Appendix No. 2 to the Prospectus.

A "Depository Disposition" should be completed in four copies, one for the Investor, one for the Customer Service Point accepting the "Depository Disposition" and two for the Issue Sponsor.

A form of the "Depository Disposition" includes the following information:

a) data regarding the investor:

- series and number of the identity card or passport (name of the state of the issuer thereof) and the PESEL number;

b) data regarding the proxy:

- with respect to a domestic individuals – series and number of the identity card or passport (name of the state of the issuer thereof) and the PESEL number;
- with respect to a domestic legal entities or organisational entity without a legal status established pursuant to Polish law – number in the relevant register and the REGON statistical identification number (if applicable);
- with respect to a foreign individuals – passport number, country of the issuer thereof;
- with respect to a foreign legal entities or organisational entity without a legal status established pursuant to the legislation of foreign states – number in the relevant foreign register (if applicable);

c) number and type of series C Shares;

d) name of the brokerage house as well as name and number of the securities account on which all series C Shares allocated to the investor by the Issuer are to be deposited;

e) clause with the following wording: "please deposit all series C Shares allocated to me on my securities account";

f) clause with the following wording: "I agree to notify in writing the Customer Service Point with which I made the subscription of any changes regarding my securities account";

g) number of the subscription (the number of the proof of subscription);

h) signatures: of the investor or its proxy and of the employee of the Customer Service Point who accepts the subscription.

The investor shall bear any and all consequences resulting from completing the form of the "Depository Disposition" in an incorrect manner.

1.26.3.4. Payments for series C Shares

Payment in respect of series C Shares must be made in full no later than at the time of making the subscription for series C Shares.

An amount equal to the product of the number of the series C Shares subscribed for and the issue price shall mean a payment made in full.

Employees making subscriptions shall make payments for series C Shares in Polish zlotys to the subscription account designated by the Customer Service Point accepting the subscription.

Employees making subscriptions by letter may make payments for series C Shares to the following account:

10301045-87647285

V O/BH w Warszawie

Payment in respect of: "Payment for ORBIS S.A. series C Shares"

A subscription for series C Shares submitted without the full payment made within the prescribed time-limit will be deemed invalid.

If the payment for series C Shares is made in the form of a transfer, the Employee will present at the Customer Service Point accepting the subscription the proof of having made the transfer. A copy of the transfer will be kept at the Customer Service Point accepting the subscription.

A person making a payment at the Customer Service Point run by the bank in an amount exceeding PLN 20,000 will be entered on file and the data regarding such a person will be kept for a period of five years in accordance with Instruction No. 116/92 of the President of the National Bank of Poland of 1 October 1992 (Official Gazette of the President of the national Bank of Poland No. 9/92).

Pursuant to resolution No. 396 of the Securities Commission of 9 November 1995, in the event that a justified suspicion occurs that the funds of clients originate from crime or in connection with crime, the Securities Commission recommends that the following be registered in all entities running brokerage enterprises:

1. each one-time payment, with particular consideration given to payments made in cash or to instructions to transfer an amount in excess of PLN 20,000 (in words: twenty thousand zlotys);

2. payments made in smaller amounts, with particular consideration given to cash payments made or instructions to transfer placed over a short period of time, the total of which exceeds the amount of PLN 20,000 (twenty thousand zlotys);
3. each payment and instruction to transfer other than those referred to in Clauses 1, and 2, which are effected in the circumstances manifesting that they are aimed at depositing funds originated from crime or connected with crime.

1.26.3.5. Forms of Payments for series C Shares

Payments in respect of series C Shares may be made in the following forms:

- in cash; provided that the Customer Service Point accepting the subscription provides front office services;
- by transfer of funds;
- using both of the forms specified above jointly.

Pursuant to Art. 3 Section 3 Clause 1) of the Act of 23 December 1988 regarding Economic Activity (Government Laws and Regulations Gazette No. 41, item 324, as amended), a business entity is under an obligation to have a bank account and to accumulate as well as expend funds through the intermediary of said account in each instance when another business entity is a party to the transaction and the one-time value of the amount due or of the liability exceeds the equivalent of ECU 3,000; or the equivalent of ECU 1,000 with respect to the instances in which the sum total of the values of such amounts due and liabilities incurred during the preceding month exceeds ECU 10,000; converted into Polish zlotys in accordance with the buying rate of foreign currencies announced by the National Bank of Poland and applicable on the last day of the month preceding the month during which the financial operations are conducted.

1.26.4. Allocation of series C Shares

Allocation of series C Shares will take place within 7 business days following the day on which the Public Subscription for series C Shares closes, subject to the principles set forth in the "Rules of Purchasing Shares by Employees of ORBIS S.A.".

Subscriptions for the numbers of series C Shares exceeding the number that the Employee is entitled to will be deemed as subscription for a maximum number of series C Shares to which a given Employee is entitled.

1.26.5. Effecting series C Share Issue

Series C Share Issue will be effected if at least one series C Share is taken up and duly paid up and if the relevant court registers the increase of the share capital.

Once it has been ascertained that at least one series C Share has been taken up and duly paid up, the Management Board of the Company will file an application with the Registry Court for the registration of the increase of the share capital.

Following the registration of the increase of the share capital by way of a new share issue and upon the adoption by the Management Board of the National Securities Depository (Krajowy Depozyt Papierów Wartościowych S.A.) of a resolution on accepting the series C Shares collective receipt in deposit, within 14 days the Customer Service Points will commence the issuance of deposit certificates to the investors that series C Shares were allocated to.

An investor that filed an "Instruction to Place series C Shares in Deposit" will not receive a deposit certificate at the Customer Service Point with which the investor made the subscription, but only a certificate on the number of the series C Shares allocated to such an investor. Entering the series C Shares allocated to an investor in the securities account designated by the investor will take place within 14 business days following the day on which the Management Board of the National Securities Depository S.A. adopts the resolution on the acceptance of the series C Shares collective receipt in deposit. The information regarding the entering of the shares allocated to the investor in its securities account will be transferred to the investor by the brokerage House keeping the securities account pursuant to the principle of providing information to clients adopted by a given brokerage house.

1.27. Legal Consequences of a Failure to Make Payment for series C Shares Within the Time-Limit Prescribed

Expiration of the subscription is the legal consequence of a failure to make the payment for series C Shares within the time-limit specified in the Prospectus.

1.28. Subscription Order Binding Dates for series C Shares for Employees

The Employee shall remain bound by the subscription for series C Shares for a period not to exceed 3 months following the date on which the Public Subscription for series C Shares closes.

The Employee will cease to be bound by the subscription as at the date of the announcement of a failure to effect the issue.

1.29. Announcement of Failure to Effect series C Share Issue. Manner and Time-Limit for Reimbursement of Amounts Paid In

Pursuant to the provisions of the Commercial Code, an issue is not effected, provided that:

- within the duration of the Public Subscription for series C Shares a minimum of one share is not taken up,
- within three months following the date of the closing of the subscription, the increase of the share capital by way of the series C Share issue is not filed for registration;
- decision of the Registry Court refusing to register the increase of the share capital becomes valid

If the issue is not effected as a result of a failure to file an application for the registration of the increase of the share capital within three months following the closing of the Public Subscription or the decision of the Registry Court refusing to register such an increase becoming valid, the Management Board of the Company will make an announcement thereof in the "Gazeta Giełdy Parkiet" and the "Rzeczpospolita" daily newspapers and issue an instruction for the amounts paid in to be reimbursed.

Reimbursement of the amounts paid in for series C Shares will take place in the form indicated by the investor in the subscription form:

- transfer to a bank account;
- transfer to the monetary account of the Employee managed by a brokerage enterprise;
- in cash at the Customer Service Point which accepted the subscription for series C Shares, if the Customer Service Point accepting the subscription provides front office services.

Reimbursement of the amounts paid in for series C Shares will take place within fourteen days following the announcement regarding the failure to effect issue.

With respect to a reimbursement in the form of a bank transfer, the funds in respect of the reimbursement of the amounts paid in for series C Shares will be sent to investors within 14 days from the announcement regarding the failure to effect the issue to the account designated within the contents of the subscription.

1.30. Intents of the Issuer with Respect to Trading in series C Shares

Promptly after the closing of the Public Subscription, the Company intends to undertake any and all actions provided for by law the purpose of which is to introduce series C Shares to trading in the primary market on the Warsaw Stock Exchange.

1.31. The Agreement Set Forth in Art. 69 § 2 of the Law on Public Trading in Securities

ORBIS S.A. has not entered, and does not intend to enter, into the agreement provided for in Art. 69 § 2 of the Law on Public Trading in Securities, under which securities in connection with the securities issued by the Company would be issued outside the territory of the Republic of Poland.

2. INFORMATION REGARDING SHARES INTRODUCED TO PUBLIC TRADING OTHER THAN THE SECURITIES SUBJECT TO OFFER

2.1. Characteristics of series A Shares Intended for Employees

Pursuant to the Commercialisation Act, the entitled employees shall have a right to acquire, free of charge, up to 15% of the shares in the Company held by the State Treasury subject to the terms and conditions set forth in the said Act.

The Company's By-Laws shall specify the number of series A Shares made available, free of charge, to the entitled groups of employees. Detailed terms and conditions, procedure, division of employees into groups and the schedule of distribution of the free of charge shares are set forth in the Ordinance of the Minister of the State Treasury of 3 April 1997 regarding Detailed Principles of Division of the Entitled Employees into Groups (Government Laws and Regulations Gazette of 1997 No. 33, item 200), with respect of the establishment of the number of shares falling to each of the groups and the procedure of the acquisition of the shares by those entitled to do so.

Pursuant to the Act on Commercialisation, the entitled employees shall be vested with a right to take up, free of charge, 5,625,000 series A Shares, and the right to acquire series A Shares arises upon the lapse of three months following the date on which the State Treasury sells the first Shares subject to the general principles, and it shall expire upon the lapse of six months following the occurrence of said right.

The series A Shares allocated free of charge may not become subject to trading prior to the lapse of two years following the date of the sale by the State Treasury of the first series A Shares in accordance with the general principles; provided that the series A Shares acquired free of charge by persons in the positions of members of the Management Board may not become subject to trading prior to the lapse of three years from said time.

Pursuant to an agreement entered into with the State Treasury, represented by the Minister of the State Treasury, the entity servicing the process of making series A Shares available free of charge is Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA, which, in consultation with the Management Board of the Company, will set forth the date and the place at which series A Shares will be made available to the entitled employees.

2.2. Characteristics of series A Shares Introduced to Public Trading (Other than Those Subject to Offer)

The Seller – the Minister of the State Treasury – shall introduce to public trading 21,875,000 series A common bearer shares with a nominal value of PLN 2.00 each, including:

- 1,875,000 shares (i.e. 5% of the share capital of the Company) constituting the reprivatisation reserve of the State Treasury established pursuant to resolution No. 86 of the Council of Ministers of 4 October 1993 regarding Establishment of Reserves of the Assets of the State Treasury for Reprivatisation Purposes ("Monitor Polski" No. 52, item 482, as amended);
- 3,750,000 shares (i.e. 10% of the share capital of the Company) will be allocated to reinforce the social benefits system pursuant to Art. 56 of the Act on Commercialisation;
- 16,250,000 shares (i.e. 43% of the share capital of the Company) will remain in the possession of the State Treasury.

All Shares are bearer shares with no obligation to provide any additional benefits and no privilege attached thereto.

Securities by Type	Number [items]	Nominal Value [PLN]	Issue Price [PLN]	Premium over normal value [PLN]	Estimated Commissions and Costs of Issue [PLN]	Proceeds from Sales [PLN]
1	2	3	4	5	6	7
Series A common bearer shares *						
Per unit*	1	2.00				
Total series A shares	21,875,000	43,750,000				*

* aggregate proceeds from the sale of series A shares will be specified once the parcel of shares retained in the hands of the State Treasury

2.3. Classification Evaluation (Rating)

According to the information in the possession of the Management Board of the Company, a classification evaluation (rating) has not been made and announced by a specialised institution with respect to the investment risk in connection with the securities or with the creditworthiness of the Issuer.

2.4. Costs of Issue of series A Shares Being Introduced to Public Trading (Other Than Those Subject to Offer)

The Seller and the Issuer have not incurred any costs of introducing series A Shares in the Company to public trading other than those specified in Chapter II Section 1 (information regarding the shares offered in public trading).

2.5. Legal Basis of the Issue of series A Shares Being Introduced to Public Trading, Excluding the Shares Subject to Offer

2.5.1. Decision Making Authority and Legal Basis of series A Share Issue

As at 17 December 1990, the Minister of Privatisation effected, pursuant to Art. 5 Section 1 Clause 1 of the Act regarding Privatisation of State-Owned Enterprises, the transformation of a state-owned enterprise under the name of Państwowe Przedsiębiorstwo "Orbis", having its registered office in Warsaw, into ORBIS S.A., a One-Person Joint Stock Company of

the State Treasury (notarial deed drawn up in Warsaw – repertory A No. 1882/90). All shares in the Company, i.e. 7,500,000 of the first issue shares, were taken up by the State Treasury.

The Company was registered on 9 January 1991 with the District Court for the capital town of Warsaw under the RHB number 25134.

Pursuant to Art. 8 of the Act regarding Privatisation of State-Owned Enterprises, the Company acceded to any and all rights and obligations of Państwowe Przedsiębiorstwo "Orbis", having its seat in Warsaw.

2.5.2. Date and Form of Adopting the Decision Regarding series A Share Issue

The decision regarding the issue of series A Shares was taken by the State Treasury, the founder of the Company, represented by the Minister of Privatisation on 17 December 1990, pursuant to Art. 5 Section 1 Clause 1 of the Act regarding Privatisation of State-Owned Enterprises. The decision regarded the transformation of a state-owned enterprise under the name of Państwowe Przedsiębiorstwo "Orbis", having its seat in Warsaw, into ORBIS S.A., a One-Person Joint Stock Company of the State Treasury (notarial deed drawn up in Warsaw – Repertory A No. 1882/90). All shares in the Company, i.e. 7,500,000 first issue shares, were taken up by the State Treasury.

Pursuant to Art. 8 of the Act regarding Privatisation of State-Owned Enterprises, the Company acceded to any and all rights and obligations of Państwowe Przedsiębiorstwo "Orbis", having its seat in Warsaw.

Pursuant to the first By-Laws of the Company adopted by the Minister of Privatisation, the share capital of the Company was paid up with the foundation fund of the state-owned enterprise and the fund of the enterprise – the legal predecessor of ORBIS S.A.; the level of the share capital of the Company was established at the level of 75,000,000 zlotys.

The relevant Sections of the first By-Laws of the Company:

"...III. Share Capital

§ 7

I. The founding fund and the fund of the enterprise within the enterprise (...) shall in aggregate constitute the share capital of the Company.

§ 8

I. The share capital of the Company shall be 7,500,000 zlotys and shall be divided into 7,500,000 shares with a nominal value of 100,000 zlotys each. The remaining portion of the share capital shall constitute the reserve capital.*

II. All shares specified in Section I shall belong, from the moment of the transformation of the enterprise (...) to the State Treasury.

§ 9

I. The Company's shares shall be registered shares and bearer shares.

II. The first issue is composed of series A shares, which constitute 90% of the total number of shares, and series B shares, which constitute 10% of the shares.

III. Series A shares are registered shares and they shall not be subject to conversion to bearer shares.

*IV. Series B shares are bearer shares and they may not be converted to the same series registered shares.
(...)."*

* The amount of the share capital of the Company and the nominal value of series A Shares were expressed in PLZ (old Polish zlotys), i.e. in the legal tender of the Republic of Poland until 31 December 1994, which had the form of notes and coins and which was equal to PLN 1/10,000

Pursuant to Resolution No. 3 of the Extraordinary General Assembly of Shareholders of the Company of 27 June 1997, the first issue is composed of series A common bearer shares that include the existing series A and series B shares.

Pursuant to Resolution No. 1 of the General Assembly of Shareholders of 27 June 1997, the nominal value of one share was reduced from PLN 10.00 to PLN 2.00, therefore, the number of series A Shares was increased to 37,500,000.

2.6. Pre-emptive Right to Take Up series A Shares Being Introduced to Public Trading, with the Exclusion of Shares Subject to Offer

Pursuant to the Notarial Deed of 17 December 1990 (Repertory A No. 1882/90), drawn up in Warsaw before Paweł Błaszczyk, a Notary, series A shares were taken up by the State Treasury in connection with the transformation of state-owned enterprise under the name of Państwowe Przedsiębiorstwo "Orbis", having its registered office in Warsaw into ORBIS S.A. a One-Person Joint Stock Company of the State Treasury.

2.7. Basic Factors Affecting the Issue Price of series A Shares Being Introduced to Public Trading (Other Than Those Subject to Offer)

Series A Shares were issued as a result of the transformation of a state-owned enterprise into a one-person joint stock company of the State Treasury. The issue price was equal to the nominal price, i.e. to 10.00 zlotys per one share. (Pursuant to resolution No. 1 of the General Assembly of the Shareholders of 27 June 1997, the nominal value per one share is PLN 2.00).

2.8. Agreements Regarding Conditional Readiness to Take Up series A Shares Being Introduced to Public Trading (with the Exception of Those Subject to Offer)

The requirement regarding the presentation of information on insuring and underwriting the Share issue does not apply to any other Shares than the Shares Subject to Offer.

2.9. Rights and Obligations with Respect to Holding series A Shares

The rights and obligations of the holders of series A Shares being introduced to public trading are the same as those presented in Chapter II Section 1.11 of the Prospectus.

2.10. Consent of Licensing Authority to File an Application for Consent to be Granted to Introduce series A Shares in the Company to Public Trading

The filing by the Issuer of an application for the consent to be granted to introduce the Shares to public trading does not require the consent of the licensing authority. An obligation to obtain the consent of the licensing authority used to arise pursuant to the provisions of the Ordinance of the Council of Ministers of 26 July 1994 regarding Specification of Situation in Which the Actions Listed in Art. 6 Section 1 Clause 1 of the Act on Companies with Foreign Participation Shall not Require a Permit (Government Laws and Regulations Gazette No. 92, item 428), issued pursuant to Art. 6 Section 2 of the Act on Companies with Foreign Participation. Said provisions of law were waived as of 4 May 1996, in accordance with the wording of Art. 1 of the Act of 29 March 1996 regarding Amending the Act on Companies with Foreign Participation and on Amending Certain Other Acts (Government Laws and Regulations Gazette No. 45, item 199).

2.11. Secondary Trading in Shares Being Introduced to Public Trading, Other Than series A Shares

The Issuer intends to introduce 21,875,000 series A Shares to the primary market at the Warsaw Stock Exchange.

2.12. The Agreement Referred to in Art. 69 § 2 of the Law on Public Trading in Securities

The Issuer has not entered, and it does not intend to enter, into the agreement provided for in Art. 69 § 2 of the Law on Public Trading in Securities under which securities would be issued in connection with the securities issued by the Company outside the borders of the Republic of Poland.

INFORMATION REGARDING THE ISSUER

1. NAME AND REGISTERED OFFICE OF THE COMPANY

Full name (company name):	ORBIS Spółka Akcyjna
Abbreviated Name:	ORBIS S.A.
Registered office:	00-028 Warszawa, ulica Bracka 16
Telephone:	826 02 71-79, 827 72 61-69
Statistical identification REGON number:	006239529
Tax identification NIP number:	526-025-04-69

The Company has 52 branches. The Company also has representative offices in Brussels, Paris, Rome and Vienna.

2. PURPOSE OF THE ISSUER'S ENTERPRISE

The purpose of the enterprise is described in § 6 of the By-Laws.

3. COMPANY'S LEGAL FORM

ORBIS S.A. is a joint stock company established and acting pursuant to Polish law.

The Company was established as a result of the transformation of a state-owned enterprise under the name: Państwowe Przedsiębiorstwo "Orbis", having its seat in Warsaw pursuant to the Act of 13 July 1990 regarding Privatisation of State-owned Enterprises (Government Laws and Regulations Gazette No. 51, item 298, as amended). The deed of transformation of the state-owned enterprise into ORBIS S.A., a joint stock company, was drawn up in the form of a notarial deed on 17 December 1990 (Repertory A No. 1882/1990) by Paweł Błaszczak, a Notary, with Notarial Office No. 18 in Warsaw.

4. LEGAL BASES OF THE COMPANY'S ACTIVITIES

The Company conducts its business pursuant to the provisions of the Commercial Code and the Act on Commercialisation in the legal form set forth in these provisions with respect to a Joint Stock company, as well as pursuant to the Company's By-Laws.

The State Treasury, represented by the Minister of Privatisation, was the founder of the Company.

5. REGISTRY COURT, DATA FROM THE REGISTER

The Company was entered in Section B under the RHB number 25134 of the Commercial Register kept by the District Court for the capital town of Warsaw pursuant to a valid decision of the District Court for the capital town of Warsaw, XVI Business Department of 9 January 1991 (File No. XVI Ns Rej. H-7625/90).

6. HISTORY OF THE COMPANY AND ITS LEGAL PREDECESSOR

The Articles of Association of Polskie Biuro Podróży Orbis Spółka z ograniczoną odpowiedzialnością (limited liability company) were executed on 2 February 1920 in Lvov. Ziemski Bank Kredytowy Towarzystwo Akcyjne in Lvov and six natural persons were the founders of the Company. The Company was registered in the Commercial Register on 26 April 1920.

Initially, Orbis Spółka z o.o. was conducting business only in the scope of sales of railway tickets, overnight accommodation reservations and organisation of tourism in the south-east of Poland.

In 1932, the headquarters of the Company were relocated to Warsaw (registration on 5 January 1932 under the RHB XI number - 2360).

On 3 August 1933, 99% of shares in the Company were purchased by Bank PKO S.A.

In the years 1939-1945, the Company basically ceased conducting its business domestically. Toward the end of the World War II, the Management Board of Polskie Biuro Podróży Orbis Spółka z o.o. was transferred to London.

On 7 May 1945, the Council of Ministers of the Polish People's Republic made a decision on the establishment of "another" state-owned enterprise under the name Polskie Biuro Podróży Orbis; the decision was approved by the Presidium of the National People's Council.

Pursuant to the mutual agreement between the authorities of both of the aforementioned entities, a decision was made to dissolve the company in accordance with the provisions of the Commercial Code. On 23 August 1946, a Meeting of the Shareholders of the Polskie Biuro Podróży Orbis Spółka z o.o. was held in London, at which it was resolved to liquidate the Company. Bank PKO S.A. commenced the formal liquidation of the Company in the country. On 16 January 1947, a notarial deed was drawn up regarding the sale by Bank PKO S.A. of the shares in PBP Orbis Spółka z o.o. The shares were acquired in full by Polskie Biuro Podróży Orbis, a state-owned enterprise. Polskie Biuro Podróży Orbis Spółka z o.o., having its seat in London, was liquidated.

Pursuant to a resolution of the Council of Ministers of 28 September 1970, Zjednoczenie Przedsiębiorstw Turystycznych Orbis was established in place of PBP Orbis, a state-owned enterprise. This federation was composed of the following entities: 23 Orbis hotel enterprises, Polskie Biuro Podróży Orbis, 13 Orbis information centres abroad and Zarząd Inwestycji Hoteli Turystycznych in Poznań.

Further organisational changes were implemented over the subsequent years.

As a result of the political system changes within the country, the state-owned enterprise Orbis was transformed into a one-person company of the State Treasury under the name: ORBIS Spółka Akcyjna, having its seat in Warsaw. The Company was registered on 9 January 1991 in Section B under the RFB number 25134 in the Commercial Register kept by the District Court for the capital town of Warsaw.

Therefore, ORBIS Spółka Akcyjna, having its seat in Warsaw, is the legal successor of a state-owned enterprise under the name: Państwowe Przedsiębiorstwo Orbis, having its seat in Warsaw.

In order to sell the shares of the State Treasury pursuant to a public offer, the Minister of the State Treasury signed an application to the Securities Commission for the Company's shares to be introduced to public trading.

7. COMPANY'S TIES WITH OTHER ENTITIES

There are subsidiaries of the Issuer in existence:

- 3 domestic companies;
- 6 foreign companies.

Additionally, the Company has minority interests in:

- 10 domestic companies;
- 3 foreign companies.

8. TERM OF THE COMPANY

ORBIS S.A. was registered on 9 January 1991.

The Company was established for an unlimited term.

9. COMPANY'S CAPITALS AND FUNDS

As at 31 December 1996, the equity capital of the Company was PLN 633,249,100 and was divided in the following manner:

	(PLN '000)
share capital	75,000.0
emergency capital	237,265.0
reserve capital under revaluation	295,406.8
net profit for the current accounting year	25,580.7

As at 30 June 1997, the equity capital of the Company was PLN 643,166,700 and was divided in the following manner:

	(PLN '000)
share capital	75,000.0
emergency capital	260,437.3
reserve capital under revaluation	292,224.6
Net profit for the current accounting year	25,504.8

The Company's equity capital was established out of the founding fund of the state-owned enterprise Państwowe Przedsiębiorstwo Orbis.

Pursuant to § 33, the Company establishes the share capital and the emergency capital.

The Company provides for making allowances to the emergency capital out of the profit achieved in the years 1998-2002. The profit achieved in the aforementioned period is to be allocated to investment expenditures.

The Company has also established the following:

- company's social benefits fund (status as at 31 December 1996 - PLN 5,520,800, and as at 30 June 1997 - PLN 8,577,800);
- award fund (status as at 31 December 1996 - PLN 105,800, and as at 30 June 1997 - PLN 1,144,800).

The Company may establish and cancel other special purpose funds during an accounting year pursuant to a resolution of the General Assembly.

The General Assembly makes decisions regarding the application of the emergency and the reserve capitals. The emergency capital in an amount of one third part of the share capital may be used solely for the purpose of covering the balance sheet losses.

Pursuant to § 35 of the By-Laws, the Company's profit may be allocated, in particular, for:

- 1) allowances to emergency capital;
- 2) investments;
- 3) allowances to replenish the reserve capital established within the Company;
- 4) dividends for the Shareholders;
- 5) other purposes specified pursuant to a resolution of the appropriate authority of the Company.

Number and Type of Shares

As at the date of the preparation of the Prospectus, the share capital is PLN 75,000,000.00 and is divided into 37,500,000 Shares, with a nominal value of PLN 2.00 each. These are series A Shares that cover 100% of the issue. Series A Shares are bearer shares. The issue price of the shares was equal to the nominal value thereof.

The current nominal value of the shares has been established pursuant to a resolution regarding a decrease of the nominal value of the shares adopted by the Extraordinary General Assembly of the Shareholders on 27 June 1997 (Repertory A No. 12197/97). The amendment of the Company's By-Laws with this respect was registered pursuant to a decision of the District Court for the capital town of Warsaw, XVI Business Department, of 1 August 1997. Pursuant thereto, the shares were divided, as a result of which the existing nominal value of the shares, i.e. 10.00 zlotys was reduced to the amount of PLN 2.00. Therefore, the share capital is currently composed of 37,500,000 shares, as opposed to 7,500,000 shares - as per the status prior to the reduction.

On the same day, the Extraordinary General Assembly of the Shareholders also adopted resolutions regarding the conversion of the series A registered shares of the first issue and series B bearer shares of the first issue into series A common bearer shares.

Changes in the Share Capital and Number of Shares

With the transformation of the state-owned enterprise under the name: Państwowe Przedsiębiorstwo Orbis, the foundation fund and the fund of said enterprise made up the equity capital of the Company. The share capital constituted 75,000,000 zlotys and was divided into 7,500,000 shares, with a nominal value of 10.00 zlotys each. Since the establishment of the Company, all shares have been the property of the State Treasury. The remaining portion of the equity capital, not constituting the share capital, has made up the emergency capital of the Company.

At present, as a result of the division of the nominal value of the shares, the share capital is composed of 37,500,000 Shares, with a nominal value of PLN 2.00 each.

At its meeting held on 27 June 1997, the Extraordinary General Assembly of the Shareholders adopted resolution No. 5 regarding the increase of the share capital of the Company. Said resolution was subsequently amended in full pursuant to resolution No. 3 of the Extraordinary General Assembly of the Shareholders adopted on 11 August 1997 (Repertory A No. 14833/97), which in turn was amended pursuant to resolution No. 1 adopted by the Extraordinary General Assembly of the Shareholders at the meeting thereof held on 4 September 1997. Pursuant to said resolutions it was resolved that the existing share capital be increased, by way of a public subscription, by the amount of PLN 17,047,250, i.e. up to the amount of PLN 92,047,250 by an issue of 8,523,625 series B common bearer shares, with a nominal value of PLN 2.00 each. The existing shareholders have been excluded from the pre-emptive right with respect to the new shares.

Resolution No. 4 of the Extraordinary General Assembly of the Shareholders of 11 August 1997 (Repertory A No. 14833/97), which has amended resolution No. 6 of the Extraordinary General Assembly of the Shareholders of 27 June 1997 regarding the increase of the share capital, constitutes the legal basis of the issue of series C shares. Pursuant to said resolution the share capital will be increased by way of a public subscription; provided that it is increased by an amount no less than PLN 2.00 and not to exceed PLN 452,750, i.e. up to an amount in the range starting from PLN 92,047,252 to PLN 92,500,000, by way of an issue of 1 to up to 226,375 series C common bearer shares, with a nominal value of PLN 2.00 each. As in the case of series B share issue, the existing shareholders have been excluded from the pre-emptive right with respect to the new shares.

Resolution No. 5 adopted by the General Assembly at the meeting thereof held on 11 August 1997, contains a provision regarding the amendment to the By-Laws specifying a new amount of the share capital of the Company – following the increase thereof. Provided that all series B and series C Shares to be issued are taken up and fully paid up, the Issuer will file an application with the Registry Court for the increase of the share capital of the Company to be registered.

Non-Monetary Contributions

The Company, with its current share capital in the amount of PLN 75,000,000.00, has been established as a result of transformation of the state-owned enterprise under the name of Państwowe Przedsiębiorstwo ORBIS pursuant to the Act on Privatisation. In accordance with the jurisdiction of the Supreme Court and the jurisprudence of the majority of the registry courts, as well as the position of the principles of law, with such a coverage of the capital, the assets of the enterprise are not contributed by the State Treasury in the form of a non-monetary contribution but, pursuant to the provision of the Act, such assets of the enterprise become the assets of the company.

Payment in Respect of the Share Capital

The share capital has been covered and paid up in full.

Utility Shares

The Company has not issued any utility shares. The Company's By-Laws do not provide for the issue of utility shares.

Terms and Conditions with Respect to Change of the Share Capital and Changes to Rights Attached to Shares

No provisions regarding a change to the share capital are included in the Company's By-Laws. Therefore, the provisions of the Commercial Code shall apply in this respect. Pursuant to Art. 431 of the Commercial Code, a resolution of the General Assembly of the Shareholders adopted by a majority of 75% of the votes cast is required to amend the share capital. Art. 431-433 of the Commercial Code (increase of the share capital) and Art. 440-443 of the Commercial Code (reduction of the share capital) set forth the procedures with respect to an increase of the share capital and to a reduction of the share capital, respectively.

§ 9 Section 1 of the By-Laws states that bearer shares shall not be subject to conversion into registered shares. The By-Laws do not contain any other provisions regarding an amendment in the rights attached to various types of shares.

Shareholders Holding At Least 5% of the Total Votes at the General Assembly of the Shareholders or At Least 5% of Shares in the Company's Share Capital

The State Treasury, represented by the Minister of the State Treasury holds 100% of the shares.

Agreements Regarding Changes in the Proportions of Shares Held by Shareholders

At present, the State Treasury is the sole Shareholder.

As at the date of the preparation of the Prospectus, the Company is not aware of any agreements regarding the future changes in the proportions of the shares held. The first changes in the shareholding structure will take place as a result of the purchase of series A Shares by way of a public offer, the purchase of series B Shares as a result of Public Subscription and pursuant to the Act on Commercialisation by the Entitled Employees, and as a result of the purchase of series B and C Shares by Public Subscription.

Contractual Ties Between the Company and the Sole Shareholder

During the latest two business years, no contractual ties regarding the transfer of rights or obligations have been in existence between the Company and the State Treasury.

Material Contractual Ties Between the Company, Subsidiaries and Dominant Entities and Enterprises Run by Shareholders

There are entities that are the Company's subsidiaries within the meaning of the Law on Public Trading. The following contractual ties exist between the Company and the subsidiaries:

1. lease agreement entered into on 1 January 1994 with Przedsiębiorstwo Hotelowe MAJEWICZ Spółka z o.o., having its seat in Bydgoszcz;
2. 8 agreements with Polskie Biuro Podróży Orbis Spółka z o.o., having its seat in Warsaw;
3. 8 agreements with ORBIS CASINO Spółka z o.o., having its seat in Warsaw;
4. agreement with Orbis Transport Spółka z o.o., having its seat in Warsaw.

The contractual ties, which are significant to the business operations of ORBIS S.A., between the Company and the dependent entities of the State Treasury that is the Dominant Entity in relation to the Issuer, are listed in Chapter V Section 15 of the Prospectus.

Company's Shares that are the Property Thereof or the Property of a Subsidiary Thereof

The Issuer does not hold its own shares. None of the Subsidiaries holds any shares of the Issuer.

10. FOUNDATION CERTIFICATES

The Company has not issued any foundation certificates. The Company's By-Laws do not provide for the issuance of such certificates.

11. SECURITIES MARKETS ON WHICH THE COMPANY'S SHARES ARE LISTED

To date, the Company's Shares have not been and are not listed in any securities markets.

12. LISTING OF COMPANY'S SHARES IN SECURITIES MARKETS

To date, the Company's Shares have not been and are not listed in any securities markets.

DATA REGARDING MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY AUTHORITIES AND ON THE MANAGING PERSONS

The following are the authorities of the Company: General Assembly of the Shareholders, Supervisory Board and Management Board.

1. GENERAL ASSEMBLY OF THE SHAREHOLDERS

Pursuant to § 22 of the By-Laws, the General Assembly of the Shareholders may confer as an ordinary or extraordinary General Assembly.

An Ordinary General Assembly of the Shareholders shall be convened by the Management Board of the Company within six months following the end of an accounting year. If the General Assembly of the Shareholders is not convened within the prescribed time-limit, the General Assembly of the Shareholders shall be convened by the Supervisory Board.

An Extraordinary General Assembly of the Shareholders shall be convened by the Management Board of the Company on its own initiative or on a written application of the Supervisory Board, the members of the Supervisory Board elected by employees or on a written application of the Shareholders representing at least 1/10 of the share capital. If, despite an application having been filed, the Management Board fails to convene the General Assembly of the Shareholders within the deadline, then the Supervisory Board or the members of the Supervisory Board elected by employees shall convene the General Assembly of the Shareholders.

§ 29 of the By-Laws sets forth the powers of the General Assembly.

Pursuant to § 24 of the By-Laws, the General Assembly of the Shareholders shall be held at the Company's seat.

Resolutions in the matters set out in § 29 Sections 1-11 of the Company's By-Laws shall be adopted by a simple majority of votes.

However, if the balance sheet shows a loss exceeding the sum total of the emergency capital and the reserve capitals, as well as one third part of the share capital, a resolution regarding the further existence of the Company shall be adopted by the majority of 3/4 of votes (§ 26 of the By-Laws).

The powers set out in § 29 Sections 2, 4, 5, 6, 7, 9, 10 of the By-Laws shall be exercised by the General Assembly on application of the Management Board submitted together with an opinion of the Supervisory Board. An application of the Shareholders regarding the matters set out in the Sections listed above should be accompanied by an opinion of the Management Board and of the Supervisory Board.

Voting shall be open. A vote by ballot shall be ordered with respect to elections and when voting over applications for the dismissal of members of the Company's authorities or liquidators, or for holding them liable, as well as in personal matters. In addition, a vote by ballot shall be ordered on application of even one of the participants entitled to vote.

Pursuant to § 27 of the By-Laws, resolutions regarding an amendment to the purpose of the Company's enterprise shall always be adopted in an open vote by roll call.

2. SUPERVISORY BOARD

Pursuant to § 16 of the By-Laws, the Supervisory Board shall be composed of 9 members. Two thirds of the composition of the Supervisory Board shall be elected by the General Assembly, and one third of the composition of the Supervisory Board shall be elected by the employees employed at the Company's enterprise. The tenure of the Supervisory Board shall be three years.

The Supervisory Board shall supervise the activities of the Company on an on-going basis.

§ 20 of the By-Laws sets forth the powers of the Supervisory Board.

The Supervisory Board shall elect a Chairman of the Supervisory Board and a Deputy Chairman, as well as a Secretary of the Supervisory Board, if needed, from among its members.

The Supervisory Board shall hold its meeting at least once in every quarter. The Chairman of the Supervisory Board or the Deputy Chairman shall be obliged to convene a meeting of the Supervisory Board, also on a written application of the Management Board or at least one third of members of the Supervisory Board. In such an event, the meeting should be held within two weeks following the time at which the application was filed.

As at the date of the preparation of the Prospectus, the following persons are members of the Supervisory Board of ORBIS S.A.:

Krzysztof Moczulski – Chairman of the Supervisory Board

Robert Kępiński – Deputy Chairman of the Supervisory Board

Maria Czerwińska – Secretary of the Supervisory Board

Wanda Dutkowska – Member of the Supervisory Board

Ewa Freyberg – Member of the Supervisory Board

Zbigniew Glapa – Member of the Supervisory Board

Bronisław Kamiński – Member of the Supervisory Board

Stanisław Rachelski – Member of the Supervisory Board

Janusz Rożdżyński – Member of the Supervisory Board

3. MANAGEMENT BOARD

The Management Board shall be composed of 3 to 7 persons. The Management Board shall be appointed by the Supervisory Board. The tenure of the Management Board is three consecutive years. The Supervisory Board shall appoint the President of the Management Board, and on an application of the President of the Management Board, the Supervisory Board shall appoint the remaining members of the Management Board. The President of the Management Board, a member of the Management Board or the entire Management Board may be recalled by the Supervisory Board prior to the expiration of the tenure thereof.

Under the leadership of the President, the Management Board of the Company shall manage the Company and represent it externally. The President of the Management Board acting jointly with a member of the Management Board, or two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a proxy shall be authorised to make representations of will in the scope of rights and obligations on behalf of the Company.

As at the date of the preparation of the Prospectus, the Management Board of ORBIS S.A. is composed of the following persons:

Maciej Olaf Grelowski – President of the Management Board

Krzysztof Andrzej Gerula – Deputy President of the Management Board

Andrzej Bobola Szuldrzyński – Deputy President of the Management Board

Ireneusz Andrzej Węglowski – Deputy President of the Management Board

Lidia Mielezko – Member of the Management Board

DATA REGARDING THE ISSUER

1. DESCRIPTION OF ISSUER'S BUSINESS OPERATIONS

1.1. Basic Scope of Services Provided by Issuer

The basic scope of business operations of ORBIS S.A. includes the provision of hotel and catering services, together with the auxiliary services, as well as the management of hotel buildings. ORBIS S.A. provides the services referred to above through the intermediary of its own hotel branches, which comprise 53 hotel buildings (including one five-star hotel, six four-star hotels and forty six three-star hotels) located throughout the territory of Poland. In addition to the 53 hotels referred to above and making up the branches of the Company, ORBIS S.A. also manages one three-star hotel located in Bydgoszcz (the "Pod Orłem" Hotel), of which it is a joint owner.

The tables presented below contain a detailed list of the hotel buildings within the ORBIS S.A. network (as at 30 June 1997):

ORBIS S.A. Hotels – Category *****

HOTEL NAME (year commissioned)	TOWN	ROOMS	BEDS
Victoria (1976)	Warsaw	363	535
TOTAL		363	535

ORBIS S.A. Hotels – Category ****

HOTEL NAME (year commissioned)	TOWN	ROOMS	BEDS
Forum (1974)	Warsaw	733	1,310
Holiday Inn (1989)	Warsaw	336	568
Forum (1988)	Kraków	277	535
Warszawa (1981)	Katowice	307	614
Jelenia Góra (1990)	Jelenia Góra	188	344
Wrocław (1980)	Wrocław	285	570
TOTAL		2,126	3,941

ORBIS S.A. Hotels – Category ***

HOTEL NAME (year commissioned)	TOWN	ROOMS	BEDS
Magura (1985)	Bielsko-Biała	144	198
Motel (1983)	Cieszyn	76	152
Motel (1983)	Częstochowa	78	156
Patria (1973)	Częstochowa	102	174
Revelius (1979)	Gdańsk	276	464
Novotel (1976)	Gdańsk	152	304
Posejdon (1976)	Gdańsk	148	296
Marina (1985)	Gdańsk	179	342
Gdynia (1983)	Gdynia	297	525
Proсна (1977)	Kalisz	110	183
Skalny (1976)	Karpacz	149	298
Silesia (1971)	Katowice	202	346
Solny (1976)	Kolobrzeg	147	294
Cracovia (1965)	Kraków	334	509
Francuski (1912)	Kraków	42	77
Continental (1976)	Kraków	304	608
Warda (1982)	Kraków	80	172
Unia (1971)	Łódź	110	185
Grand (1888)	Łódź	138	223
Mrongovia (1981)	Mrągowo	254	550
Beskid (1967)	Nowy Sącz	74	134
Novotel (1975)	Olsztyn	97	194
Petropol (1964)	Płock	96	153
Mercury (1964)	Poznań	314	444
Poznań (1978)	Poznań	495	830
Polonez (1974)	Poznań	407	611
Novotel (1975)	Poznań	150	300
Grand (1927)	Sopot	112	181
Aria (1975)	Sosnowiec	221	442
Arkona (1970)	Szczecin	62	91
Neptun (1984)	Szczecin	282	472
Reda (1976)	Szczecin	150	300
Helios (1972)	Toruń	108	181
Kosmos (1969)	Toruń	70	108
Europejski (1962)	Warsaw	238	343
Grand (1957)	Warsaw	319	468
Novotel (1975)	Warsaw	146	292
Solec (1973)	Warsaw	140	278
Vera (1980)	Warsaw	156	302
Monopol (1896)	Wrocław	68	131
Panorama (1970)	Wrocław	110	185
Novotel (1975)	Wrocław	145	290
Motel (1981)	Wrocław	75	150
Kasprowy (1974)	Zakopane	288	552
Giewont (1954)	Zakopane	48	82
Polan (1969)	Zielona Góra	78	105
TOTAL		7,771	13,675

Source: ORBIS S.A.

With respect to two hotels (Holiday Inn and Jelenia Góra), ORBIS S.A. is repaying leasing instalments. The envisaged date of the full repayment of the instalments is as follows:

- Holiday Inn – last instalment in October 1997;
- Jelenia Góra – last instalment in April 1998.

ORBIS S.A. provides transport, motor repair and customs clearance services and conducts commercial operations as well as provides storage services through the intermediary of its branch, "Zakład Transportu" (Transport Facility) in Łódź. Currently, due to the fact that the Transport Facility is undergoing preparation for resale, the operations of the Facility are primarily limited to the lease of surface area and the provision of motor repair services with respect to the IVECO car.

"Zakład Pralniczy" (Dry Cleaning Facility) in Poznań is also functioning within the structure of ORBIS S.A., which provides dry-cleaning services to the Poznań hotels within the ORBIS network and to external clients.

The organisational structure of the Company also includes foreign non-commercial entities, such as Information Centres in Tel-Aviv and Vienna and Representative Offices of the Company in Brussels, Paris and Rome. The Information Centres focus on the implementation of the commercial policy of the Company worked out for a given market by conducting canvassing, advertising and information operations for the benefit of the ORBIS S.A. entities, with particular consideration given to tourists visiting Poland; the Representative Offices focus on conducting the activities promoting the hotel-catering services rendered by the ORBIS S.A. hotels and on representing the interests of the Company.

2. ENVIRONMENT IN WHICH ISSUER IS FUNCTIONING – ISSUER'S POSITION ON THE MARKET

2.1. Hotel-Tourist Sector World-wide and in Poland – Current Situation and Development Projections

2.1.1. Tourism World-wide

The significance of tourism is growing world-wide from year to year. The tourist sector is gradually generating larger revenues and attracts an ever growing level of investments. According to the world experts in tourism, the world-wide tourist industry will be developing over the next twenty years at an equal rate of several per cent per annum. The strongest level of development in the coming few years is expected to take place in the countries of Asia and the Pacific, and in the European market – in the countries of Eastern and Central Europe.

2.1.2. Tourism in Poland

The number of foreign tourists is growing in Poland from year to year, including tourists from the countries of Western Europe and America. Over the last 5 years, the number of tourists grew by more than ten per cent, and the growth rate of expenditures incurred by them was even higher. According to experts, Poland – in 1996 – was ninth on the list of countries visited in terms of the number of foreign tourists, and it was fifteenth with respect to revenues from foreign tourism.

The significance of domestic tourism is also growing. In the recent years, Polish people have been travelling more and more frequently and their travels are characterised by a growing number of overnight stays.

Further gradual growth is envisaged in both the number of and expenditures incurred by foreign tourists visiting Poland in the next few years.

2.1.3. Hotel Market World-wide

The world-wide hotel market is very competitive. Both the American and the European markets play the most significant role, and although their share is gradually declining, the number of hotel rooms in Europe and in North and South America still constitutes 80% of hotel rooms world-wide.

It seems that the regions in which hotel investments might be focused will be the countries of Asia, the Pacific, the Republic of South Africa, and countries of Central Europe. The growth in investments in the hotel sector in Central Europe may be expected primarily in the tourist class hotels.

2.1.4. Hotel Market in Poland

According to the GUS data (Chief Statistical Office), from 1990 to 1996, Poland registered a 41% growth in the number of hotel rooms and a 55% growth in the number of hotels in general. The higher rate of growth in the number of hotels indicates that mainly small hotels, with a number of rooms lower than the average, were established during that period.

The share of foreign guests is gradually declining among the guests of Polish hotels – in 1996 they constituted 44% of hotel guests, and in 1994 and 1995 49% and 46% of all guests, respectively. However, the foreign guests who visited Poland in 1996 still constituted the majority among the clients of four- and five-star hotels.

Experts in the hotel trade evaluate that over the next few years the Polish hotel market will continue to develop. Examples of other countries indicate that the growth in demand in the hotel market is closely connected with the growth of the GNP in a given country. Poland is one of those European countries where the GNP grows at a quick rate, and over the next years

this rate may be maintained at a similar level. This may be reflected in the growing demand in the hotel sector, which will be affected by the growing income of the public and a possibility to spend that money on tourist – hotel services.

2.2. Issuer's Market Position

As at 1 January 1997, ORBIS S.A. was 47th on the list of the world's largest hotel networks (ranking published in the "Hotels & Marketing" magazine – June 1997). In the Polish market, the Company has been and remains to be the biggest hotel network. According to the statistical data for 1996 – based on the number of overnight accommodation places – ORBIS S.A. had 31% share in the market of five-star hotels, over 50% share in the market of four-star hotels and 39% share in the market of three-star hotels.

In many of the local markets, ORBIS S.A.'s position with respect to the share in the hotel base, is very strong. From among the largest local hotel markets (Warsaw, Kraków, Gdańsk-Gdynia-Sopot, Poznań, Szczecin, Katowice, Wrocław, Łódź), in as many as five cases the ORBIS hotels have a minimum of 70% share in the market of hotels of a given category (such a situation exists in Kraków, Katowice and Wrocław – in the category of four-star hotels, and in Gdańsk-Gdynia-Sopot as well as in Poznań – in the category of three-star hotels). Such a significant share of the ORBIS hotels in the local markets proves a huge potential of the Company and the possibility to maintain this strong position in the Polish hotel market.

The majority of the hotels of ORBIS S.A. are located in the main towns of Poland which constitute business centres (such as Warsaw, Kraków, Poznań, Gdańsk-Gdynia-Sopot, Wrocław, Katowice, Szczecin) as well as in towns that are attractive from the tourist point of view (Zakopane, Karpacz, Kołobrzeg, Sopot, Gdańsk, Mrągowo), which give the Company an advantage over the competition.

3. MAIN MARKETS – ISSUER'S CUSTOMERS

3.1. Main Markets

The domestic market is the only market in which the ORBIS S.A. provides its services (hotel-catering operations together with the auxiliary services are conducted by the Company solely within the territory of Poland). Within this market, the revenues generated by the Issuer from sales in 1996, broken down by geographical region, were as follows:

Revenues from Sales of ORBIS S.A. in 1996 (PLN thousand)

Geographical region	Towns making up the geographical region	Revenues from sales	Share (%)
region I	Warsaw, Kalisz, Łódź, Płock, Toruń	203,104	38.4
region II	Wrocław, Częstochowa, Jelenia Góra, Katowice, Cieszyń, Kraków, Karpacz, Biełsko-Biała, Nowy Sącz, Sosnowiec, Zakopane	170,995	32.4
region III	Gdańsk, Gdynia, Sopot, Szczecin, Kołobrzeg	77,266	14.6
region IV	Poznań, Zielona Góra	56,044	10.6
region V	Olsztyn, Mrągowo	13,331	2.6
region VI	Lublin	7,727	1.4
Poland		528,467	100

Source: ORBIS S.A. / CET analysis

Comment:

Among other, PolCard Sp. z o.o. services the settlement of accounts in respect of payments made in the ORBIS hotels by foreign guests, by foreign credit cards – in 1996, the value of such transactions was PLN 82 million

Stays of foreign tourists (individual and groups) are mainly arranged through the intermediary of PBP Orbis Sp. z o.o. (turnover in an amount of approximately PLN 31 million) and through the intermediary of other Polish travel agencies

3.2. Issuer's Customers

The majority of guests of the ORBIS hotels are clients staying there on business trips – their share in the total number of hotel guests is at the level of approximately 65%. Compared with the structure of guests in the whole of the Polish hotel market, ORBIS hotels feature a positively greater share of foreign guests – these guests accounted for approximately 67.3% of the total number of guests in 1995 (national average of 46%), and in 1996 – 69.3% (national average of 44%).

4. SEASONAL NATURE OF MARKETS

In view of the fact that approximately 98% of the sales revenues of the Issuer is generated by the hotel branches the operations of which are closely connected with the way the tourist-business traffic develops – a certain regularity is noticeable that is related to the growth of the sales revenues of the Company in quarter II and III of the year, and a decline in quarter I and IV of the year.

5. VALUE AND STRUCTURE OF ISSUER'S SALES IN THE LAST THREE BUSINESS YEARS

The table below shows the structure of sales of ORBIS S.A. broken down to organisational entities generating revenues from sales:

Structure of Revenues of ORBIS S.A. by Sources of Generation Thereof

Revenues from sales	1994		1995		1996	
	PLN '000	%	PLN '000	%	PLN '000	%
hotel branches	341,663	98.9	432,822	98.3	520,404	98.5
Dry Cleaning Facility	0 (*)	0.0	1,959	0.5	2,552	0.5
Transport Facility	897 (**)	0.3	1,046	0.3	1,043	0.2
Management Board Office	2,823	0.8	4,298	0.9	4,468	0.8
Total	345,383	100.0	440,125	100.0	528,467	100.0

Source: ORBIS S.A.

Comment:

(*) in 1994, the revenue of the Dry Cleaning Facility were included in the revenues of the Poznań ORBIS hotels

(**) in 1994, Motor Repairs Facility was functioning within the organisation structure of the Issuer, subsequently, it was incorporated in 1995 into the Transport Facility, in the table above, the revenues of the Transport Facility for 1994 include the revenues of the Motor Repair Facility.

Nearly 100% of the Issuer's revenues originates from hotel branches whose main scope of operations includes the provision of overnight accommodation services and catering services.

Structure of Hotel Branches Revenues (by activity conducted)

Revenues from sales (hotel branches)	1994		1995		1996	
	PLN '000	%	PLN '000	%	PLN '000	%
overnight accommodation services	216,444	63.3	247,392	57.1	295,870	56.9
catering services	81,155	23.7	145,145	33.5	178,139	34.2
telecommunications	10,745	3.1	14,208	3.3	15,077	2.9
lease of surface area	10,820	3.2	13,240	2.9	16,127	3.1
other services	8,473	2.5	8,869	1.9	11,186	2.1
commercial operations	12,698	3.7	3,254	1.0	3,557	0.7
sales of materials	1,122	0.4	633	0.2	448	0.1
other	206	0.1	81	0.1	0	0.0
Total	341,663	100.0	432,822	100.0	520,404	100.0

Source: ORBIS S.A.

In the analysis of the structure of revenues generated by hotel branches, the dominant significance of overnight accommodation services becomes clearly visible; the share of the catering services in the total sales revenues is also growing, which is related to the Issuer's creation of a new product within the catering services that is connected with the facilitating and servicing of special events (banquets, conferences, etc.).

6. SOURCES OF SUPPLY

The Issuer has no problems with respect to procurement in the materials, goods and services necessary to provide overnight accommodation-catering services and the auxiliary services.

All branches of the Company, in a majority of cases, secure their own supplies in their own capacity, selecting their suppliers independently. Four general agreements have been signed at the level of the Management Board for the deliveries of:

- porcelain tableware for hotels (with Zakłady Porcelany Stołowej LUBIANA);
- glassware for hotels (with Huta Szkła Gospodarczego RUTNA S.A.);
- bathroom cosmetics for hotels (with LANWAR Cosmetics Sp. z o.o.);
- stationery for hotels (with DUNI Poland Sp. z o.o.).

7. COMPANY'S DEPENDENCE ON ONE OR SEVERAL CUSTOMERS AND SUPPLIERS

According to the information in the possession of the Management Board, the Issuer is not dependent on specific customers or suppliers. Significant diversification both of the first group (customers) and the second group (suppliers) excludes such a dependence – there is no single supplier or single customer whose share would exceed 10% in the value of the materials, raw materials and services purchased in total and in the Company's revenues from sales, respectively.

8. AGREEMENTS THAT ARE OF SIGNIFICANCE TO COMPANY'S BUSINESS OPERATIONS

The basic operations of ORBIS S.A. are conducted pursuant to several types of agreements. These include: license agreements, agreements securing the provision of services by the Company, co-operation agreements with travel agencies, insurance agreements, agreements for use of third party assets, as well as agreements for third party use of the Company's assets.

The first group includes a wide range of license agreements. The following four agreements from among those are of material significance from the point of view of the Company's operations:

- Agreement with "Inter-Continental Hotels Corporation" (relates to the "Forum" Hotel in Warsaw);
- Agreement with "Forum Hotels International" – "International Hotels Corporation" Branch (relates to the "Forum" Hotel in Kraków);
- Agreement with "Inter-Continental Hotels Corporation" (relates to the "Victoria" Hotel in Warsaw);
- Agreement with S.I.E.H. NOVOTEL (relates to the "Novotel" hotels in Gdańsk, Olsztyn, Poznań, Warsaw and Wrocław).

The second group includes agreements securing the provision of the Company's services. These agreements are entered into by the individual branches of the Company. Among other things, they relate to: hotel security, equipment maintenance and repair, provision of services by artists and musicians, management of bank accounts by banks, telecommunications services, running of parking lots, fire protection, medical assistance, repair and building works, settlement of accounts with respect to transactions carried out using charge and credit cards, provision of dry cleaning services, sale of specified products, promotions of the Company's services. The nature of the agreements referred to above is that of services agreements or agreements for the performance of specific tasks. The services agreements are typically entered into by the Company for an unlimited term with a possibility of the termination thereof upon 1 month notice. Agreements securing the provision of services are not of material significance to the business operations of ORBIS S.A.

The third group of agreements includes co-operation agreements with travel agencies. These agreements are entered into by Branches of ORBIS S.A. in the scope of services offered to clients by the individual hotels. They are divided into the following two basic categories:

- agreements entered with travel agencies;
- agreements for the provision of services.

Agreements with travel agencies (booking agreements) should in principle be treated as framework co-operation agreements. They regulate the principles of booking hotel places by travel agencies. Such reservations takes place in the form

of an instruction carried out, each time, by a travel agency. Each instruction requires to be made in writing; the consent of the other party is also necessary, i.e. of the hotel. Such consent is referred to in a booking agreement as the "confirmation". Such instructions should be treated as agreements under which the co-operation under the framework agreement is realised.

Agreements for the provision of services include the following:

- agreements for the provision by the hotel of its products to specified customers;
- co-operation agreements in the scope of advertising activities;
- agreements regarding the principles of settling guests' accounts using charge or credit cards.

With respect to agreements governed by Polish law, in the scope that is not regulated thereunder, the provisions of the Civil Code apply, in particular, the provisions regarding services agreements and the provisions regarding liability of the persons running hotels and other facilities.

The fourth group includes insurance agreements. Insurance agreements entered into by the Company may be divided into the following groups:

- insurance against third party liability in respect of the business activities conducted;
- property insurance;
- insurance against acts of God;
- employee group insurance;
- transport insurance.

The insurance agreements concluded by the Company comply with the requirements of law with respect to execution of agreements of this type and are of a typical nature.

Another group of agreements includes agreements for use of third party assets. Agreements for use of third party assets entered into by the Company mostly relate to the use of real estate owned by third parties for advertising purposes or for the purpose of conducting catering activities by the Company or for locating a car-park facility.

In the majority of cases, these agreements have been entered into for an unlimited term or for a maximum term of 5 years. The following are of material significance from the point of view of the operations conducted by the Company:

- two leasing agreements entered into with WARIMPEX, which relate to the "Holiday Inn" Hotel in Warsaw and the "Jelenia Góra" Hotel in Jelenia Góra.

The next group of agreements includes agreements for use by other parties the Company's assets. The material significant agreements from this group have:

- agreement with THF Hotel "Bristol" Ltd.;
- agreement with BP Poland.

9. CONCESSIONS AND PERMITS

Although the purpose of the Company's enterprise includes activities subject to concessions or permits, the Company is not carrying out such operations.

The Company is the owner of real estate as well as the perpetual usufruct of land and the owner of buildings and fixtures located thereon. Therefore, pursuant to the Act of 24 March 1920 on Purchase of Real Estate by Foreigners (unified text, Government Laws and Regulations Gazette of 1996 No. 54, item 245), the purchase of shares in the Company by foreigners in an amount exceeding 50% of the share capital shall require a permit of the Minister of the Interior. A purchase of shares in a commercial Company in breach of the provisions of Art. 3e of the said Act shall be invalid.

10. ORGANISATIONAL STRUCTURE OF THE ISSUER'S ENTERPRISE

10.1. Company's Management Authorities

The following are the principal decision making authorities of the Company:

- General Assembly;
- Supervisory Board;
- Management Board of the Company composed of:
 - President of the Management Board – General Director;
 - three Deputy Presidents – Development Director; Director, Business-Financial Affairs; Marketing Director;
 - one Member of the Management Board – Chief Accountant.

10.2. Issuer's Organisational Structure

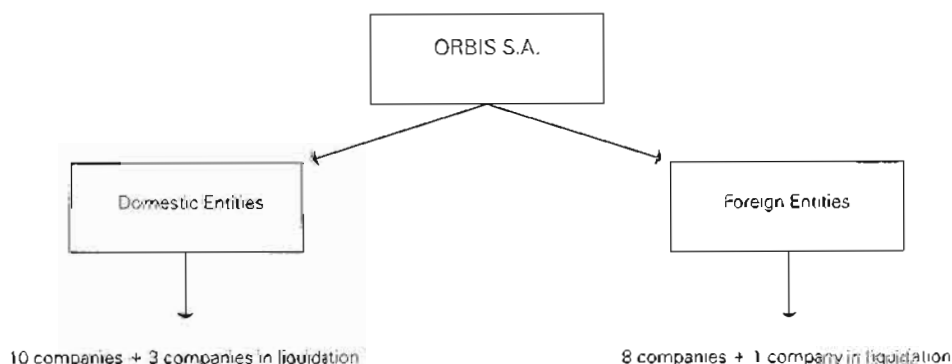
The organisational structure of ORBIS S.A. includes the following entities:

- Company's Management Board;
- Office of the Management Board, composed of the following:
 - Department of the General Director;
 - Development Department;
 - Marketing Department, within the framework of which the non-commercial foreign entities are functioning (in Tel-Aviv, Vienna, Brussels, and Rome);
 - Department for Business-Financial Affairs;
 - Department of the Chief Accountant.
- 49 hotel branches managing 53 hotels, including 45 one-building branches and 4 two-building branches (the "Victoria – Europejski" hotels in Warsaw, the "Wrocław – Monopol" hotels and the "Novotel – Motel" hotels in Wrocław, as well as the "Kasprowy – Giewont" hotels in Zakopane), plus one branch in the process of construction (in connection with the construction of a hotel in Zamość).
- 2 auxiliary facilities, including:
 - Dry Cleaning Facility in Poznań;
 - Transport Facility in Łódź.

10.3. Company's Interests in Other Entities

As at 30 June 1997, ORBIS S.A. has interests in 13 Polish entities (of which three are in liquidation) and in 9 foreign entities (of which one is in liquidation):

Issuer's Interests in Other Entities (as at 30.06.1997):



Comment.

Most of the companies in which the Issuer has interests are linked with the tourist-hotel market. However, taking into consideration the scope and the complementary nature of the services in relation to the services provided by the Issuer, in the opinion of the Management Board particular attention should be given to Orbis Transport Sp. z o.o., in addition to that given to the companies participating in the consolidation of the financial statements of the ORBIS Capital Group, i.e. BBP Orbis Sp. z o.o. and ORBIS CASINO Sp. z o.o. The principal scope of the activities of Orbis Transport Sp. z o.o. includes: passenger transport (including regular licensed line of communication to France, Great Britain, Belgium, the Netherlands, Germany, Switzerland, Greece), transport services and car hire, car parking services, motor coaches and trucks servicing (authorized agreement with Mercedes-Benz) as well as resale of car and spare parts. Orbis Transport has 56 motor coaches and 420 passenger cars. The important achievements of the company include obtaining the Hertz license for Ukraine and the establishment of Interbus, a company organising international travel ticket sales network.

10.4. Organisation of Sales of Basic Services Provided by the Issuer

The basic scope of the Issuer's operations is the provision of hotel services, including sales of overnight accommodation (this activity constitutes 56% of the revenues generated by the Issuer). In order to maximise the volume of sales of overnight accommodation services, ORBIS S.A. uses several distribution channels:

a) Travel Agencies

Travel agencies are the most important link in the network of sales of ORBIS S.A. hotel services network; they provide wide access to potential customers.

b) Central Reservations Systems

Since 1996, all ORBIS hotels are included in the Central Reservations Systems – including: GDS (which are based on the air-line reservations systems – Global Distributions Systems) and CRS (hotels computer reservations systems); until 1996, only the ORBIS hotels that belong to international chains used to have access to these systems pursuant to license agreements.

c) Proprietary Reservations System of ORBIS S.A.

Parallel to the inclusion of the ORBIS hotels to international systems of hotel places reservations, the Management Board of the Company undertook efforts on the construction of the Company's own reservations system. During the construction of ORBIS's own reservations system the results of the works initiated by the tourist department will be used, as and when possible, with the aim of establishing a national reservations system; provided that the concept thereof and the commercial conditions are acceptable to ORBIS S.A.

d) Internet

Internet and the electronic mail processed through it are becoming a medium of communication that is more and more frequently and widely used world-wide. The ORBIS hotels have been entered in the Internet network in the form of the "Orbis Hotels Directory" catalogue, and they are available under the following address: <http://www.orbis.pl>.

10.4.1. Marketing Activities

In order to maximise the sales in the scope of the overnight accommodation services referred to above, as well as in the scope of the remaining services related to the overnight accommodation services, the Management Board of the Company has introduced two nation-wide marketing programmes:

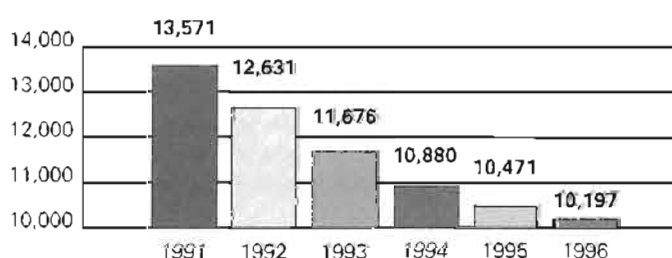
- Orbis Corporate Program – implementation of a rebate card the purpose of which is to increase the share of the ORBIS hotels in the servicing of business traffic and to gain new customers; the programme was implemented in 1995; as at the end of 1996, the register of the companies with the OCR rights included 635 entities;
- Orbis Gold Club – started up in 1995, the system of a nation-wide discount card relating to catering activities; the purpose of implementation – increase of sales in the catering business; Club Hotel system is the international version of this programme, in 1996, 10 ORBIS hotels were entered on this system.

11. HUMAN RESOURCES MANAGEMENT

11.1. Level of Employment

The level of employment at ORBIS S.A. over the recent years has been as follows:

Level of Employment (in number of posts) in the Years 1991-1996



Source: ORBIS S.A.

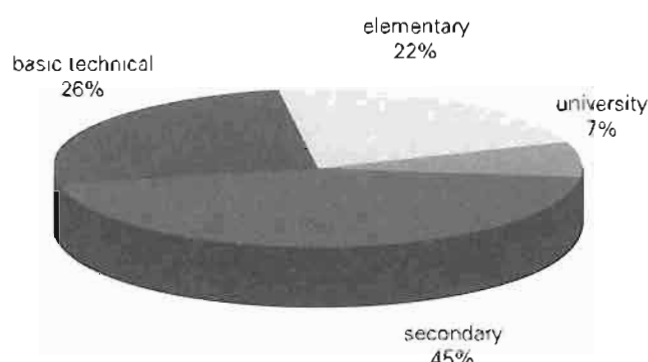
11.2. Employment Structure

In terms of the age criterion, the structure of employment at ORBIS S.A. has not undergone any significant change over the latest few years. Employees in the highest professional activity age constitute the dominant group of the employees of ORBIS S.A. (the age of more than 50% of the employees is in the range of 36-50 years).

11.3. Professional Qualifications of Employees

A tendency has been noticeable over the last few years which has led to a growing number of people with university and secondary education, in the total number of employees, being employed at ORBIS S.A. The current structure of employment in this respect is as follows:

Employment Structure at ORBIS S.A. in Respect of Education (1996)



Source: ORBIS S.A.

11.4. Forms of Employment Relationships

The basic form of an employment relationship is an employment contract entered into for an unlimited term. All permanent employees of ORBIS S.A. are employed pursuant to an employment contract. Service agreements are concluded only occasionally, with respect to the performance of ad-hoc works where there is no justification for a conclusion of an employment contract. Those employed pursuant to services agreements are not included in the level of employment presented above.

11.5. Trade Unions

There are internal trade union organisations active in the branches of ORBIS S.A., which are represented by the following extra-facility – within the meaning of Art. 241 of the Labour Code – trade union organisations:

- NSZZ Solidarność – approximately 3,140 members;
- Federacja Związków Zawodowych Pracowników ORBIS – approximately 1850 members.

A small percentage of the facility's trade union organisations are not associated in the structures referred to above.

In aggregate, approximately 50% of the Company's employees are members of the Trade Unions

11.6. Remuneration System

Thanks to the net profit dynamics being achieved over the last few years, the average remuneration at ORBIS S.A. has exceeded the average national and sector remuneration, and the rate of their growth has been ahead or equal to the GUS index with respect to the enterprises in the sector and the "hotels and restaurants" section thereof.

12. INFORMATION REGARDING RESEARCH AND DEVELOPMENT AND IMPLEMENTATION WORKS

The implementation works of ORBIS S.A. are divided into four groups:

- those directly connected with the introduction of new management tools or works in support of this process;
- those connected with the marketing undertakings and programmes that are underway, aimed at strengthening of the positive image of the company, stimulation of the sales growth, development of distribution channels, gaining return customers;
- those connected with the introduction of new information technology tools, supporting the reporting function and exchange of data, as well as enabling the expansion of the scope of development and research, enabling the building of complex data bases;
- those connected with ensuring the appropriate standard of equipment and of the quality of service at the hotels.

The amounts presented below relate to the investments incurred by the Office of the Management Board as the entity which designs and implements the individual undertakings. The data presented in the table do not include the investments incurred at the level of the Company's branches.

Expenditures Incurred for Implementation Works

	1994	1995	1996
	PLN 112,000	PLN 185,000	PLN 563,000

Source: ORBIS S.A.

Comment

In accordance with the position of the Management Board of the Company, these data should be treated as estimated data, the costs connected with the implementation of some of the undertakings presented above are difficult to estimate.

13. ISSUER'S MAIN INVESTMENTS IN THE YEARS 1994-1996

13.1. Capital Investments

As at 30 June 1997, the Company holds shares in 22 companies, of which 13 are domestic companies and 9 are foreign companies. Among these, four companies are in liquidation (i.e. Polorbis Spółka z o.o., having its seat in Prague – Czech Republic; Tarpan – in liquidation Spółka z o.o.; Mironovia Holiday Centre – in liquidation Spółka z o.o.; Walewice – in liquidation Spółka z o.o.). Three domestic companies and six foreign companies are the Company's subsidiaries.

The following investments were made during the last three accounting years, i.e. in the years 1994, 1995 and 1996:

- Hotel "SANA" Centrum Rekreatywno-Szkoleniowe S.A., having its seat in Polanica Zdrój at ul. Górska 2 (RHB 2096);
- Polskie Biuro Podróży Orbis Spółka z o.o., having its seat in Warsaw at ul. Bracka 16; the company was registered with the District Court in Warsaw on 15 June 1993 under the RHB number 37048.

13.1.1. Source of Capital Investment Financing

All capital investments made in the years 1994-1996 were financed 100% out of the Company's own resources.

13.2. Investments in Tangible Components of Fixed Assets

During the last three years of the functioning of ORBIS S.A., repair-modernisation and investment works have been implemented on a wide scale.

Investment in Tangible Components of Fixed Assets (PLN thousand)

	Fixed Assets Purchase			Fixed Assets Modernisation		
	1994	1995	1996	1994	1995	1996
hotel branches	7,540.7	20,307.8	21,744.4	3,949.9	12,163.6	15,578.8
Transport Facility	25.8	54.2	0.0	0.0	0.0	0.0
Dry Cleaning Facility	0.0	115.2	222.3	0.0	24.6	192.4
Management Office	176.7	350.4	611.3	410.4	213.1	131.7
Total	7,743.2	20,827.6	22,578.0	4,360.3	12,401.3	15,902.9

Source: ORBIS S.A.

In the scope of the investment programme, the following fixed assets were purchased:

- fiscal tills;
- computer equipment and software;
- catering equipment and fittings, including but not limited to: dish-washers, mini-bars, industrial refrigerators, coffee machines, waiters' trolleys;
- telephone switchboards;
- furniture for residential premises;
- means of transportation;
- equipment for multi-functional rooms;
- television sets.

The modernisation programme included primarily:

- residential premises (rooms, bathrooms, halls);
- common premises, including: reception halls, restaurants and multi-functional rooms;
- fire detecting installations;
- replacement of windows;
- replacement of lifts;
- boiler rooms, heat distribution centres and installations: heat, ventilation, air conditioning, gas and water installations.

13.2.1. Sources of Financing of Investments in Tangible Components of Fixed Assets

- 1994 – own resources – 100.0%, credits and loans – 0%
- 1995 – own resources – 100.0%, credits and loans – 0%
- 1996 – own resources – 96.7%, credits and loans – 3.3%

14. BANKS MANAGING ISSUER'S CURRENT ACCOUNTS AND SERVICING THE ISSUER

Current accounts of the Issuer are managed by Bank Handlowy w Warszawie SA – co-operation agreement with Bank Handlowy was signed for an unlimited term.

Until 31 March 1997, Bank Handlowy SA has opened current accounts for most of the Issuer's branches. However, due to the fact that the network of the Bank branches does not correspond with the network of the Issuer's branches, the following branches of ORBIS S.A. have their current accounts outside Bank Handlowy SA:

- "Jelenia Góra" in Jelenia Góra (Bank Zachodni S.A. – Branch in Jelenia Góra);
- "Skałny" in Karpacz (Bank Zachodni S.A. – Branch in Jelenia Góra, affiliate – Karpacz);
- "Solny" in Kołobrzeg (Powszechny Bank Kredytowy SA – Branch in Kołobrzeg);
- "Beskid" in Nowy Sącz (Bank Przemysłowo-Handlowy – Branch in Nowy Sącz);
- "Kasprowy – Giewont" in Zakopane (Bank Przemysłowo-Handlowy Branch in Zakopane);
- Zakład Transportu in Łódź (Powszechny Bank Gospodarczy – Branch in Łódź).

The Management Board assumes that by the end of 1997, all branches of the Issuer will have their accounts with Bank Handlowy SA.

The scope of banking services exceeding the management of current accounts includes:

- management of a consolidated account (Bank Handlowy w Warszawie SA);
- brokerage services (Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA);
- deposit accounts (Bank Handlowy w Warszawie SA, BIG Bank SA, Bank Wschodnio-Europejski S.A.);
- social benefits account (Powszechny Bank Kredytowy SA).

15. CREDITS, LOAN AGREEMENTS, WARRANTIES AND GUARANTIES

15.1. Loan/Credit Agreements to Which Issuer is a Party

15.1.1. Loan/Credit Agreements Under Which Issuer is the Borrower

1. Loan Agreement (No. 5/Orb/66703-5518-18-27/92), entered into on 23 June 1992 with Bank Turystyki S.A. in Warsaw, in an amount of ATS 32,357,609.45.
2. Loan Agreement (No. 24/Orb/66804-5518-18-1/92), entered into on 31 December 1992 with Bank Turystyki S.A. in Warsaw for an aggregate amount of 13,136,119.83 zlotys (of which 10,853,077.13 zlotys has been used).
3. Loan Agreement entered into on 23 February 1994 with the Minister of Finance, representing the State Treasury, in an amount of 18,700,000.00 zlotys.
4. Loan Agreement entered into on 31 October 1995 with the Minister of Finance, acting on behalf of the State Treasury, in an amount of PLN 21,860,000.00.
5. Preferential Special Purpose Loan Agreement (No. 19/1996/G-27/OA-ra/-/P), entered on 31 July 1996 with the Voivodship Fund for the Protection of the Environment and for Water Management having its seat in Nowy Sącz, in an amount of PLN 80,000.00.

6. Loan Agreement (No. 47/96/P/OP), entered into on 9 September 1996 with the Voivodship Fund for the Protection of the Environment and for Water Management, having its seat in Lublin, in an amount of PLN 150,000.00.
7. Preferential Credit Agreement (No. 123/96/W-25/OA-EK/LK2/106), entered into on 6 November 1996 with Bank Ochrony Środowiska S.A. in Warsaw, in an amount of PLN 65,000.00.
8. Loan Conversion Agreement (No. 68/Orb/69616-5518-18-1/96), entered into on 27 December 1996 with Bank Wschodnio-Europejski S.A. The conversion is with respect to loan agreement (No. 3/90), entered into on 12 January 1990 with the Commission for Youth Affairs and Culture, in an amount of 122,716,077.12 Austrian Shillings.

15.1.2. Loan Agreements Under Which Issuer is the Lender

1. Loan for "Siłnowa" Spółka z o.o., having its seat in Wilkasy, in an amount of 270,000.00 zlotys. The agreement was not concluded in written form.
2. Taking over the debt agreement entered into on 28 March 1994 between ORBIS S.A. and Przedsiębiorstwo Hotelowe MAJEWICZ Spółka z o.o., having its seat in Bydgoszcz, in an amount of 3,261,883.3 zlotys.

15.2. Guaranties/Warranties to Which Issuer is a Party

1. Guaranty (No. RGG2/06/708137) issued by Bank Handlowy w Warszawie SA to Creditanstalt Bankverein Wien to secure leasing charges under leasing agreement (the "Holiday Inn" Hotel in Warsaw), entered into on 23 December 1986 with Warimpex Handelsaktiengesellschaft and assignment agreement of 5 June 1987, as well as the letter of credit opened by the Company with Creditanstalt Bankverein Bank on 10 June 1987, in an amount of ATS 17,814,571.20. The guaranty is valid until 31 December 1997.
2. Guaranty (No. KG62/06/708295) issued by Bank Handlowy w Warszawie SA to Creditanstalt Bankverein Wien to secure leasing charges under leasing agreement (the "Jelenia Góra" Hotel in Jelenia Góra), resulting from an agreement entered into on 23 December 1987 with WARIMPEX – Leasing – Aktien – Gesellschaft, and an assignment agreement of 23 December 1987, as well as the letter of credit opened by the Company with Creditanstalt Bankverein Bank on 23 December 1987, in an amount of ATS 5,689,358.50. The guaranty is valid until 30 June 1998.
3. Guaranty issued by the Company to Civil Aviation Authority, in an amount 249,000.00 GBP as the security granted Issuer's subsidiary – Polorbis Travel Ltd., having its seat in London. The guaranty is valid until 31 December 1998.
4. Guaranty of 22 September 1995 granted to Association Professionnelle de Solidarité du Tourisme, in an amount 550,000.00 FRF for unlimited period of time as the security for Issuer's subsidiary – SPTOV – Polorbis, having its seat in Paris.
5. Guaranty of 14 December 1992, in the amount of the degree of share capital (200,000.00 SEK) issued for unlimited period of time to ORBIS RESOR AB in Stockholm.
6. Warranty for obligations by virtue of guaranty (No. 1316) issued by PBK SA, having its seat in Warsaw to ORBIS CASINO Spółka z o.o., as the security on behalf of the State Treasury, in the amount of 700,000.00 zlotys.

15.3. Loan/Credit Agreements to Which Issuer's Subsidiaries are a Party

Status as at 30 June 1997.

Credit agreements, loan agreements entered into by Polskie Biuro Podróży Orbis Spółka z o.o.:

1. Investment Credit Agreement (No. 200165/108/1997), entered into on 30 January 1997, with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in an amount of PLN 1,190,000.00.
2. Investment Credit Agreement (No. 200165/8/1997), entered into on 24 January 1997, with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in an amount of PLN 500,000.00.
3. Investment Credit Agreement (No. 200165/285/1996), entered into on 5 March 1996, with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in an amount of PLN 1,400,000.00.
4. Investment Credit Agreement (No. 200165/286/1996), entered into on 5 March 1996 with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in an amount of PLN 950,000.00.

Credit agreements, loan agreements entered into by Orbis Transport Spółka z o.o.:

1. Foreign Exchange Credit Agreement in the form of a credit line (No. 96/009), entered into on 3 April 1996 with Bank Polska Kasa Opieki S.A. IV Branch in Warsaw, in an amount of 1,428,500.00 German marks, which corresponds to PLN 2,490,598.75 (in accordance with the DEM median rate of exchange applicable at the Bank on the date of the execution of the agreement).
2. Foreign Exchange Credit Agreement in the form of a credit line (No. 96/10), entered into on 10 April 1996 with Bank Polska Kasa Opieki S.A. IV Branch in Warsaw, in an amount of 2,000,000.00 German marks, which corresponds to PLN

3,492,000.00 (in accordance with the DEM median rate of exchange applicable at the Bank on the date of the conclusion of the agreement).

3. Foreign Exchange Renewable Credit Agreement, in the form of a credit line (No. 96/18), entered into on 26 July 1996 with Bank Polska Kasa Opieki S.A. IV Branch in Warsaw, in an amount of 7,500,000.00 German marks.

Credit agreements, loan agreements entered into by "Silnowa" Spółka z o.o.:

1. Loan Agreement (No. 38/R/65403-5518-18-1/93), entered into on 23 April 1997, with Bank Turystyki S.A., in an amount of PLN 100,000.00.

15.4. Guaranties to Which Issuer's Subsidiaries are a Party

Guaranties to which ORBIS RESOR AB, having its seat in Stockholm, is a party:

1. Guaranty (No. 5212-53-009-66) issued by Skandinaviska Enskilda Banken on 19 February 1987, to Kammarkollegiet (Central Management of Public Values), as a security required from tour-operators and vendors of trips of a foreign tour-operator. The guaranty was issued pursuant to the Act regarding Guaranties when Purchasing Trips. The guaranty amount is 100,000.00 Swedish crowns. The guaranty was issued for an unlimited term.
2. Guaranty (No. 5212-53-019-03) issued by Skandinaviska Enskilda Banken on 17 January 1991, to Kammarkollegiet (Central Management of Public Values), as a security required from tour-operators and vendors of trips of a foreign tour-operator. The guaranty was issued pursuant to the Act regarding Guaranties when Purchasing Trips. The guaranty amount is 100,000.00 Swedish crowns. The guaranty was issued for an unlimited term.

16. COMPANY'S REAL ESTATE

16.1. The Following Hotels and Real Estate on Which Hotels are Located are in the Company's Possession:

1. the "Hotel Solny", Kołobrzeg, ul. Fredry i Kollątaja,
aggregate surface area of the land is 821 m², the real estate constitutes the property of the Company;
2. the Hotel "Pod Orlem", Bydgoszcz, ul. Gdańska No. 14,
aggregate surface area of the land is 2,285 m², the real estate constitutes the property of the Company;
3. the "Magura" Hotel, Bielsko-Biała, ul. Żywiecka No.93
aggregate surface area of the land is 8,650 m², which is held in perpetual usufruct by the Company; buildings and fixtures constitute the property of the Company;
4. the Cieszyn "Motel", Cieszyn ul. Motelowa No. 21
aggregate surface area of the land is 19,475 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
5. the "Hevelius" Hotel, Gdańsk ul. Heweliusza No. 22
aggregate surface area of the land is 9,065 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
6. the "Marina" Hotel, Gdańsk, ul. Jelitkowska
aggregate surface area of the land is 44,636 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
7. the "Novotel" Hotel, Gdańsk, ul. Pszenna No. 1
aggregate surface area of the land is 11,383 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
8. the "Posejdon" Hotel, Gdańsk, ul. Kapliczna No. 30
aggregate surface area of the land is 22,121 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
9. the "Gdynia" Hotel, Gdynia, ul. Armii Krajowej No. 22
aggregate surface area of the land is 19,232 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
10. the "Proсна" Hotel, Kalisz, ul. Górnośląska No. 51, 53/55
aggregate surface area of the land is 7,578 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;

11. the "Skalny" Hotel, Karpacz, ul. Konstytucji 3-go Maja
aggregate surface area of the land is 47,827 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
12. the "Silesia" Hotel, Katowice, ul. Piotra Skargi
aggregate surface area of the land is 78,945 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
13. the "Warszawa" Hotel, Katowice, ul. Roździeńskiego No. 16
aggregate surface area of the land is 25,091 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
14. the "Solny" Hotel, Kołobrzeg, ul. Fredry No. 4
aggregate surface area of the land is 18,122 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
15. the "Continental" Hotel, Kraków, ul. Armii Krajowej No. 11
aggregate surface area of the land is 29,105 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
16. the "Cracovia" Hotel, Kraków, Aleja Marszałka F. Focha No. 1
aggregate surface area of the land is 17,448 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
17. the "Forum" Hotel, Kraków, ul. Konopnickiej No. 28
aggregate surface area of the land is 40,466 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
18. the "Francuski" Hotel, Kraków, ul. Pijarska No. 13
aggregate surface area of the land is 808 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
19. the "Wanda" Hotel, Kraków, Aleja Armii Krajowej No. 15
aggregate surface area of the land is 30,578 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
20. the "Unia" Hotel, Lublin, Al. Racławickie No. 12
aggregate surface area of the land is 7,405 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
21. the "Grand" Hotel, Łódź, ul. Sienkiewicza No. 7-9 and ul. Piotrkowska No. 72
aggregate surface area of the land is 6,589 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
22. the "Mrongovia" Hotel, Mrągowo, ul. Giżycka No. 6 and ul. Tymniki No. 3b
aggregate surface area of the land is 101,399 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
23. the "Beskid" Hotel, Nowy Sącz, ul. Limanowskiego No. 1
aggregate surface area of the land is 4,875 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
24. the "Novotel" Hotel, Olsztyn, ul. Sielska No. 4a
aggregate surface area of the land is 28,365 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
25. the "Petropol" Hotel, Płock, ul. Jachowicza No. 49
aggregate surface area of the land is 5,465 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
26. the "Merkury" Hotel, Poznań, ul. Roosevelta, ul. Słowackiego, ul. Zwierzyńska
aggregate surface area of the land is 14,074 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
27. the "Novotel" Hotel, Poznań, ul. Warszawska No. 64/66
aggregate surface area of the land is 39,676 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;

28. the "Polonez" Hotel, Poznań, Aleja Niepodległości No. 36
aggregate surface area of the land is 12,846 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
29. the "Poznań" Hotel, Poznań, ul. Andersa No. 1
aggregate surface area of the land is 9,286 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
30. the "Grand" Hotel, Sopot, ul. Powstańców Warszawy No. 12/14
aggregate surface area of the land is 11,849 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
31. the "Aria" Hotel and Motel, Sosnowiec, ul. Kresowa No. 5/7
aggregate surface area of the land is 35,527 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
32. the "Arkona" Hotel, Szczecin, ul. Panieńska No. 10
aggregate surface area of the land is 3,368 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
33. the "Neptun" Hotel, Szczecin, ul. Matejki No. 18, 18a
aggregate surface area of the land is 9,661 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
34. the "Neptun" Hotel, Continental Building, Szczecin, ul. 3-go Maja No. 1
aggregate surface area of the land is 984 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
35. the "Reda" Hotel, Szczecin, ul. Cukrowa No. 2
aggregate surface area of the land is 23,945 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
36. the "Helios" Hotel, Toruń, ul. Kraszewskiego No. 1-3
aggregate surface area of the land is 8,173 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
37. the "Kosmos" Hotel, Toruń, ul. Rybaki No. 1, ul. Popieluski No. 2
aggregate surface area of the land is 5,982 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
38. the "Forum" Hotel, Warszawa, ul. Nowogrodzka No. 24/26
aggregate surface area of the land is 7,295 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
39. the "Grand" Hotel, Warszawa, ul. Krucza No. 28
aggregate surface area of the land is 4,582 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
40. the "Novotel" Hotel, Warszawa, ul. Żwirki i Wigury and ul. 1-go Sierpnia
aggregate surface area of the land is 14,340 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
41. the "Solec" Hotel, Warszawa, ul. Zagórna No. 1
aggregate surface area of the land is 7,171 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
42. the "Vera" Hotel, Warszawa, ul. Bitwy Warszawskiej 1920 roku No. 16
aggregate surface area of the land is 14,588 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
43. the "Novotel" Hotel, Wrocław, ul. Wyścigowa No. 35
aggregate surface area of the land is 23,771 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
44. "Motel" Hotel, Wrocław, ul. Lotnicza No. 151
aggregate surface area of the land is 20,372 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;

45. the "Panorama" Hotel, Wrocław, Plac Dominikański No. 8
aggregate surface area of the land is 4,861 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
46. the "Wrocław – Monopol" Hotel, Wrocław, ul. Powstańców Śląskich No. 5
aggregate surface area of the land is 24,703 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
47. the "Monopol" Hotel, Wrocław, ul. H. Modrzejewskiej No. 2
aggregate surface area of the land is 1,947 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
48. the "Wrocław – Monopol" Hotel – office building, Wrocław, ul. Wita Stwosza No. 15a
aggregate surface area of the land is 460 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
49. the "Kasprowy" Hotel, Zakopane, ul. Polana Szymoszkowa No. 1
aggregate surface area of the land is 148,537 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
50. the "Rzymianka" Hotel, Zakopane, ul. H. Modrzejewskiej No. 18
aggregate surface area of the land is 764 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
51. the "Polan" Hotel, Zielona Góra, ul. Staszica No. 9a
aggregate surface area of the land is 25,802 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
52. the "Victoria" Hotel, Zamość, ul. Pereca No. 39, 41 and ul. Kółtāja No. 2, 6
aggregate surface area of the land is 1,981 m²; the land is held by the Company in perpetual usufruct; buildings and fixtures constitute the property of the Company;
53. the "Motel" Hotel, Częstochowa, Al. Wojska Polskiego No. 281/291
aggregate surface area of the land is 29,740 m²; legal status of the real estate is not regulated;
54. the "Patria" Hotel, Częstochowa, ul. Ks. J. Popieluszki No. 2
aggregate surface area of the land is 11,913 m²; legal status of the real estate is not regulated;
55. the "Hevelius" Hotel – administration building, Gdańsk, ul. Łagiewniki, ul. Rybaki Górne, ul. Heweliusza No. 24
aggregate surface area of the land is 1,924 m²; legal status of the real estate is not regulated;
56. the "Cracovia" Hotel – office building, Kraków, ul. Pijarska 11
aggregate surface area of the land is 316 m²; legal status of the real estate is not regulated;
57. the "Victoria" Hotel, Warszawa, ul. Królewska No. 1
aggregate surface area of the land is 8,941 m²; legal status of the real estate is not regulated;
58. the "Europejski" Hotel, Warszawa, ul. Krakowskie Przedmieście No. 13
aggregate surface area of the land is 5,330 m²; legal status of the real estate is not regulated;
59. the "Bristol" Hotel, Warszawa, ul. Krakowskie Przedmieście No. 42/44
aggregate surface area of the land is 3,585 m²; legal status of the real estate is not regulated;
60. the "Giewont" Hotel, Zakopane, ul. Kościuszki No. 1
aggregate surface area of the land is 1,594 m²; legal status of the real estate is not regulated.

16.2. In Addition, the Following Real Estate are in the Company's Possession:

1. Tarnów, ul. Krakowska
aggregate surface area is 431 m²; the Company owns 1/3 of the real estate;
2. London, 173 The Vale London NW11
The Company is the owner of the real estate;
3. London, 67 Cumbrian Gardens NW2
The Company is the owner of the real estate;

4. the "Hevelius" Hotel – car park, Gdańsk, ul. Rybaki Górne
aggregate surface area is 550 m²
The Company is the perpetual usufruct of the real estate;
5. Łódź, ul. Żniwna No. 10/14 (Transport Facility)
aggregate surface area of the land is 23,926 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
6. Poznań, ul. Świętego Wincentego No. 12 (Dry Cleaning facility)
aggregate surface area of the land is 7,310 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
7. Bydgoszcz, ul. Modrzewiowa No. 9
aggregate surface area of the land is 1,393 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
8. Gdańsk, ul. Chlebnicka No. 1
aggregate surface area of the land is 62 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
9. Konin, ul. Kosmonautów No. 14
aggregate surface area of the land is 1,475 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
10. Leszno, ul. Tama Kolejowa-Nowotki
aggregate surface area of the land is 5,620 m²; pursuant to an agreement of 16 April 1997, the Company sold the perpetual usufruct right to the land and the ownership title to buildings and fixtures;
11. Lubin, ul. Odrodzenia No. 3a
aggregate surface areas of the land is 141 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
12. Pisz, ul. Okopowa No. 3a
aggregate surface area of the land is 326 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
13. Puławy, ul. Centralna No. 10
aggregate surface area of the land is 3,175 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
14. Szczecin, ul. Południowa No. 7
aggregate surface area of the land is 12,956 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
15. Świnoujście, ul. Bolesława Chrobrego No. 9
aggregate surface area of the land is 961 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
16. Świnoujście, ul. Bohaterów Września No. 24/25
aggregate surface area of the land is 632 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
17. Warsaw, ul. Bracka No. 16
aggregate surface area of the land is 1,287 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
18. Warsaw, ul. Marszałkowska No 142
aggregate surface area of the land is 796 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
19. Warsaw, ul. Wspólna No. 70
aggregate surface area of the land is 376 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;
20. Warsaw, ul. Łopuszańska No. 47
aggregate surface area of the land is 21,555 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;

21. Warsaw, ul. Nowogrodzka No. 27

aggregate surface area of the land is 2,230 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;

22. Włocławek, ul. Rolna No. 3

aggregate surface area of the land is 2,793 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;

23. Wrocław, ul. Irysowa

aggregate surface area of the land is 9,080 m²; the Company is the perpetual usufruct of the real estate;

24. Wrocław, ul. Powstańców Śląskich No. 5

aggregate surface area of the land is 3,649 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;

25. Żywiec, ul. Rynek No. 18

aggregate surface area of the land is 402 m²; the Company is the perpetual usufruct of the real estate; buildings and fixtures constitute the property of the Company;

26. Zamość, ul. Kółłataja

aggregate surface area of the land is 203 m²; legal status of the real estate is not regulated;

27. Kętrzyn, ul. Westerplatte No. 1

aggregate surface area of the land is 400 m²; legal status of the real estate is not regulated;

28. Poznań, ul. Prusimska No. 5

legal status of the real estate is not regulated;

29. Tychy, ul. Zawadzkiego No. 7

legal status of the real estate is not regulated;

30. Zegrze-Rybaki

aggregate surface area of the land is 16,637 m²; legal status of the real estate is not regulated.

31. Kraków, ul. Pijarska No. 11

aggregate surface area of the land is 316 m²; legal status of the real estate is not regulated.

16.3. Co-operative Right is Vested in the Company to the Following Premises:

1. Białystok, ul. Żabia No. 20

aggregate surface area of the land is 104 m²; acquired pursuant to an allocation decision;

2. Racibórz, ul. Nowa

acquired pursuant to an allocation decision.

16.4. Real Estate in the Company's Possession Pursuant to Lease Agreements:

1. Białystok, ul. Żabia No. 20

aggregate surface area of the land is 104 m²; lease;

2. Gliwice, ul. Bohaterów Getta Warszawskiego No. 9 and ul. Zwycięstwa No. 56

aggregate surface area of the premises is 268.7 m²; rental;

3. Kędzierzyn-Koźle, ul. Świerczewskiego No. 4

aggregate surface area of the premises is 206.24 m²; rental;

4. Lublin, ul. Gazowa and ul. Krochmalna

aggregate surface area of the land is 3,028 m²; usufruct.

17. INFORMATION REGARDING PENDING PROCEEDINGS

17.1. Bankruptcy, Composition, Settlement and Liquidation Proceedings Against Issuer

As at 30 June 1997, there were no bankruptcy, settlement, composition or liquidation proceedings pending against the Issuer.

17.2. Bankruptcy, Composition, Settlement and Liquidation Proceedings Against Issuer's Subsidiaries

Liquidation proceedings are pending against 4 entities in which the Issuer has an interest. The aggregate amount of the receivables claimed by the Issuer under these proceedings is PLN 93,854.40.

17.3. Proceedings to Which Issuer is a Party

As at 30 June 1997, the Issuer was a party to the following proceedings:

- 52 bankruptcy proceedings, with the receivables claimed by the Issuer in an aggregate amount of PLN 1,351,359.77
- 20 court settlement and proceedings and bank compositions proceedings with the receivables claimed by the Issuer in an aggregate amount PLN 101,031.57,
- 17 domestic actions under which an aggregate amount of PLN 515,852.72 is claimed against the Issuer;
- 1 foreign action under which an amount of PLN 12,858.00 is claimed against the Issuer.

17.3.1. Court Proceedings Within the Country in Which Issuer is the Plaintiff

As at 30 June 1997, the Issuer was a party to 330 court proceedings under which the aggregate value of the purpose of the dispute amounted to PLN 1,102,933.71

17.3.2. Administrative Proceedings

As at 30 June 1997, the Issuer was a party to 16 administrative proceedings.

The proceedings described in Section 17.1-17.3 of this Chapter have no final importance for Company's economic activity

17.4. Information Regarding the Arrangements with the Bureau for the Protection of Competition and Consumers

Within the position taken in the letter of 3 January 1991 (Ref. PA 1-412/1040/91/EK), the Anti-monopoly Office did not raise any objections to the transformation of Państwowe Przedsiębiorstwo ORBIS into a one-person company of the State Treasury pursuant to Art. 11 of the Act of 24 February 1990 on Counteracting Monopolistic Practices (Government Laws and Regulations Gazette of 1995 No. 80, item 405, as amended).

18. DATA REGARDING THE ACTIVITIES OF ORBIS CAPITAL GROUP

According to the status as at 31 December 1996, the following entities make up the ORBIS Capital Group that, pursuant to the Act on Accounting, was subject to consolidation:

- Issuer (ORBIS S.A.) – as the dominant entity;
- Polskie Biuro Podróży Orbis Sp. z o.o. (PBP Orbis Sp. z o.o.) – a subsidiary (subject to full consolidation) – concurrently, this company is a dominant entity in relation to the following companies:
 - Polskie Biuro Podróży S.A. (subsidiary of PBP Orbis Sp. z o.o.);
 - Amadeus-Start Polska Sp. z o.o. (entity affiliated with PBP Orbis Sp. z o.o.);
- ORBIS CASINO Sp. z o.o. – affiliated entity (subject to consolidation by use of the ownership titles method).

18.1. Purpose of Activities of the Capital Group

Members of the ORBIS Capital Group conduct activities primarily in the domain of services connected with the hotel-catering market, tourist market and the gaming market.

- ORBIS S.A. (Issuer – the dominant entity within the Capital Group), operates in the market of hotel-catering services; services that include, primarily: sale of overnight accommodation places, catering services and auxiliary services provided in full in the Polish market;
- Polskie Biuro Podróży Orbis Sp. z o.o., described in detail in Chapter V, Section 18.8 (subsidiary of ORBIS S.A.), together with a subsidiary and an affiliate, provides its services within the tourist market; the scope of the services rendered mainly includes the following:
 - foreign tourists visiting the country;
 - Polish tourists travelling abroad;
 - in-country tourism;
 - services for travellers /sale of tickets/;
 - complex servicing of business trips of institutional clients;
 - transport services.

- ORBIS CASINO Sp. z o.o., described in detail in Chapter V Section 18.8 (an entity affiliated with ORBIS S.A.), conducts its operations in the scope of gaming in casinos and gaming halls.

The share generated from the provision of the particular services in the sales volume of the ORBIS Capital Group is as follows:

Revenues of the Capital Group in 1996 (PLN thousand)

	revenues	share %
services connected with the hotel-catering market	497,582	75.0
services connected with the tourist market	161,663	24.5
other services	2 790	0.5
total	662,035	100.0

Source: ORBIS S.A.

18.2. Capital Group's Market Position

- Detailed information regarding the market position of the dominant entity within the Capital Group (ORBIS S.A.) are contained in Chapter V Section 2 of this Prospectus.
- The position of PBP Orbis Sp. z o.o. in the tourist market is measured by the long-term tradition and reputation of the trademark, and reliability earned over many years of the company's presence in the market-place. Due to that, despite fierce competition, in the opinion of the Management Board, PBP Orbis Sp. z o.o. is the leader (both in terms of the revenues and of the number of the customers serviced) in the Polish market in the scope of organising visits to Poland. Its share in the market of foreign out-going tourism, measured by the number of the customers serviced, is – according to the estimates of the Management Board – at the level of 20%, while its share in the market of domestic tourism reaches 10 – 15%. In addition, PBP Orbis Sp. z o.o. holds approximately 20% of the market related to the comprehensive servicing of business trips, as well as approximately 20% share in the market related to travel services (role of an intermediary in the sale of travel tickets).
- ORBIS CASINO Sp. z o.o., also being a member of the ORBIS Capital Group, and operating in the market of services related to gaming, has at its disposal the largest network of casinos in Poland. The Company is the owner of 7 casinos out of a total 23 operating in Poland. Additionally, the company conducts its activities in two gaming rooms with gaming machines, including the largest saloon in Poland – both in terms of the number of the gaming machines operated, and in terms of the generated revenues. The biggest competitors of ORBIS CASINO Sp. z o.o. include: Casinos Poland and Queens Casinos, with five casinos each.

18.3. Primary Markets of the Capital Group

The domestic market is the main market of the ORBIS Capital Group – in 1996 it generated approximately 98% of the volume of sales of the Capital Group.

18.4. Seasonal Nature of the Capital Group's Sales

The seasonal nature of the sales of the ORBIS Capital Group corresponds with the seasonal nature of the sales of ORBIS S.A. (information contained in Chapter V – Section 4 of the Prospectus). There are two factors which have an impact on such a situation:

- in accordance with the consolidated financial statements – the revenues of the Issuer (ORBIS S.A.) constitute nearly 80% of the revenues generated from sales of the Capital Group;
- the same element, i.e. tourist-business traffic, is the main factor that determines the seasonal nature of the sales of both the Issuer and the entire Capital Group.

18.5. Value and Structure of the Capital Group's Sales

Sales revenues of the ORBIS Capital Group by product structure (PLN thousand)

Sales Revenues:	1995	1996
sales of products and services	435,942	656,224
sales of goods	3,488	5,316
sales of materials	695	495
Total	440,125	662,035

Source: Consolidated financial statements of the ORBIS Capital Group

Comment.

Due to the methods of consolidation applied, the revenues of the ORBIS Capital Group presented in the table above do not reflect the revenues generated from sales by the individual members making up the Group

The revenues of the individual members of the Capital Group are shown in the table below:

Revenues of the individual members of the Capital Group (PLN thousand):

Sales Revenues	1995	1996
ORBIS S.A.	440,125	528,467
PBP Orbis Sp. z o.o.	114,875	126,977
Polskie Biuro Podróży S.A. (*)	17,652	42,818
Amadeus-Start Polska Sp. z o.o. (*)	3,097	6,087
ORBIS CASINO Sp. z o.o.	-(**)	176,022
Total	575,749	880,371

Source: Data obtained from the members of the ORBIS Capital Group

Comment.

(Based on the reports from the audit of the consolidated financial statements of ORBIS S.A. and Polskie Biuro Podróży Orbis Sp. z o.o.)

(*) These Companies are subject to consolidation when preparing the consolidated financial statements of PBP Orbis Sp. z o.o.

(**) ORBIS CASINO Sp. z o.o. was not included under the consolidated financial statement of the ORBIS Capital Group for 1995

18.6. The Capital Group's Sources of Supply

Due to a significant diversification of the sources of supply of the necessary services, materials and goods, the ORBIS Capital Group has no problems with respect to procurement within the scope of the operations conducted.

18.7. The Capital Group's Dependence on One or Several Customers and Suppliers

The specific nature of the services rendered by the ORBIS Capital Group excludes any potential of the Group becoming dependent on one or several suppliers or customers.

18.8. Characteristics of the Individual Members of the Capital Group Subject to Consolidation

18.8.1. Polskie Biuro Podróży Orbis Sp. z o.o.

Polskie Biuro Podróży Orbis (PBP Orbis Sp. z o.o.) is a limited liability company, having its seat in Warsaw. The following are its main shareholders: ORBIS S.A. – 51.92%, Beton Stal S.A. – 26.05%, INWOR Sp. z o.o. – 6.49%. The majority of the remaining shareholders are natural persons with small shareholdings not exceeding 1.5%.

1. Basic Goods and Products of the Entity

PBP Orbis Sp. z o.o. provides services in the following scope:

- domestic tourism, including: holiday stays, excursions, conferences, trade fairs, summer holiday camps, winter holiday camps, hotel reservations, functions;
- tourists' trips abroad, including: own offer, sale of the product of other tour-operators (agency services), acting as an intermediary with respect to obtaining passports and visas, insurance;

- visits of foreign tourists to Poland, including: holiday stays, tours around Poland, conferences, hunting trips, specialist ventures (e.g. bicycle rides, events for bird watchers, horse riding, etc.);
- travel services/tickets sales;
- "Business Travel Service" Programme – comprehensive services for group business trips;
- transport, including: coach hire and car hire;
- financial activities, including: purchasing and sale of currencies and travellers cheques services.

2. Environment in Which the Entity Operates

In accordance with the statistical data of the Department for Analyses and Development UKFiT, there are approximately 4 thousand travel agencies currently operating in the Polish market, the majority of which are independent promoters of trips abroad, visits of foreign tourists to Poland and domestic holidays.

Despite fierce competition, the position of PBP Orbis Sp. z o.o. is determined by the tradition of long standing, good reputation and reliability. The long-term presence of the entity in the international arena is also of significance, both in terms of contacts and in terms of the contracts entered into.

In the scope of foreign tourists' visits to Poland, PBP Orbis Sp. z o.o. is undoubtedly the leader with respect to organising visits to Poland (both in terms of the revenues and in terms of the number of the customers serviced). In the scope of trips abroad – the share in the market measured by the number of the customers serviced, is at the level of 20%, while in the scope of domestic tourism – in the range of 10-15%.

Warsaw and the Warsaw Voivodship constitute the potentially largest market with respect to the services connected with comprehensive servicing of business trips; the share of PBP Orbis Sp. z o.o. in this market oscillates around the 20% mark. On the national scale, this entity is one of the most viable partners in the scope of the services for business trips, and due to the fact that it has offices in all major towns, the share in this market is estimated to be 20%.

In the scope of the operations related to travel services and ticket sales, the market share of PBP Orbis Sp. z o.o. is approximately 20%.

Foreign travel agencies which, thanks to very dynamic marketing activities and extremely attractive prices offered to clients (resulting from incomparably larger contracts), have been successfully capturing the Polish market, pose serious competition with respect to services related to trips abroad.

Domestic competition, with professional and effective travel agencies developing their activities, should also be reckoned with.

3. Main Sales Markets

The majority of the services offered by PBP Orbis Sp. z o.o. is addressed to the Polish market. Nevertheless, within the operations of this entity there is a domain of activities related to the organisation of foreign visits to Poland – in this respect, the foreign markets are only sales markets for the services offered.

4. Seasonal Nature of Sales Markets

A high season, i.e. the period from May to September, as well as a low season – the remaining months of the year is noticeable in the area of the operations of PBP Orbis Sp. z o.o., i.e. in the tourist market in Poland.

5. Value of Sales for the Years 1994-1996

Sales revenues in the last three years were as follows:

- 1994 r. – PLN 104,869 thousand.
- 1995 r. – PLN 114,875 thousand;
- 1996 r. – PLN 126,977 thousand.

6. Entity's Sources of Supply

- in the scope of domestic tourism

The product is practically in its entirety based on the packaging of intermediate products leased or rented from outside contractors (hotels, restaurants, transport, etc.). This type of operations generate 80% of the financial results achieved. The other 20% is generated from the sales of the products of outside travel agencies.

- in the scope of trips abroad

The majority of the places sold (47%) are a result of the entity's own tour-operator activities. The products of PBP S.A. constitute an equally significant portion (32.5%) of the places in tourist ventures sold; participants of the TUI ventures constitute 7.5%, while 5.6% of own customers represents the offer of the PBP Orbis Sp. z o.o. licence.

- in the scope of foreign tourists visiting Poland.

The following are the partners of PBP Orbis Sp. z o.o. in this area:

- ORBIS S.A. hotel (approx. 70% of the total hotel and catering base used);
 - hotels and boarding houses of other enterprises;
 - domestic companies with international links serviced under commissions received from First Business Travel International;
 - various business entities supplying services on the basis of which tourist programmes are established.
- in the scope of travel services

The operations of PBP Orbis Sp. z o.o. are based entirely on the agency principles – various transport agents are the suppliers of travel tickets.

- in the scope of Business Travel Service

PBP Orbis Sp. z o.o. co-operates with domestic and foreign companies, with foreign reservations offices and systems engaged in business services, with transport companies and agents, airports, hotels, insurance companies, etc.

- in the scope of transport

The entity is the owner of 27 coaches which cover 50% of the need for the organisation of the company's own tourist ventures, and of over 10 cars for hire under the "rent a car" system, which covers 60-0% of the entity's own needs. The "rent a car" operations are conducted under the HERTZ trademark pursuant to sub-licensing agreements.

7. Entity's Dependence on Customers and Suppliers

PBP Orbis Sp. z o.o. is not dependent on one or several suppliers in the scope of the operations conducted by it – termination of co-operation with any of them does not affect the entity's activities. The fact that PBP Orbis Sp. z o.o. has close commercial links with numerous companies results from an informed choice within the framework of commercial interests.

Due to a significant dispersion of its customers, the entity is not dependent on any of them in particular.

18.8.2. ORBIS CASINO Sp. z o.o.

ORBIS CASINO Sp. z o.o. is a limited liability company, having its seat in Warsaw. ORBIS S.A., Zjednoczone Przedsiębiorstwa Rozrywkowe S.A. (ZPR S.A.) and Finkorp Sp. z o.o. are the shareholders of the company with equal shareholdings.

1. Basic Goods and Products of the Entity

ORBIS CASINO Sp. z o.o. is primarily engaged in the activities related to gaming in casinos and gaming rooms. Catering operations constitute only a marginal business that is of a supplementary nature in relation to the basic activities.

The entity's revenues generated from gaming constitute approximately 99% of the total sales revenues, while catering operations constitute a mere 1% of the total sales revenues.

2. Environment in Which the Entity is Operating

Among the companies engaged in the area of gaming, ORBIS CASINO Sp. z o.o. owns the largest number of casinos. The company is the owner of 7 casinos from among the total of 23 such establishments operating in Poland. ORBIS CASINO Sp. z o.o. also conducts its activities in two games saloons, including one that is the largest in Poland, both in terms of the number of the gaming machines operated and in terms of the revenues generated.

Among the 7 companies the basic operations of which are based on running casinos, ORBIS CASINO Sp. z o.o. is the second in terms of the revenues generated after Casinos Poland, which owes its advantage in the market to the casino in the Marriott Hotel.

The biggest competitors of ORBIS CASINO Sp. z o.o. include: Casinos Poland, referred to above, which has at its disposal casinos located in five towns, including Warsaw and Kraków; in these towns they are in direct competition with the casinos of ORBIS CASINO Sp. z o.o. and Queens Casino – a company that owns a network of five such establishments.

The other companies, including: Casino Polonia, Casino Centrum, Se-Ma Casino, Jackpol, are not serious competitors of the entity due to their location, level of the services offered and the standard of equipment.

The share of ORBIS CASINO Sp. z o.o. in the revenues of all entities engaged primarily in conducting activities in the scope of gaming is at the estimated level of approximately 26-28%.

3. Main Sales Markets

ORBIS CASINO Sp. z o.o. is conducting its business within the territory of Poland in the following towns:

- Warsaw – casino at the "Victoria" Hotel;
- Warsaw – games saloon at the "Grand" Hotel;
- Szczecin – casino at the "Neptun" Hotel;
- Sopot – casino at the "Grand" Hotel;
- Kraków – casino at the "Forum" Hotel;
- Zakopane – casino at the "Giewont" Hotel;

- Lublin – casino at the "Unia" Hotel;
- Katowice – casino at the "Warszawa" Hotel;
- Plock – games saloon at the "Petropol" Hotel.

The company is not engaged in export operations.

4. Seasonal Nature of Sales Markets

Although gaming is not subject to seasonal changes, typically the fourth quarter of the year features slightly higher sales revenues compared to the other three quarters.

5. Value of Sales for the Year 1994-1996

In 1994, sales revenues were PLN 33,762 thousand; in 1995 r. – PLN 42,612 thousand; and in 1996 – PLN 176,022 thousand.

The significant growth of revenues in 1996 compared to the preceding years results from the new method of calculating revenues from gaming introduced by the Minister of Finance on 1 January 1996.

6. Entity's Sources of Supply

ORBIS CASINO Sp. z o.o. imports equipment used in the casinos from the manufacturers recognised as the best in the sector – mainly from the USA (gaming machines), Great Britain (roulette table and wheels, gaming machines, playing cards and chips).

The entity is also making purchases from the domestic manufacturer of gaming machines – ZPR S.A.

7. Dependency of the Entity on Customers and Suppliers

ORBIS CASINO Sp. z o.o. is not dependent on one or several suppliers and customers.

18.9. Characteristics of Issuer's Subsidiaries Not Subject to Consolidation

18.9.1. Domestic Entities

Orbis Transport Sp. z o.o.

Orbis Transport Sp. z o.o. is a limited liability company, having its seat in Warsaw. Its shareholders are: ORBIS S.A. – 65.19%, Beton Stal S.A. – 26.56%, INVOR Sp. z o.o. – 1.92%, CHROBOT – REISEN Zurich – 0.7 %. The remaining shareholders are natural persons with a shareholding of a maximum of 0.5% each.

1. Basic Goods and Products of the Entity

The company provides services in the scope of short-term and long-term rental of cars (420 units) in 13 locations in Poland (mainly in big towns). Since the beginning of 1997, it has commenced car leasing activities – conducted under a licence agreement with Hertz International (rent a car) and Hertz Leasing.

The entity runs coach transport on international lines and is the largest licensed coach transport agent in Poland. It has 56 coaches in its disposal.

The company rents coaches domestically and abroad, mainly to Orbis Travel (BZTP – Biuro Zagranicznej Turystyki Przyjazdowej), Itaka, Rainbow, Quo Vadis and pilgrimage offices. It also runs an authorised Mercedes coach service station, sells second hand passenger cars withdrawn from Hertz rental agencies and runs a car park for foreign coaches.

2. Environment in Which the Entity Operates

In the scope of passenger cars rental, the company is operating among five other firms listed below which are domestic entities carrying a licence of large foreign entities. They include:

- Jupol-Car Sp. z o.o., Avis licence – 1000 cars;
- Car-pol Sp. z o.o., Budget licence – approximately 200 cars;
- Interbest '97 Sp. z o.o., Europcar licence – approximately 200 cars;
- Filcar Sp. z o.o. and Global Sp. z o.o., Eurodollar licence – each company has approximately 100 cars.

In terms of coach transport services, the company is competing in the international markets with firms such as Pekaes Bus Sp. z o.o., Europa Express, Comfort Lines, Eurotrans.

In the scope of rental of coaches, the entity's biggest partner is Orbis Travel (Biuro Zagranicznej Turystyki Przyjazdowej), which utilises most of the vehicles intended for this purpose under an agreement.

3. Principal Sales Markets

With respect to car rental, the structure is as follows:

- reservations from the Hertz international system constitute 30% of rental;
- 30% of rental originates from the Orbis Travel network, including the ORBIS S.A. companies conducting their business abroad;
- balance of the rental originates from domestic customers directly approaching the company, as well as from foreign companies operating in the sectors neighbouring with the tourist sector;

- with respect to the canvassing of business, the largest foreign markets of the company include: USA and Canada, Germany, France, Scandinavia, Great Britain;
- rental is also present in the following towns: Warsaw, Gdańsk, Szczecin, Kraków, Poznań, Lublin.

Interbus Sp. z o.o., a specialist company, as well as foreign companies of ORBIS S.A. are conducting sales and canvassing in the scope of coach transport. The company is also servicing coach lines to 50 towns in 11 European countries, including, but not limited to: Belgium, the Czech Republic, France, Greece, Spain, the Netherlands, Germany, Switzerland, Great Britain and, on a seasonal basis, to Italy and Austria.

4. Seasonal Nature of Sales Markets

Due to the fact that the company is operating in the market connected with tourist traffic, seasonal changes are clearly visible – holiday period, i.e. the third quarter generates the biggest sale revenues.

5. Value of Sales in the Years 1994-1995

The sales revenues in the last three years were as follows:

- 1994 – PLN 18,191 thousand;
- 1995 – PLN 22,881 thousand;
- 1996 – PLN 28,580 thousand.

6. Entity's Sources of Supply

The following entities are the main suppliers of the entity:

- with respect to passenger cars – Renault Polska SARL (50% of supplies) and General Motors Sp. z o.o. (30% of supplies);
- with respect to coaches – Sobiesław Zasada Centrum S.A. (100% of supplies).

7. Dependency of the entity on Customers and Suppliers

Despite a very close co-operation between the entity and the suppliers listed below, Orbis Transport Sp. z o.o. is not dependent on any of them – this is an informed choice in accordance with the commercial interest of the company.

The main partners of Orbis Transport Sp. z o.o. are: Orbis Travel (8.6% share in the total sales of Orbis Transport Sp. z o.o. in 1996) and Hertz International (12.4% share in the total sales).

PORT "Silnowa" Sp. z o.o.

This is a limited liability company, having its seat in Wilkasy. ORBIS S.A. is the sole shareholder with 100% share in the company. This entity was established in 1989; it conducts its operations in the area of tourist services based on the base it owns in Wilkasy.

1. Main Goods and Products

The company is engaged in the provision of overnight accommodation, catering and related services. The company's base includes: Brda type bungalows, 3 brick hotel buildings, restaurant. Activities in the scope of water sports equipment rental, horse riding are also available on the site.

2. Environment in Which the Entity is Operating

The company conducts its activities competing with numerous resorts and hotels in Wilkasy and in the Masurian Lakes. However, due to the results of the repair – modernisation works under way, the share of the company in the servicing of the tourist traffic is growing.

3. Principal Sales Markets

The company sells its services in the Polish and German markets. There is also a group of guests from the Netherlands, Belgium, Denmark. Individual tourists and groups visiting the country for travelling reasons, conferences, and training courses are the main customers of the company.

4. Seasonal Nature of the Sales Market

The business of the company is of a seasonal nature. The biggest occupancy levels and the largest revenues are achieved by the company in the period from June to August.

5. Value of Sales in the Years 1994-1996

In 1994, the company achieved sales revenues of PLN 644 thousand; in 1995 – PLN 781 thousand and in 1996 – PLN 1,040 thousand.

6. Entity's Sources of Supply

The company is supplied by local suppliers of raw materials and consumables necessary for conducting its operations.

7. Dependency of the Entity on Customers and Suppliers

Non-existent.

18.9.2. Foreign Entities

SPTOV Polorbis

A limited liability company, having its seat in Paris. ORBIS S.A. holds 99.9% of the shares in the company. Polorbis was established in February 1991. It mainly engages in organising trips and individual stays, as well as groups.

1. Basic Goods and Products

The company operates in the area of services for the tourist market. The primary services provided by the entity may be classified as tour-operating activities and agency business. These include: reservations of rooms in hotels, reservations of transport means, issuance of shipping documents, reservations of places in passenger means of transport, sales of package tours and related products (folders, maps, guides).

2. Environment in Which the Entity is Operating

The company is operating in a strongly competitive market among numerous other companies engaged in the servicing of tourist traffic in Paris.

3. Principal Sales Markets

The company sells its services in the French market. Due to the specific nature of its activities and the strong competition, it is difficult to talk about a stable and strictly defined sales market. Both the individual tourists (sight-seeing trips, business trips) and the organised groups of tourists interested in visiting Poland, primarily for sight-seeing purposes, are the customers of the company. The sale of services is gradually expanding, covering the servicing of the tourist traffic, business trips from Poland to France.

4. Seasonal Nature of the Sales Market

The sales in the segment of holiday trips are of a seasonal nature (mainly during the holiday months of the year). With respect to other segments of the company's activities it is not noticeable.

5. Value of Sales in the Years 1994-1996

In 1994, the company achieved sales revenues in the amount of PLN 2,545 thousand; in 1995 – PLN 3,360 thousand, and in 1996 – PLN 2,379 thousand.

6. Entity's Sources of Supply

The company purchases component services from PBP Orbis Sp. z o.o. (Biuro Zagranicznej Turystyki Przyjazdowej) and from the ORBIS S.A. hotels, creating the final product and offering it in the French market.

7. Dependence of the Entity on Customers and Suppliers

The company is dependent on its main suppliers, i.e. ORBIS S.A., as well as on Orbis Spółka z o.o.

Comment:

Sales revenues for the years 1994-1996 were calculated in accordance with the arithmetic mean exchange rates

Polorbis Reiseunternehmen GmbH

A limited liability company, having its seat in Cologne. ORBIS S.A. has 100% shareholding in the company. It was established in 1973, and is engaged in organising individual trips and group holidays.

1. Basic Goods and Products

The company conducts its operations in the area of tourist services. The main services that it provides may be classified as tour-operating activities and agency operations. These include: reservations of hotel rooms, issuance of shipping documents, reservations of places in passenger means of transport, rental of passenger means of transport, sale of package holidays and of products related thereto (folders, maps, guides).

2. Environment in Which the Entity is Operating

The company is conducting its business in a highly competitive market and is one of the numerous entities engaged in the servicing of the tourist traffic in Germany.

3. Principal Sales Markets

The company sells its services in the German market. Due to the specific nature of its activities and the strong competition, it is difficult to talk about a stable and strictly defined sales market. Individual tourists (sight-seeing tours, holiday trips, business trips), as well as organised groups of tourists interested in visiting Poland for sight-seeing and holiday purposes, are the customers for the company's services.

4. Seasonal Nature of Sales Market

Seasonal fluctuations do not affect the sales of the company's services in such segments as sight-seeing tours and business trips. Only the holiday trips segment reflects the seasonal changes, where sales are bigger during the holiday period.

5. Value of Sales in the Years 1994-1996

In 1994, the company achieved sales revenues in the amount of PLN 12,052 thousand; in 1995 – PLN 10,546 thousand, and in 1996 – PLN 9,453 thousand.

6. Entity's Sources of Supply

The company purchases its component services and package trips from PBP Orbis Sp. z o.o. (Biuro Zagranicznej Turystyki Przyjazdowej), as well as services provided by the ORBIS S.A. hotels.

7. Dependency of the Entity on Customers and Suppliers

The company is dependent on its suppliers: PBP Orbis Sp. z o.o. and ORBIS S.A. (the sole shareholder in the company).

Comment:

Sales revenues for the years 1994-1996 were calculated in accordance with the arithmetic mean exchange rates

Orbis Polish Travel Bureau Inc.

A joint stock company, having its seat in New York. ORBIS S.A. holds 72% of the shares in the company. It was established in 1937, and is engaged primarily in organising individual and group trips and holiday stays.

1. Principal Goods and Products

The purpose of the activities of the company is based on the provision of tourist services. The main services that are offered by the company include: reservations of rooms in hotels and other facilities offering overnight accommodation, reservations of transport, issuance of shipping documents, rental of passenger means of transport, sales of package holidays, individual tours and products related to tourist's trips (folders, maps, guides). All services provided by the company may be classified as tour-operator's activities and agency business.

2. Environment in Which the Entity is Operating

The company is operating in the environment of developed competition, among numerous firms engaged in the servicing of the tourist traffic in New York, including the tourist traffic the target of which is Poland.

3. Principal Sales Markets

The company sells its services in the American market. Due to the specific nature of the activities and extensive competition, it is impossible to talk about a stable and strictly defined sales market. Both the individual customers (sight-seeing tours, business trips, holidays) and the organised groups of tourists interested in visiting Poland, mainly for sight-seeing purposes, are the customers of the company. One of the segments of customers for the services provided by the company is the Polish community in the USA.

4. Seasonal Nature of the Sales Market

The changes of seasons affect the company in the segment of holiday trips. With respect to other segments of the company's operations, the changes of seasons do not have any impact.

5. Value of Sales in the Years 1994-1996

In 1994, the company achieved sales revenues in the amount of PLN 22,075 thousand; in 1995 – PLN 27,975 thousand, and in 1996 – PLN 25,143 thousand.

6. Entity's Sources of Supply

The company purchases component services as well as package tours from PBP Orbis Sp. z o.o. (Biuro Zagranicznej Turystyki Przyjazdowej); it also plays the role of the intermediary in the sales of package tours designed by PBP Orbis Sp. z o.o.

7. Dependency of the Entity on Customers and Suppliers

The company is dependent on its main supplier, i.e. PBP Orbis Sp. z o.o. (Biuro Zagranicznej Turystyki Przyjazdowej).

Comment:

Sales revenues for the years 1994-1996 were calculated in accordance with the arithmetic mean exchange rates.

Polorbis Travel Ltd.

A limited liability company, having its seat in London. ORBIS S.A. is the holder of 99.9% of the shares in the company. The company was established in 1977, and it engages mainly in tour-operating activities and agency operations.

1. Basic Goods and Products

The company conducts its operations in the area of tourist services. The main services provided by the company include: reservations of rooms in hotels and other facilities offering overnight accommodation, reservations of the means of transport, issuance of shipping documents, reservations of places in passenger means of transport, rental of passenger means of transport, sale of package tours and related products (folders, maps, guides).

2. Environment in Which the Entity is Operating

The company is operating in the conditions of strong competitions, among numerous firms engaged in the servicing of the tourist business in the territory of Great Britain.

3. Principal Sales Markets

The company sells its services in the British market. Due to the specific nature of the activities and extensive competition, it is impossible to talk about a stable and strictly defined sales market. Both the individual customers (sight-seeing tours, business trips, holidays) and the organised groups of tourists interested in visiting Poland, mainly for sight-seeing purposes, are the customers of the company. The sales of the company's services is also gradually expanding towards other geographical area, covering the servicing of the traffic of tourists, businessmen, educational trips and business travels from Poland to Great Britain.

4. Seasonal Nature of the Sales Market

The changes of seasons affect the company in the segment of holiday trips. With respect to other segments of the company's operations, the changes of seasons do not have any impact.

5. Value of Sales in the Years 1994-1996

In 1994, the company achieved sales revenues in the amount of PLN 12,769 thousand; in 1995 – PLN 13,318 thousand, and in 1996 – PLN 15,246 thousand.

6. Entity's Sources of Supply

The company purchases component services as well as package tours from PBP Orbis Sp. z o.o. (Biuro Zagranicznej Turystyki Przyjazdowej); it also purchases services from the ORBIS S.A. hotels.

7. Dependency of the Entity on Customers and Suppliers

The company is dependent on its suppliers, i.e. PBP Orbis Sp. z o.o. (Biuro Zagranicznej Turystyki Przyjazdowej.) and ORBIS S.A.

Comment:

Sales revenues for the years 1995-1996 were calculated in accordance with the arithmetic mean exchange rates.

ORBIS RESOR AB

A joint stock company, having its seat in Stockholm. ORBIS S.A. is the holder of 100% shares in the company. The company was established in 1974 as NORBIS AKTIEBOLAG, and in 1983 – as ORBIS RESOR AB. It conducts its activities in tour-operating and agency services.

1. Principal Goods and Services

The company conducts its operations in the area of tourist services. The main services provided by the company include: reservations of rooms in hotels, reservations of the means of transport, issuance of shipping documents, reservations of places in passenger means of transport, sales of sea-ferry tickets and airlines tickets, sale of package tours and individual holidays as well as other products related to tourists' traffic (folders, maps, guides), sale of insurance policies.

2. Environment in Which the Entity is Operating

The company is operating in the conditions of strong competition.

3. Principal Sales Markets

The company sells its services in the Swedish market. Due to the specific nature of the activities and extensive competition, it is impossible to talk about a stable and strictly defined sales market. Both the individual customers (sight-seeing tours, business trips, holidays) and the organised groups of tourists interested in visiting Poland, mainly for sight-seeing purposes, are the customers of the company.

4. Seasonal Nature of the Sales Market

The changes of seasons have a significant impact on the operations of the company. This mainly applies to the summer period and the trips to Poland connected with it.

5. Value of Sales in the Years 1994-1996

In 1994, the company achieved sales revenues in the amount of PLN 6,972 thousand*; in 1995 – PLN 7,014 thousand**, and in 1996 – PLN 7,840 thousand**.

6. Entity's Sources of Supply

The company purchases component services from PBP Orbis Sp. z o.o., and from the ORBIS S.A. hotels, creating the final product which is offered by it in the Swedish market.

7. Dependency of the Entity on Customers and Suppliers

The company is dependent on its supplier, i.e. ORBIS S.A., which is the sole shareholder in the company.

Comments:

** Sales revenues for 1994 were calculated in accordance with the exchange rate table of the National Bank of Poland (median rate of exchange) of 30 December 1994.*

*** Sales revenues for the years 1995-1996 were calculated in accordance with the arithmetic mean exchange rates.*

Polorbis Praha S.r.o.

A limited liability company, having its seat in Prague. ORBIS S.A. is the holder of 95% of the shares in the company. The company was established in 1991. It was mainly engaged in the organising and selling of travels. The scope of the activities of the company included agency services. Pursuant to a resolution of the Meeting of the Shareholders of 30 December 1993 was placed in liquidation as of 1 January 1994.

EVALUATIONS AND PROJECTIONS OF THE ISSUER REGARDING THE BUSINESS OPERATIONS CONDUCTED

1. EVALUATION OF ISSUER'S FINANCIAL RESOURCES MANAGEMENT

Evaluation of ORBIS S.A. financial resources management was carried out based on the following criteria: profits and profitability; assets of the Company and effectiveness of the application thereof; current ratio and structure of the Company's sources of funds.

Profits and Profitability

Since 1995, the Company has been significantly improving its financial results. The real increase of sales revenues is reflected in the significant net profit growth. The fact that the rate of net profit growth has been quicker than the growth of sales revenues should also be positively evaluated (Table VI.1).

Table VI.1. ORBIS S.A. Net Profit Growth

	1995	1996
sales revenues growth	27.6%	20.1%
inflation	27.8%	19.9%
net profit growth	82.2%	28.7%

Source: COK BH based on the financial statements of ORBIS S.A. and the GUS data

The growth of revenues has been primarily linked with the growing occupancy rate in the ORBIS S.A. hotels. Concurrently, the increase of prices for the services provided by the Company has been limited due to: (i) increased competition in the hotel market; (ii) practice of establishing prices by ORBIS S.A. with western partners in German marks at least one year in advance; and (iii) large share of fixed costs in the structure of total costs.

The ROE and ROA profitability ratios show a stable growing tendency despite the fact that they are below the level of inflation. The small return on equity (ROE) results from the fact that the Company is financing fixed assets from shareholders' funds. This also has a negative impact on the ROA level. On the other hand, the growth in the level of profitability on operating activities and sales should be positively evaluated (Table VI.2).

Table VI.2. Sales, Assets and Equity Profitability Ratios

	1994	1995	1996
operating activities profitability ratio	7.7%	9.7%	10.4%
gross profit ratio	8.8%	8.5%	10.4%
net profit ratio	3.2%	4.5%	4.8%
ROA	2.7%	2.7%	3.4%
ROE	3.5%	3.2%	4.0%

Source: COK BH

Shareholders' Funds and the Application of Funds

Due to the structure of the Company's assets (a significant share of which are tangible fixed assets), the growth in both the level of the equity to sales ratio and assets turnover was primarily linked to the greater utilisation of the hotel base (Table VI.3).

Table VI.3. Assets as a proportion of equity or sales of ORBIS S.A.

	1994	1995	1996
tangible fixed assets	65.9%	77.2%	77.8%
current assets as a percentage of total assets	24.2%	17.8%	15.3%
total assets (in PLN)	401,863,000	732,931,000	748,142,000
assets turnover	0.86	0.60	0.71
fixed assets to sales ratio	1.20	0.75	0.88
current assets to sales ratio	3.54	3.37	3.85
day's sales in accounts receivable	28	28	25

Source: COK BH based on the financial statements of ORBIS S.A.

As at the end of 1996, the increase in assets was only 2.1% compared to the end of 1995. Therefore, in real terms, the Company showed a decline in the balance sheet value. This results from the fact that the entire financial effort of the Company was channelled to the development or modernisation of the already existing hotel base. However, it should be noted that this data does not include the repayment under the leasing agreements with respect to the Holiday Inn and the Jelenia Góra hotels.

Current Ratio

The enterprise features a high level of solvency (Table VI.4). The current ratio, as well as the quick and the cash ratios are at a very high level.

Table VI.4. Liquidity Ratios

	1994	1995	1996
current ratio	3.82	4.28	3.21
quick ratio	3.20	3.71	2.77
cash to liabilities ratio	2.13	2.56	1.54

Source: COK BH

Structure of Sources of Financing

The equity funds constitute the basic source of financing the assets. The level of the Company's debt to equity ratio is high (capital structure ratio).

Table VI.5. Financial Ratios

	1994	1995	1996
equity to liabilities ratio	3.52	5.14	5.67
equity to fixed assets percentage	108%	104%	105%
liabilities to current assets percentage	90%	91%	81%
percentage of liabilities to total assets	21.92%	16.23%	14.93%
general financial ratio	1.19	1.14	1.30

Source: COK BH

The continually improving financial situation and equity situation of the enterprise is confirmed by the growth in the level of the general financial ratio and by decline of liabilities in the balance sheet structure.

Notes

ROA	return on assets in a given period
ROE	return on equity in a given period. Equity includes retained net profit
Operating activities profitability ratio	profit on operating activity to sales revenues in a given period
Gross profit ratio	gross profit in relation to sales revenues in a given period
Net profit ratio	net profit in relation to sales revenues for a given period
Assets turnover	sales revenues in relation to total assets as at the end of a given period
Fixed assets to sales ratio	sales revenues in relation to fixed assets as at the end of a given period
Current assets to sales ratio	sales revenues / current assets
Day's sales in accounts receivable	status of accounts receivable in a given period in relation to net sales revenues in such a period • number of days in the period
Current ratio	current assets to short-term liabilities as at the end of a given period
Quick ratio	current assets less inventory to short-term liabilities as at the end of a given period
Equity to liabilities ratio	equity / liabilities
Equity to fixed assets ratio	equity / fixed assets
Liabilities to current assets ratio	liabilities / current assets
Cash ratio	cash / current liabilities

2. EVALUATION OF POTENTIAL TO ACHIEVE THE ISSUER'S INVESTMENT OBJECTIVES

The investment programme for the next few years prepared by the Issuer includes both the investment in tangible components of fixed assets, and equity investments, although the majority of funds will be allocated to investments in tangible components of fixed assets.

By the end of 1997, the Issuer will allocate an aggregate amount of PLN 65.7 million to investments, of which:

- PLN 60.5 million – to modernise the existing hotel base;
- PLN 1.5 million – to investments in new hotels (hotel investment in Zamość);
- PLN 3.7 million – to equity investments, including:
 - PLN 2.5 million – related to the increase of capital in the existing companies;
 - PLN 1.2 million PLN – investments in new companies.

In the opinion of the Management Board, the investments implemented by the end of 1997 will be financed from equity funds.

In 1998, the Issuer intends to commence the implementation of a five-year intensive investment programme in connection with further modernisation and development of the existing base of accommodation facilities. Expenditures related to equity investments will, in 1998, constitute a marginal value of the planned outlays.

In 1998, the Issuer plans to implement an investment programme with an aggregate value of PLN 224.9 million, with the assumption of the following structure of expenditures:

- PLN 188.9 million – modernisation of the existing hotel base;
- PLN 35 million – investment in new hotels;
- PLN 1 million – equity investments in new companies.

In accordance with the position of the Management Board of the Company, investments to be implemented in 1998 will be funded from the following sources:

- equity funds – 37%;
- revenues generated from share issue – 63%.

The projection of the financial results for the coming three years prepared by the Issuer, including the projection of cash flow, allows for a statement that, in the event that the share issue is effected, the Issuer should have no problem with the financing of the investment programme.

3. EVALUATION OF BASIC FACTORS AND EXTRAORDINARY EVENTS AFFECTING ISSUER'S OPERATIONS

Starting in 1995, ORBIS S.A. has been significantly improving its financial results. As at the end of 1995, the net profit of the Company showed a growth of 80% compared to the profit generated in the corresponding period of 1994, and as at the end of 1996 the net profit was greater than the 1995 profit by approximately 29%. This situation resulted from an increase of sales revenues which was quicker than the costs incurred in connection with the operating activities.

Such a dynamic growth in revenues was connected with both the increased occupancy rate and the increase in prices for the provided services. The impact of price increases had greater influence on the financial result of the Company in 1994 than in the subsequent years (1995 and 1996). The limited possibilities of price increases in those subsequent years were related to the growing competition in the market.

The actions undertaken by the ORBIS S.A. hotels resulted in the increase in the occupancy level. These actions included, but were not limited to, the following:

- implementation by the hotels of a fully informed commercial policy and dynamic marketing activity due to the application of new tools of analysis;
- continuous improvement of the standard of the services provided, including, but not limited to, improvements resulting from the preparation and implementation of the "Standards of services and equipment" in all hotels;
- expansion of the scope of services offered for the purposes of adapting the hotels' service programme to the continually changing needs of the guests;
- systematic improvement of the technical condition of buildings as a result of the repair-modernisation works carried out.

The slower increase in costs in relation to revenues is connected with, among other things, the fact that the fixed costs, whose level is not directly related to the level of occupancy in the hotels, constitute the majority of the costs incurred by the Company. Therefore, the improved occupancy level noted in the Company's hotels over the last few years has primarily affected the growth of revenues, and not the growth in costs.

During the previous three years of operations of ORBIS S.A., a series of events occurred which had a material impact on the activities of the Company:

- The years 1993-1995 constituted a particularly important period in the operations of the Company when a deep restructuring process was carried out. At its first stage (July 1993), the tourist and transport activities were spun off from the organisational structure of the Company by way of establishing two new companies; Polskie Biuro Podróży Orbis Sp. z o.o. and Orbis Transport Sp. z o.o. At the subsequent stage, hotel branches were subjected to restructuring (one-building branches were created from the majority of multi-building units). This constituted the basis for the change in the principles of the functioning of the Company in the scope of planning, management accounting, reporting and analyses.
- ORBIS S.A. is paying charges in respect of hotel leasing: the "Holiday Inn" Hotel and the "Jelenia Góra" Hotel, these charges are a significant burden on the financial result achieved by the Company. The charges in respect of the leasing of the said two hotels were as follows:
 - 1994 – PLN 28,162,609.90;
 - 1995 – PLN 33,569,025.88;
 - 1996 – PLN 35,500,160.80.

Repayment of the leasing instalments will end in October 1997 (with respect to the "Holiday Inn" Hotel) and in April 1998 (with respect to the "Jelenia Góra" Hotel).

- On 31 December 1996, the foreign exchange loan contracted by the Company in 1990 was converted into a PLN loan. The conversion agreement was entered into with Bank Wschodnio-Europejski S.A. acting on behalf of the Minister of Finance as the representative of the State Treasury. The then outstanding amount of ATS 109,888,479.44 (Austrian Shillings) was converted into PLN in accordance with the following rate of exchange: ATS 1.00 = PLN 0.2447. This allowed for the instalments paid to be freed from exchange rate fluctuations.
- In 1994, the Company paid the amount of PLN 1,186,262.7 in respect of the obligatory tax on other than standard payments of remuneration (in August 1994, it was converted into a sanction payment).
- ORBIS S.A. contracted two loans from the Ministry of Finance (within the budgetary funds of the state) intended for the repayment of leasing instalments; the first of these loans, in the amount of PLN 18,700,000 was contracted on 23 February 1994, and the other, in the amount of PLN 21,860,000 was contracted on 31 October 1995; the repayment of both loans was deferred – the first loan will be subject to repayment during a period from 1 January 1999 to 1 August 2005, and the second – during a period from 1 February 1997 to 1 August 2003.
- There are modernisation and repair works being carried out in the majority of hotel buildings that temporarily exclude some of the residential premises from use in the individual hotels; such exclusions, with the exception of the Victoria Hotel in Warsaw, do not materially affect the financial result achieved by the individual branches.

4. INTERNAL AND EXTERNAL FACTORS OF MATERIAL SIGNIFICANCE TO THE DEVELOPMENT OF ISSUER'S ENTERPRISE AND PROSPECTS FOR BUSINESS DEVELOPMENT

4.1. Internal and External Factors of Material Significance

Internal Factors of Material Significance to Issuer's Development

In the opinion of the Management Board of the Company, the following should be noted among the factors that have a material impact on ORBIS S.A.:

- the largest, on the national scale, hotel potential and the strong position related to it in many of the local markets which are important from the point of view of tourism and business;
- having a generally known and recognised trademark and trade name that are easily identified domestically and abroad;
- achievement of a strong position in the domestic market;
- maintaining a stable, favourable financial situation of the Company and, therefore, retaining a reliable image among financial institutions;
- having real estate located in very attractive parts of large towns in Poland;
- having an experienced and well qualified personnel;
- strong majority position held in the "daughter" companies which provide services of a complementary nature in relation to the hotel-catering services; due to that a possibility of close co-operation appears in a triangle: hotels – tour-operators – transport;

- use of the methods and tools in support of management that comply with the current international standards;
- design and application of quality and service standard systems;
- flexible pricing policy in contacts with clients.

In addition, in order to ensure the correct functioning of the Issuer, the Management Board pays attention to the necessity to:

- restructure employment system and remuneration system;
- increase the dynamics of marketing activities;
- continue to develop the qualifications of the employees;
- implement new, more effective mechanisms of controlling the standards;
- expand, within the organisational structure, entities for the realisation of an intensive modernisation programme;
- further develop computer tools (including integrated information technology systems) supporting the management function.

External Factors of Material Significance to Issuer's Development

- Favourable prospects of the development of tourist-business traffic should be mentioned among the most significant external factors affecting the Issuer's situation. Experts envisage that during the coming few years, the level of increase of tourists visiting Poland should have a tendency to grow.
- Together with the growing numbers of foreigners visiting Poland, an increase in their expenditures is expected, which might have an impact on increasing the revenues generated by the entities conducting their activities in the hotel-catering services market.
- The development of competition in the form of the systematically appearing new hotels since 1990 constitutes an undoubted threat to the Company. In this respect, the biggest significance is that of the hotels built with the participation of foreign operators who, most frequently, are large hotel chains. These are managed using the latest methods and techniques, and the equipment in these hotels, as well as the interior decoration and utility programmes, correspond with the current trends in the European hotel market.
- It is the belief of the Management Board that the significance of the newly established, smaller hotels should not be ignored due to the fact that in many towns the impact of competition from them starts being noticeable. These primarily are business centres, training centres, holiday health resorts, which have so far been partially closed and which are currently making their renewed premises available to the public and offering services at a relatively high level and at correspondingly competitive prices.
- Since the beginning of the 1990's, a strong development of competition in catering has been noted in various market segments: from "fast-food" catering to the best quality restaurants. This forces hotels to be innovative in the running of catering facilities and to expand their offer by organising special events, provision of catering services and organisation of banquets.

4.2. Prospects for the Development of Issuer's Business Activities

In accordance with the position of the Management Board, the mission of ORBIS S.A. is to achieve a position of a financially strong holding group, linked in terms of capital with entities conducting their business in the tourist market (in the area of hotels, tour-operation, transport) and those related to them (recreation and entertainment, hotel real estate, and office buildings).

In the scope of the hotel operations, the mission of the Company over the coming years is to maintain the position as the largest operator in the market of three-star and four-star hotels as well as securing a significant position in the market of two-star hotels in Poland. The plans for a more distant future (after the year 2010) also envisage entering the markets of the countries neighbouring with Poland.

ORBIS will seek to develop the network of hotels so that in the year 2007 it is present in all towns of Poland with a population exceeding 100,000 or where tourist attractions in the area generate a significant need for hotel services. The Management Board assumes that a noticeable development of hotel operations will take place with the establishment of a network of motorways along which the infrastructure for motor travellers will appear.

In the area of tour-operating, the Management Board envisages maintaining the controlling shareholding in PBP Orbis Sp. z o.o., the largest Polish organiser of tours. The strengthening of the synergy between hotels activities and tourist activities that is connected with it should have a favourable impact on the financial results achieved in the future by both companies. The Management Board will also be seeking to maintain the position of an active investor in Orbis Transport Sp. z o.o. The resulting complementary nature of the operations within the triangle: tour-operator – hotel – transport, coupled with the co-ordination of goals and plans of the activities of all three companies, should bring the expected benefits.

In the light of the mission of ORBIS S.A. defined in this manner, the strategic goal of ORBIS is the development of a hotel network based on its own buildings and those used in the future pursuant to agreements concluded, as well as the diversification of the invested capital by starting up activities other than hotel business, including activities that are related or complementary to hotel services (entertainment and recreation, construction and management of office buildings, capital investments in connection with the insurance market, banking market, the servicing of credit cards).

The objective set forth above will be implemented by ORBIS S.A. with respect to the existing base by way of modernising the hotels. This should ensure improvement of the quality of the product, increase of competitiveness and, as a result, growth of the market share.

With respect to the expansion of the hotel network the Management Board is planning to commence in 1999 the implementation of motel construction programme. In accordance with the development programme, a network of approximately 12 motels located close to motorways and other points of intense traffic should be established in the years 1999-2002.

In addition to motels, the Management Board includes in the investment plans the construction of two three-star hotels located in town centres in which ORBIS has no presence to date. The completion of this task is envisaged to take place in the years 2000-2002. The Management Board also projects the purchase of a three-star hotel, the development of the Novotel Hotel in Warsaw and completion of the investment in Zamość.

In addition to the investments implemented independently, the Management Board is also considering a possibility of joint participation in the construction of new hotels, mainly two- and three-star ones.

With respect to the development of the hotel network, in addition to the construction and purchase of new buildings, the goals of the Company will be achieved by preparing a parcel of offers in the scope of franchise agreements, lease agreements and agreements for the provision of management services. This will apply both to the already existing hotels and to the newly established locations, including those completed by external entities with a potential participation of ORBIS S.A.

5. ISSUER'S FINANCIAL RESULTS PROJECTIONS FOR 1997

The financial result projection of ORBIS S.A. (for 1997), in accordance with the assumptions of the Management Board, is as follows:

Projection of Financial Results of ORBIS S.A. – in PLN mln (nominal prices including inflation)

Specification	1997 (plan)
revenues from sales of goods and services	633
costs of goods and services sold	563
profit on sales	70
gross profit	70
income tax	36
net profit	34

Source: ORBIS S.A. Management Board

Comment

(*) the "income tax" item includes the provision for costs not charged to revenues generated and the obligatory encumbrance of profit to the benefit of the State Treasury in an amount of 15% of the profit.

Sales projections and financial result projections for 1997 have been prepared with consideration given to the results for the period from January 1997 – June 1997 and are based on the following assumptions:

- maintaining the current rate of development in the tourist-hotel sector, i.e. primarily maintenance of the growing tendency with respect to the occupancy level;
- improvements on the actions already undertaken with the aim of increasing the profits compared with previous years have been taken into consideration, including, in particular, additional effects occurring with the completion of the repair-modernisation works carried out in 1996 with respect to a portion of the hotels and those arising from the intensification of marketing activities and making the commercial policy more flexible;
- impact of the projected occupancy, average price of room-nights, number of rooms operated, on the sales revenues from overnight accommodation and catering services;
- existence of a direct connection between the growth of the occupancy rate and the results of the catering activities and the remaining services provided by the hotels; the planned growth in the occupancy rate should cause a growth of sales in catering, at least with respect to breakfasts and in the scope of telecommunications services;

- with respect to catering – expansion of catering activities;
- growth of revenues connected with the servicing of training courses, conferences, banquets, etc. – this segment will play an ever increasing role in the generation of profits by hotels;
- continuation of activities oriented to further rationalisation of operating costs related to the operational activities conducted and to improvement of efficiency, primarily by continued implementation of cost control mechanisms and rationalisation of employment;
- continuation of repair and modernisation works in some of the branches, which means an increase in the costs of operation of real estate, replacement of small components of equipment and additional purchases of consumables;
- increase in marketing costs above the rate of inflation for the purpose of continued expansion of the customer base and securing repeat business;
- reduction of the costs of sales of goods and services in 1997 owing to the end of the repayment of instalments in respect of the leasing charges related to the "Holiday Inn" Hotel;
- prudent estimates with respect to inflation in 1997 at the level of 15%;
- growth in the official prices of power – by 17%;
- when planning the prices for 1997, the rate of adjustment to the PLN/DEM exchange rate that was adopted was 0.76% per month.

The projected results allow ORBIS S.A. to count on 32.8% increase in the net profit in 1997 compared to the previous year.

6. EVALUATION AND PROJECTIONS OF ISSUER REGARDING THE OPERATIONS CONDUCTED BY THE CAPITAL GROUP

Data and evaluations contained in Clause 7 relate to the Capital Group composed of the entities, the financial statements of which have been subject to consolidation and are presented in Chapter VII of this Prospectus. The Capital Group of the Issuer is composed of the following entities: ORBIS S.A., Polskie Biuro Podróży "Orbis" Sp. o.o., in which ORBIS S.A. holds 51% of shares, and ORBIS CASINO Sp. z o.o., in which ORBIS S.A. holds 33,3% of shares. The remaining subsidiaries and affiliated companies, in which ORBIS S.A. holds in excess of 20% of shares were not subject to consolidation as at 31 December 1996, pursuant to Art. 56 Section 2 of the Act on Accounting.

6.1. Evaluation of the Management of Financial Resources of ORBIS Capital Group

Evaluation of the management of financial resources of the ORBIS S.A. Capital Group was carried out based on the following criteria: profits and profitability, equity of the Capital Group and effectiveness of its application, current ratio and structure of the sources of financing of the Capital Group.

Profits and Profitability

During the year ended 31 December 1996, the sales of the Capital Group grew by over 50%, of which the net sales of ORBIS S.A. constituted 79.82% of the total sales volume. The slower growth in the costs of products and services during the same period was reflected in the high gross profit percentage. On the other hand, the three-fold growth in the costs of overheads of the Capital Group had a negative impact on the decline in the operating activities profitability percentage and in the net profit percentage.

Table VI.6. Profitability Ratios with Respect to Issuer's Capital Group

	1995	1996
operating activities profitability percentage	9.66%	7.87%
gross profit percentage	18.33%	22.68%
net profit percentage	4.58%	3.63%
ROA	2.75%	3.36%
ROE	3.29%	4.12%

Source: COK BtI based on the consolidated financial statements of ORBIS S.A. for 1995, 1996

Return on assets (ROA) and return on equity (ROE) of the Capital Group keep showing a growing tendency, although they still remain below the rate of inflation.

Equity of the Capital Group and the Utilisation Thereof

The tangible fixed assets dominate in the balance sheet structure of assets (Table VI.7), which results from the nature of the activities conducted by the Capital Group and the equity domination of ORBIS S.A. therein. In 1996, a significant improvement took place in the turnover ratios, which was connected with the increased return on equity of the Group.

Table VI.7. Assets as a proportion of equity of ORBIS S.A.

	1995	1996
tangible fixed assets	77.11%	76.07%
current assets	17.78%	20%
total assets	733,929	775,380
assets turnover	0.60	0.85
fixed assets to sales ratio	0.75	1.09
current assets to sales ratio	3.37	4.26
days' sales in accounts receivable		22.42

Source: COK BH based on the financial statements of ORBIS S.A.

Current Ratio

The decline in the current ratio of the Capital Group resulted from the growth in the current liabilities in connection with the credits contracted. During the year ended 31 December 1996, the share of current liabilities to total liabilities increased from 25.6% up to 42.6%. Nevertheless, the liquidity ratios remain at a very high level. The cash ratio of the Capital Group is therefore at a very high level (Table VI.8).

Table VI.8. Liquidity Ratios

	1995	1996
current ratio	4.28	2.91
quick ratio	3.71	2.54
cash ratio	2.56	1.36

Source: COK BH

Structure of Sources of Financing

The structure of liabilities of the Capital Group has not undergone any fundamental change. Equity funds remain to be the basis of financing the assets. The aggregate share of liabilities in the years 1995-1996 was at the level of 16%. The Group's level of equity in relation to the liabilities of the enterprise is also high (capital structure ratio).

Table VI.9. Financial Ratios

	1995	1996
equity to liabilities ratio	5.15	5.07
fixed assets to current assets ratio	4.53	3.91
equity to fixed assets percentage	103%	104%
liabilities to current assets percentage	91%	81%
percentage of liabilities to total assets	16.21%	16.11%
general financial ratio	1.14	1.30

Source: COK BH

6.2. Evaluation of Investment Objectives of the Capital Group

The planned investments of the ORBIS S.A. Capital Group until the end of 1997 are as follows:

- aggregate investment of the Capital Group – PLN 77.0 million, of which:
 - investments by the Issuer (the dominant entity) – PLN 65.7 million;
 - investments by the remaining participants in the Capital Group PLN 11.3 million.

On the scale of the entire Capital Group, equity funds, and to a small extent credits, will constitute the sources of financing the investments referred to above.

The investments planned for 1998 are as follows:

- aggregate investments of the Capital Group – PLN 235 million, of which:
 - investments by the Issuer (the dominant entity) – PLN 224.9 million;
 - investments by the remaining participants in the Capital Group – PLN 10.1 million.

Such a significant growth of investments in 1998, compared to 1997, results from the commencement by the dominant entity of an intensive investment programme related to the improvement of the hotel product that is planned for 1998.

The sources of financing the investments to be implemented by the ORBIS S.A. Capital Group will be: proceeds from the ORBIS S.A. share issue – 60%; equity funds of the Capital Group – 38%, and external sources in the form of credits – 2%.

Taking into consideration the fact that in the years 1997-1998, the share of the Issuer's investments in the planned investments of the Capital Group is 87% and 95% respectively, the evaluation of the possibilities of implementing the investments of the Capital Group is coherent with the evaluation of the implementation of the investments of ORBIS S.A. (Chapter VI Section 2).

6.3. Evaluation of the Main Factors and Extraordinary Events Affecting the Operations of the Capital Group

The growth in sales of the Capital Group in 1996 was over 50% greater than in 1995; of that almost 80% was represented by the sales of the dominant entity within the Capital Group, i.e. ORBIS S.A. Therefore, the factors affecting the revenues of the Capital Group to a large extent correspond with the factors affecting the revenues of ORBIS S.A. (these factors are described in Chapter VI Section 3).

The boom in the tourist market has also had a part in the growth of revenues that, in addition to the hotel-catering market, are generated by the ORBIS Capital Group within the scope of the tourist market.

Such dynamically growing revenues of the Capital Group were accompanied by the increase of the costs of operating activities, which was reflected in a slight decline in the operating activities profitability ratio during the period of time in question.

In addition to the extraordinary events, which are presented in Chapter VI Section 3 and which concerned the activities of the Issuer, the following also affected the operations of the Capital Group:

- The spin-off in 1993 of PBP Orbis Sp. z o.o. from the organisational structure of ORBIS S.A. and the establishment of an independent business entity had an impact on the necessity for the newly incorporated entity to incur, in the subsequent years, significant investments on designing the development strategy and preparation of a marketing programme of the company which would allow for its independent functioning in the market. The newly established entity was under-invested, and the development of competition required introducing by PBP Orbis of new technologies and techniques of selling the services. Therefore, the process of restructuring the company was initiated which was spread over time.
- Enjoyment of investment allowances by PBP Orbis Sp. z o.o. in the years 1995-1996 in connection with the export sales (pursuant to the Ordinance of the Council of Ministers of 25 January 1994 regarding Allowance from Income for Investment Expenditures and Reduction of Income Tax); in connection with the above, the company realised a premium on investment expenditures, reducing the amounts paid in respect of income tax.
- Significant reduction in the level of employment which took place in PBP Orbis Sp. z o.o. over 1995 and 1996. In these years, the average level of employment (counted by full-time positions) was reduced by 16% and 7% respectively, while the average remuneration grew by 38% and 33% respectively.
- The amendment to the Act on Gaming and Mutual Betting which introduced a progressive tax on the turnover of the gaming centres in place of the 45% line tax.
- Commissioning by ORBIS CASINO Sp. z o.o. of three new casinos in 1994.

6.4. Internal and External Factors of Material Significance to the Development of the ORBIS Capital Group, with Consideration Given to Its Development Strategy

The majority of the external factors of material significance to the development of the ORBIS Capital Group correspond with the factors of material significance to the development of the Issuer presented in Chapter VI Section 3; in addition, the following are the factors that are of material significance to the development of the entire ORBIS Capital Group:

- legal regulations in the scope of tourist sector and the sector related to gaming;
- perception of Poland as an economically stable and secure state;

- development of the economic activity in the country in relation to the growing needs for servicing of business traffic.

The following are the main internal factors that are of material significance to the development of the Capital Group:

- consistent realisation of the investment programme, including the utilisation of the tax investment allowance on exports;
- improvements in the management of companies making up the Capital Group;
- designing of a more effective manner of product distribution;
- conduct of intensive works on the continual improvement of marketing programmes of the individual members within the Capital Group;
- enhancement of internal motivational mechanisms for the purpose of ensuring a growth of sales.

Inclusion of the elements referred to above in the development plans of the Capital Group will allow it to maintain the leading position in the hotel-tourism services market and in the scope of the provision of services in connection with gaming.

6.5. Projections of ORBIS Capital Group Financial Results for 1997

The projections regarding sales revenues of the ORBIS Capital Group was prepared based on the existing internal and external inter-relations concerning the sectors in which the Capital Group is functioning. The projected level of sales was estimated with consideration given to the assumed inflation at the level of 15% in 1997.

The projected sales revenues of the entities subject to consolidation that are making up the ORBIS Capital Group are as follows:

Projected Sales Revenues of Entities within the ORBIS Capital Group That were Subject to Consolidation (PLN millions)

	1997 sales revenues	share %
Individual members of the Capital Group		
- ORBIS S.A.	633	63.0
- PBP Orbis Capital Group	201	19.5
- ORBIS CASINO Sp. z o.o.	180	17.5
Total	1,014	100.0

Source: Plans and Projections of the Individual Members of the ORBIS Capital Group

1. AUDITOR'S OPINION ON THE EXAMINATION OF THE CORRECTNESS AND RELIABILITY OF FINANCIAL STATEMENTS FOR THE YEARS 1994-1996

This opinion is addressed to the present and prospective purchasers of the shares in the Joint Stock Company, the Supervisory Board and the Management Board of ORBIS S.A.

We have audited the financial statements for the years 1994-1996, comprising:

- Balance Sheet as at 31 Dec. 1994, showing total assets and liabilities of PLN 447,909,400;
- Profit and Loss Account for the year ended 31 Dec. 1994 indicating the net profit in an amount of PLN 10,908,800;
- Balance Sheet as at 31 Dec. 1995, showing total assets and liabilities of PLN 732,930,800;
- Profit and Loss Account for the year ended 31 Dec. 1995 indicating the net profit of PLN 19,871,800;
- Additional Information and Cash Flow Statement for the year 1995;
- Balance Sheet as at 31 Dec. 1996, showing total assets and liabilities of PLN 748,142,100;
- Profit and Loss Account for the year ended 31 Dec. 1996 indicating the net profit in an amount of PLN 25,580,700;
- Additional Information and the Cash Flow Statement for the year 1996.

The audit of financial statements has been carried out in compliance with:

- provisions of the Act of 19 Oct. 1991 on Auditing and Publishing of Financial Statements and Auditors and their Self-government (Dz.U. No. 111, item 480 and of 1992, No. 21, item 85);
- provisions of the Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591);
- provisions of the Act of 13 Oct. 1994 Auditors and their Self-government (Dz.U. No. 121, item 592);
- interim standards for auditing financial statements issued by the National Board of Auditors;
- professional standards applicable in carrying out the duties of an auditor issued by the National Board of Auditors.

We are of the opinion that the financial statements were prepared in compliance with the following provisions:

- Ordinance of the Minister of Finance of 15 Jan. 1991 on Accounting Principles (Dz.U. No. 10 item 35, as amended) – with respect to 1994;
- Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591) – with respect to 1995-1996,
- Ordinance of the President of the Republic of Poland of 27 June 1934 – Commercial Code (Dz.U. No. 57, item 502, as amended) – with respect to 1994-1996;
- Order of the President of the Securities Commission dated 5 April 1995 regarding the Scope of Additional Information Provided in Financial Statements of Entities, Other than Banks, Issuing Securities Admitted to Public Trading or Applying for such Admission (M.P. No. 21, item 257).

Financial Statements incorporated in the Chapter of the Prospectus entitled "Financial Statements" were presented in compliance with the requirements of §14 of the Regulation of the Council of Ministers dated 11 Oct. 1994 regarding the Detailed Conditions to be Fulfilled by an Issuing Prospectus and an Information Memorandum (Dz.U. No. 128, item 631 and No. 126 of 1996, item 691).

All numeric data included in the Chapter "Financial Statements" has been presented in PLN.

We are of the opinion that the financial statements drawn up for the years 1994-1996 and presented herein, show a true and fair view of the results of business activity in said periods and the actual state of assets and finances of ORBIS S.A.

ORBIS S.A. was established by way of a transformation of Polskie Biuro Podróży Orbis, a state enterprise, pursuant to Art. 11 of the Act of 13 July 1990 on the Privatisation of State-Owned Enterprises. ORBIS S.A., a joint stock company, has been operating since 9 Jan. 1991, pursuant to the By-laws drawn up in the form of a notarial deed dated 17 Dec. 1990.

The Registration of the Company in the District Court in Warsaw was effected on 9 Jan. 1991, under RHB No. 25134.

As of that day, the assets, receivables and liabilities of Polskie Biuro Podróży Orbis were transferred to ORBIS S.A.

The shares in ORBIS S.A. were taken up by the State Treasury.

This Opinion has been drawn up by the following auditors:

- 1) Krystyna Stępień entered in the register of auditors under No. 8900/2307, residing in Warsaw, at ul. Grzeszczyka 4/52, postal code 02-122;
- 2) Halina Wysocka entered in the register of auditors under No. 4494/4042, residing in Warsaw, at ul. Wolińska 6/3, postal code 03-699;

acting on behalf of FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o., with its seat in Warsaw, at ul. Świętokrzyska 20, postal code 00-002, entered in the register of entities authorised to audit financial statements under no. 205.

Warsaw, 5 May 1997

Krystyna Stępień
ul. Grzeszczyka 4/52, 02-122 Warsaw
Auditor reg. no. 8900/2307

Management Board of
FINANS-SERVIS
Zespół Doradców Finansowo-Księgowych
Spółka z o.o. in Warsaw

Deputy President President
Władysława Michalczewska Janina Güntzel

Halina Wysocka
ul. Wolińska 6/3, 03-699 Warsaw
Auditor reg. no. 4494/4042

2. SOURCES OF INFORMATION AND THE OPINIONS OF AUDITORS

The Financial Statements presented in the Prospectus refer to the following accounting periods:

from 1.01.1994 through 31.12.1994

from 1.01.1995 through 31.12.1995

from 1.01.1996 through 31.12.1996.

They were drawn up based on the following sources of information:

- 1) Financial Statements for the above-mentioned periods drawn up by the Management Board of ORBIS S.A. – in compliance with the following provisions:
 - Ordinance of the President of the Republic of Poland dated 27 June 1934, Commercial Code (Dz.U. No. 57, item 502, as amended);
 - Ordinance of the Minister of Finance dated 15 Jan. 1991 regarding the Accounting Principles (Dz.U. No. 10, item 35, as amended);
 - Act of 29 Sept. 1994r on Accounting (Dz.U. No. 121, item 591);
 - Ordinance of the Minister of Finance dated 27 March 1992 regarding the Components of Assets Regarded as Fixed Assets, Intangible and Legal Assets, the Principles and rates of their Depreciation, the Procedures and Dates for the Updating of the Fixed Assets Valuation (standardised text Dz.U. No. 104 of 1994, item 508);
 - Ordinance of the Minister of Finance dated 20 Jan. 1995 regarding the Depreciation of Fixed Assets, Intangible and Legal Assets and the Updating of the Fixed Assets Valuation (Dz.U. No. 7, item 34, as amended);
 - Order of the President of the Securities Commission dated 5 April 1995 regarding the Scope of Additional Information Provided in Financial Statements of Entities, Other than Banks, Issuing Securities Admitted to Public Trading or Applying for such Admission (M.P. No. 21, item 257).
- 2) Resolutions of the General Assembly of Shareholders of the Company on the approval of the above-mentioned Financial Statements and profit distribution.

2.1. Financial Statement for the Year Ended 31 December 1994

The financial statement of ORBIS S.A., with its seat in Warsaw, for the year 1994 was audited by:

- a) Krystyna Stępień entered in the register of auditors under No. 8900, residing in Warsaw, at ul. Grzeszczyka 4/52, postal code 02-122;
- b) Halina Wysocka entered in the register of auditors under No. 4494, residing in Warsaw, at ul. Wolińska 6/3, postal code 03-699; acting on behalf of FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o., with its seat in Warsaw, an entity authorised to audit, entered in the register of entities authorised to audit financial statements kept by the National Board of Auditors under No. 45.

The opinion on the Financial Statement audited includes the following conclusions:

The audit was carried out in compliance with:

- 1) provisions of the Ordinance of the President of the Republic of Poland dated 27 June 1934 – Commercial Code (Dz.U. No. 57, item 502, as amended);
- 2) provisions of the Ordinance of the Minister of Finance dated 15 Jan. 1991 on Accounting Principles (Dz.U. No. 10, item 35, as amended),

and in conformity with the principle of continuity and completeness. It provides a true and fair view of the Company's net financial result for the year 1994 as well as the state of the Company's assets and finances as at 31 Dec. 1994.

Warsaw, 27 March 1995

Krystyna Stępień
Auditor reg. No. 8900

FINANS-SERVIS
Zespół Doradców Finansowo-Księgowych
Spółka z o.o.

Halina Wysocka
Auditor reg. No. 4494

Deputy President President
Zdzisław Paryziński Stanisław Koc

The Financial Statement for the year 1994 was approved by the General Assembly of Shareholders of ORBIS S.A. held on 31 May 1995.

2.2. Financial Statement for the Year Ended 31 December 1995

The Financial Statement of ORBIS S.A., with its seat in Warsaw, for the year 1995 has been audited by the following persons:

- a) Krystyna Stępień entered into the register of auditors under No. 8900/2307, residing in Warsaw, ul. Grzeszczyka 4/52, postal code 02-122;
- b) Halina Wysocka entered into the register of auditors under No. 4494/4042, residing in Warsaw, ul. Wolińska 6/3, postal code 03-699,

acting on behalf of FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o., with its seat in Warsaw, an entity authorised to audit, entered in the register of entities authorised to audit financial statements kept by the National Board of Auditors under No. 205.

The opinion on the Financial Statement audited includes the following conclusions:

We are of the opinion that in all its material aspect the Financial Statement was drawn up in compliance with the accounting principles set forth in the Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591) applied consistently, based on correctly kept accounting records.

The form and contents of the Financial Statement comply with the applicable legal provisions, the Company's By-laws and provide in a fair, clear and complete manner all the material information of material significance for evaluation of profitability and financial result of business activity conducted in the year ended 31 Dec. 1995, as well as the status of the Company's assets and finances as at 31 Dec. 1995.

Warsaw, 28 March 1996

Krystyna Stępień
Auditor reg. No. 8900 /2307

FINANS-SERVIS
Zespół Doradców Finansowo-Księgowych
Spółka z o.o.

Halina Wysocka
Auditor reg. No. 4494 /4042

Deputy President Deputy President
Janina Güntzel Zdzisław Paryziński

The Financial Statement for the Year 1995 was approved by the General Assembly of Shareholders of ORBIS S.A., held on 15 May 1996.

2.3. Financial Statement for the Year Ended 31 December 1996

The Financial Statement of ORBIS S.A., with its seat in Warsaw, for the year 1996 was audited by:

Andrzej J. Konopacki, entered into the register of auditors under No. 1750/287, residing in Warsaw, at ul. Jasna 8/23, acting on behalf of Price Waterhouse Polska Spółka z o.o., with its seat in Warsaw, an entity authorised to audit, entered in the register of entities authorised to audit financial statements kept by the National Board of Auditors under No. 216.

The opinion on the Financial Statement audited includes the following conclusions:

The audit was carried out in compliance with the provisions of Chapter VII of the Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591) and generally accepted professional standards applicable in carrying out the duties of an auditor issued by the National Board of Auditors. Said standards require that the audit be planned and carried out in a manner providing satisfactory assurance as to whether the financial statement audited is free of any material misstatement. The auditing procedure included examination, on a test basis, of the evidence supporting the amounts and disclosures in the financial statement, as well as the evaluation of accounting policies applied and significant accounting estimates made by the Management Board and the evaluation of the manner of the overall presentation of the financial statement. We are convinced that the auditing procedures undertaken provide sufficient basis for the audit opinion expressed herein.

We are of the opinion that the Financial Statement, in all of its material aspect, was drawn up in compliance with the accounting principles set forth in the Act on Accounting applied consistently, based on correctly kept accounting records and it provides, in all of its material aspects, a true and fair view of the state of the Company's assets and finances as at 31 Dec. 1996, the financial result and the cash flow situation for the year ended on said date. The form and contents of the Financial Statement comply with the applicable legal provisions and the Company's By-laws.

We have familiarised ourselves with the report on the Company's activity in said financial year, which report has been appended to the Financial Statement, and we recognise the information included therein as consistent with the state of the Company's assets and finances as well as with its financial result presented in the Financial Statement.

Warsaw, 4 April 1997

Andrzej J. Konopacki
Auditor reg. No. 1750/287

George A. Johnstone
on behalf of
Price Waterhouse Polska Sp. z o.o.
ul. Emili Plater 28, 00-688 Warsaw

3. FINANCIAL STATEMENTS OF ORBIS S.A. FOR THE YEARS 1994, 1995 AND 1996

3.1. Balance Sheet

No.	ITEM	31.12.1994	31.12.1995	31.12.1996
ASSETS				
I.	FIXED ASSETS:	287,541,800	589,670,400	600,338,100
1.	Intangible and legal assets	826,700	1,423,800	1,835,300
2.	Tangible fixed assets	264,979,900	565,989,500	581,985,100
3.	Financial fixed assets	21,601,700	22,257,100	16,517,700
4.	Long-term accounts receivable	133,500	-	-
II.	CURRENT ASSETS	97,450,600	130,472,700	137,277,500
1.	Inventory	15,807,700	17,515,800	19,071,200
2.	Accounts receivable	27,071,100	34,635,900	36,387,600
3.	Securities for resale	208,000	453,800	16,037,800
4.	Cash	54,363,800	77,867,200	65,780,900
III.	DEFERRED CHARGES AND ACCRUALS	16,870,200	12,787,700	10,526,500
TOTAL ASSETS		401,862,600	732,930,800	748,142,100
LIABILITIES				
I.	EQUITY	310,390,100	611,911,100	633,249,100
1.	Share capital	75,000,000	75,000,000	75,000,000
2.	Accounts receivable on share capital	-	-	-
3.	Capital surplus	219,433,300	227,560,900	237,265,000
4.	Reserve capital from revaluation	4,906,200	289,651,300	295,406,800
5.	Other capital reserves	-	-	-
6.	Retained earnings	141,800	(172,900)	(3,400)
7.	Net profit for the current financial year	10,908,800	19,871,800	25,580,700
II.	PROVISIONS	-	-	994,800
III.	LIABILITIES	88,077,700	118,983,400	111,693,200
1.	Long-term liabilities	62,577,600	88,521,100	68,988,700
2.	Short-term liabilities	25,500,100	30,462,300	42,704,500
IV.	ACCRUALS AND DEFERRED INCOME	3,394,800	2,036,300	2,205,000
TOTAL LIABILITIES		401,862,600	732,930,800	748,142,100

3.2. Profit and Loss Account

No.	ITEM	1994	1995	1996
I.	NET REVENUE ON SALES OF GOODS AND PRODUCTS	344,835,800	440,125,600	528,467,400
1.	Net revenue on sales of goods and materials	8,549,600	4,183,100	4,215,400
2.	Net revenue on sales of products	336,286,200	435,942,500	524,252,000
II.	COSTS OF GOODS AND PRODUCTS SOLD	286,560,000	359,436,300	427,583,600
1.	Value of goods and materials sold	4,751,500	2,280,400	1,935,800
2.	Manufacturing cost of products sold	281,808,500	357,155,900	425,647,800
III.	GROSS PROFIT (LOSS) ON SALES	58,275,800	80,689,300	100,883,800
IV.	COSTS OF SALES	10,012,500	12,809,200	16,597,400
V.	OVERHEADS	19,123,100	24,246,800	28,909,900
VI.	OTHER OPERATING REVENUE	1,415,800	4,536,000	5,879,400
VII.	OTHER OPERATING COSTS	3,898,200	5,661,200	6,468,400
VIII.	OPERATING PROFIT (LOSS)	26,657,800	42,508,100	54,787,500
IX.	REVENUE ON SHARES IN OTHER ENTITIES, in that:	3,281,400	820,800	795,200
1.	from subsidiaries	475,000	87,800	-
2.	from affiliates	1,368,000	733,000	795,200
X.	REVENUE ON OTHER FINANCIAL FIXED ASSETS, in that:	-	-	-
1.	from subsidiaries	-	-	-
2.	from affiliates	-	-	-
XI.	OTHER FINANCIAL REVENUES	39,201,200	74,290,900	74,244,600
XII.	FINANCIAL COSTS	38,939,400	79,969,500	75,081,500
XIII.	PROFIT (LOSS) ON BUSINESS ACTIVITY	30,201,000	37,650,300	54,745,800
XIV.	EXTRAORDINARY PROFIT OR LOSS	(14,300)	(69,600)	(17,800)
1.	Extraordinary profit	4,300	196,500	120,400
2.	Extraordinary losses	18,600	266,100	138,200
XV.	GROSS PROFIT (LOSS)	30,186,700	37,580,700	54,728,000
XVI.	INCOME TAX	14,841,600	15,458,900	24,633,100
XVII.	OTHER OBLIGATORY PROFIT DEDUCTIONS (INCREASE OF LOSS)	4,436,300	2,250,000	4,514,200
XVIII.	NET PROFIT (LOSS)	10,908,800	19,871,800	25,580,700
XIX.	NET PROFIT PER SHARE	1.450	2.650	3.410
XX.	NUMBER OF SHARES	7,500,000	7,500,000	7,500,000

3.3. Cash Flow Statement for the Year 1994

		1994
A.	FINANCING SOURCES REVENUES	
	INTERNAL	39,499,300
1.	Balance sheet profit	10,908,800
2.	Depreciation	21,406,400
3.	Deferred income	2,319,900
4.	Other internal revenues	4,864,200
	EXTERNAL	20,204,800
5.	Contracting loans and long-term credits	20,204,800
	TOTAL FINANCING SOURCES REVENUES	59,704,100
B.	USE OF FINANCING SOURCES REVENUES	
1.	Deductions from profit for employees	6,144,700
2.	Investment outlays	26,466,200
3.	Long-term loans granted	2,325,000
4.	Increase in deferred charges and accruals	7,042,500
5.	Other use	1,392,400
	TOTAL USE OF FINANCING SOURCES REVENUES	43,370,800
C.	SURPLUS IN FINANCING SOURCES REVENUES	16,333,300
1.	Change in inventory	1,323,600
2.	Change in receivables	4,038,500
3.	Change in liabilities	(14,871,300)
4.	Change in cash and securities	25,842,500
	TOTAL CHANGES	16,333,300

3.4. Cash Flow Statement

3.4.1. Cash Flow on Operations

No.	ITEM	1995	1996
I	NET PROFIT / LOSS	9,871,800	25,580,700
II	TOTAL ADJUSTMENTS, FOR ITEMS	24,800,100	43,520,700
1	Depreciation	21,488,900	28,591,400
2	Foreign exchange gain/ loss	-	149,300
3	Interest and dividends	8,866,900	11,349,700
4	Provisions for accounts receivable	-	-
5	Other provisions	-	3,918,400
6	Income tax on gross profit	15,458,900	24,633,100
7	Income tax paid	(22,041,400)	(24,633,100)
8	Profit/ loss on sales and liquidation of components of investment operations	(3,364,500)	305,700
9	Change in inventory	(1,708,100)	(1,555,300)
10	Change in accounts receivable	(1,052,400)	(1,751,700)
11	Change in short-term liabilities (except for loans and credits), including special funds	4,789,400	307,800
12	Change in accruals	4,253,800	3,323,200
13	Change in deferred income	(1,529,800)	(893,300)
14	Other items	(361,600)	(224,500)
III	NET CASH ON OPERATIONS	44,671,900	69,101,400

3.4.2. Cash Flow on Investment Activities

No.	ITEM	1995	1996
I.	PROCEEDS ON INVESTMENT ACTIVITIES	11,403,300	8,303,600
1	Sale of intangible and legal values	-	828,000
2	Sale of components of tangible fixed assets	3,426,700	1,009,600
3	Sale of shares, stock and securities in subsidiaries	-	-
4	Sale of shares, stock and securities in affiliates	1,290,200	2,116,900
5	Sale of other components of financial fixed assets	-	-
6	Sale of securities for resale	-	-
7	Loans repaid	242,400	2,534,900
8	Dividends received	820,800	795,200
9	Interest received	5,442,700	654,900
10	Other proceeds	180,500	364,100
II	EXPENDITURES ON INVESTMENT ACTIVITIES	(35,379,900)	(57,337,500)
1	Purchase of intangible and legal values	(862,800)	(1,100,900)
2	Purchase of components of tangible fixed assets	(33,385,000)	(38,510,200)
3	Purchase of shares, stock and securities in subsidiaries	(872,300)	(913,500)
4	Purchase of shares, stock and securities in affiliates	(45,900)	(480,000)
5	Purchase other components of financial fixed assets	-	-
6	Purchase of securities for resale	(102,500)	(15,584,000)
7	Loans granted	(11,000)	-
8	Dividends returned	-	-
9	Interest returned	-	-
10	Other expenditures	(100,400)	(748,900)
III	NET CASH ON INVESTMENT ACTIVITIES	(23,976,600)	(49,033,900)

3.4.3. Cash Flow on Financial Activities

No.	ITEM	1995	1996
I	PROCEEDS ON FINANCIAL ACTIVITIES	22,060,400	12,336,600
1.	Contracting of long-term bank credits	-	-
2.	Contracting of long-term loans	21,860,000	180,000
3.	Issue of bonds or other long term debt securities	-	-
4.	Contracting of short-term bank credits	-	3,082,100
5.	Contracting of short-term loans	-	8,858,200
6.	Issue of bonds or other short-term debt securities	-	-
7.	Proceeds from issues of own shares (stock) and additional payments to capital	-	-
8.	Interest reimbursed	200,400	216,300
9.	Other proceeds	-	-
II.	EXPENDITURES ON FINANCIAL ACTIVITIES	(19,252,300)	(44,490,300)
1.	Repayment of long-term bank credits	(4,173,200)	(5,871,600)
2.	Repayment of long-term loans	(3,365,000)	(19,707,000)
3.	Redemption of bonds or other long-term debt securities	-	-
4.	Repayment of short-term bank credits	-	(5,900)
5.	Repayment of short-term loans	-	-
6.	Redemption of bonds and other short-term debt securities	-	-
7.	Expenditures in respect of the issue costs	-	-
8.	Redemption of shares (stock)	-	-
9.	Payments of dividends and other payments to Shareholders	(2,250,000)	(4,514,200)
10.	Participation of Supervisory Board in profit	-	-
11.	Employee profit-related bonus scheme	(8,177,600)	(11,183,600)
12.	Expenditures for public benefit	-	-
13.	Payments in respect of liabilities under financial leasing contracts	-	-
14.	Interest paid	(1,286,500)	(3,058,700)
15.	Other expenditures	-	(149,300)
III.	NET CASH ON FINANCIAL ACTIVITIES	2,808,100	(32,153,700)
D.	CHANGE IN CASH POSITION	23,503,400	(12,086,200)
E.	CASH AT THE BEGINNING OF ACCOUNTING PERIOD	54,363,800	77,867,200
F.	CASH AT THE END OF ACCOUNTING PERIOD	77,867,200	65,781,000

3.5. Notes to the Balance Sheet

Note No. 1. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
I. Intangible and legal assets			
1. Costs of organisation at the establishment or subsequent expansion of joint stock company settled over time	-	-	-
2. Research and development costs settled over time	-	-	-
3. Goodwill	-	-	-
4. Concessions, patents, licences, and similar assets	-	253.5	271.1
5. Computer software	816.8	1 170.3	1 323.6
6. Purchased usufruct rights to land	-	-	240.6
7. Other intangible and legal assets	-	-	-
8. Advances on intangible and legal assets	9.9	-	-
9. Total intangible and legal assets	826.7	1 423.8	1 835.3
II. Schedule of changes in the state of intangible and legal assets			
1. Gross value at the beginning of the period	1 072.4	1 305.0	2 294.4
2. Increases:	751.5	1 010.5	1 215.8
- purchase	492.5	779.8	872.1
- taking over from investments	-	-	245.6
- other	259.0	230.7	98.1
3. Decreases:	519.7	21.0	-
- liquidation	71.3	21.0	-
- sale	-	-	-
- other	448.4	-	-
4. Accumulated depreciation at the beginning of the period	339.2	487.4	870.7
5. Depreciation for the period:	148.2	383.3	804.4
- annual write-down	253.2	314.9	665.4
- other	(105.0)	68.4	139.0
6. Accumulated depreciation at the end of the period	487.4	870.7	1 674.9
7. Net value at the end of the period	816.8	1 423.8	1 835.3
8. Advance on intangible and legal receivables	9.9	-	-
9. Total intangible and legal assets	826.7	1 423.8	1 835.3

Note No. 2. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
I. Tangible fixed assets (by groups)			
1. Fixed assets, of which:	253 555.3	552 300.2	570 100.4
a) Land	40.5	52.1	52.1
b) Buildings and structures	215 569.6	490 620.3	490 064.3
c) Technical equipment and machinery	32 099.0	56 286.9	70 410.1
d) Means of transport	1 026.1	1 431.6	1 658.9
e) Other fixed assets	4 820.1	3 909.3	7 915.0
2. Investments in progress	10 162.9	12 598.1	11 157.7
3. Advances on investments	1 261.7	1 091.2	727.0
4. Total tangible fixed assets	264 979.9	565 989.5	581 985.1
II. Schedule of changes in the state of tangible fixed assets			
1. Gross value at beginning of period	416 265.9	384 710.3	654 580.2
2. Increases:	39 169.3	287 527.8	303 161.5
- purchases	10 615.3	17 638.4	32 431.0
- taking over from investments	1 945.8	15 746.9	23 349.7
- revaluation	6 088.8	201 390.9	239 875.1
- received free of charge	25.8	47.2	-
- in-kind contributions	-	-	-
- other	20 493.6	52 703.8	7 505.7

		31.12.1994	31.12.1995	31.12.1996
3.	Decreases:	70 724.9	17 657.9	16 975.5
	– sales	–	3 427.1	5 099.2
	– revaluation	904.9	–	–
	– liquidation	2 291.8	1 158.9	11 423.9
	– transferred free of charge	–	13 071.9	–
	– in-kind contributions	625.8	–	–
	– other	66 902.4	–	452.4
4.	Gross value at the end of period	384 710.3	654 580.2	940 766.2
5.	Accumulated depreciation at the beginning of the period	131 058.9	131 153.9	102 280.0
6.	Depreciation for the period	95.0	(28 873.9)	268 385.8
a)	Increase:	23 689.8	61 785.0	278 258.8
	– annual write-down	21 153.1	21 173.9	28 261.3
	– revaluation	1 184.0	–	238,739.5
	– other	1 352.7	40 611.1	11 258.0
b)	Decrease:	23 594.8	90 658.9	9 873.0
	– revaluation	–	88 615.0	–
	– other	806.0	2 043.9	2 337.4
	– changes resulting pursuant to Act	22 788.8	–	–
	– sales	–	–	2 938.3
	– liquidation of fixed assets	–	–	4 597.3
7.	Accumulated depreciation at the end of the period	131 153.9	102 280.0	370 665.8
8.	Net value at the end of the period	253 556.4	552 300.2	570 100.4
III.	Fixed assets ownership structure			
1.	Net fixed assets	253 556.4	552 300.2	570 100.4
2.	Used pursuant to lease, rent or other agreement of a similar nature, included in the assets of the Issuer	–	–	–
3.	Used pursuant to lease, rent or other agreement of a similar nature, registered outside the balance sheet	165 298.5	176 733.6	203 302.7

Note:

Depreciation for the period shown under item 6 of Note No. 2 includes

- in 1995, results of the revaluation of fixed assets and of expressing the assets taken over from the state-owned enterprise in net values;
- in 1996, results of the „return“ to gross value.

Note No. 3. (in PLN '000)

		31.12.1994	31.12.1995	31.12.1996
I.	Financial fixed assets			
1.	Shares and stocks, including	14 617.6	15 301.4	13 745.9
a)	in subsidiaries	7 857.1	8 703.1	9 324.5
b)	in affiliates	5 911.5	5 761.5	2 916.1
2.	Long-term loans granted, including:	6 065.6	5 834.2	2 669.3
a)	loans granted to subsidiaries	630.0	630.0	886.7
b)	loans granted to affiliates	5 381.0	2 908.9	1 782.6
3.	Other components of financial fixed assets, including:	918.5	1 121.4	102.5
a)	other securities of subsidiaries	918.5	1 019.0	–
b)	other securities of affiliates	–	–	–
4.	Total financial fixed assets	21 601.7	22 257.1	16 517.7

A. STOCKS (SHARES) IN SUBSIDIARIES (INVESTMENTS)

status as at 31.12.96

in PLN '000

No.	Name of entity (together with an indication of legal form)	Seat	Purpose of enterprise	Nature of capital relationship	Balance sheet value of stocks (shares)	Percentage of stock (share) capital held	Share in the total number of votes at the General Assembly	Equity including:	stock (share) capital	reserve	provisions	net profit (loss)	Long-term liabilities	Total assets
1.	Polorbis Sp. z o.o.	Cologne, Germany	tourism	subsidiary	505.1	100.0	100.0	1 561.4	1 295.0	1 202.5	-	(122.8)	-	2 438.2
2.	ORBIS RESOR S.A.	Stockholm, Sweden	tourism	subsidiary	39.4	100.0	100.0	116.8	83.5	-	16.7	16.0	31.3	1 202.3
3.	Polorbis Travel Sp. z o.o.	London, Great Britain	tourism	subsidiary	205.1	100.0	99.9	1 588.5	488.2	1 080.2	-	17.6	-	5 533.2
4.	Polorbis Genelux Sp. z o.o.	Brussels, Belgium	tourism	subsidiary	-	90.0	90.0	(279.3)	538.9	-	-	(124.0)	21.9	508.4
5.	Polorbis SPTOW Sp. z o.o.	Paris, France	tourism	subsidiary	70.2	99.9	99.9	159.6	137.2	9.4	-	12.5	-	223.8
6.	Polorbis Travel Sp. z o.o.	New York, USA	tourism	subsidiary	38.4	72.0	72.0	501.4	224.9	100.7	-	12.8	-	1 480.9
7.	„Silnawa” Sp. z o.o.	Wilksy	hotel-tourist services	subsidiary	128.0	100.0	100.0	1 921.2	128.0	1 044.5	1 021.5	(235.1)	690.0	2 894.7
8.	ORBIS Sp. z o.o.	Warsaw	tourism	subsidiary	3 634.6	51.0	68.0	11 049.7	6 944.3	1 953.3	286.7	1 865.5	2 607.1	29 980.0
9.	Orbis Transport Sp. z o.o.	Warsaw	transport services	subsidiary	4 703.7	65.2	78.0	11 443.2	7 214.5	2 220.5	640.9	1 367.3	7 362.7	22 981.0
TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES)					9 324.5									

B. STOCKS (SHARES) IN AFFILIATES (INVESTMENTS)

status as at 31.12.96

in PLN '000

No.	Name of entity (together with an indication of legal form)	Seat	Purpose of enterprise	Nature of capital relationship	Balance sheet value of stocks (shares)	Percentage of stock (share) capital held	Share in the total number of votes at the General Assembly	Equity including:	stock (share) capital	reserve	provisions	net profit (loss)	Long-term liabilities	Total assets
1.	Orbis Budapest Sp. z o.o.	Budapest, Hungary	tourism	affiliate	21.2	50.0	50.0	92.0	52.3	-	-	15.2	-	157.0
2.	Austro-Orbis Sp. z o.o.	Vienna, Austria	tourism	affiliate	50.2	49.0	49.0	49.1	263.0	272.3	9.6	10.8	-	80.5
3.	ORBIS ITALIA Sp. z o.o.	Rome, Italy	tourism	affiliate	15.9	49.0	49.0	121.7	56.4	-	5.5	56.0	-	179.4
4.	PH MAJEWICZ Sp. z o.o.	Bydgoszcz	hotel services	affiliate	2 156.4	49.0	49.0	3 464.3	4 400.0	-	311.5	(328.6)	2 686.3	6 572.7
5.	ORBIS CASINO Sp. z o.o.	Warsaw	gaming	affiliate	672.4	33.3	33.3	6 076.6	2 017.1	2 400.3	673.0	986.1	-	8 054.7
					2 916.1									

TOTAL BALANCE SHEET VALUE OF (STOCKS) SHARES

C. STOCKS (SHARES) IN OTHER ENTITIES (INVESTMENTS)

status as at 31.12.96

in PLN '000

No.	Name of entity (together with an indication of legal form)	Seat	Purpose of enterprise	Balance sheet value of stocks (shares)	Percentage of stock (share) capital held	Share in the total number of votes at the General Assembly	Dividends received or due for the last business year
1.	TUT-ATU SA	Warsaw	insurance services	399.6	9.29	9.29	
2.	Bank Wsch.-Eur. S.A.	Warsaw	banking services	622.0	0.8	0.8	
3.	PolCard Sp. z o.o.	Warsaw	servicing of non-cash flow of business	300.0	10.0	10.0	
4.	Polskie Hotele Sp. z o.o.	Warsaw	procurement for Hotels	1.0	4.5	4.5	
5.	TARPAN Sp. z o.o.	Poznań	manufacture of agricultural vehicles	36.5	0.08	0.08	
6.	„SANA” S.A.	Polanica Zdrój	sanatorium - holiday resort services	146.2	9.7	9.7	
				1 505.3			
				13,745.9			

TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES)

TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES) (A+B+C)

Note No. 4. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
Long-term receivables, including those from:			
a) Subsidiaries	-	-	-
b) Affiliates	-	-	-
c) Other	133.5	-	-
Total long-term receivables	133.5	-	-

Note No. 5. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
Value of inventory by groups:			
1. Materials	11 486.7	16 637.7	18 115.4
2. Semi-finished products and work in progress	-	-	-
3. Finished products	-	-	-
4. Goods for sale	3 870.3	676.2	602.6
5. Advances on deliveries	450.7	201.9	353.2
6. Total inventory	15 807.7	17 515.8	19 071.2

Note No. 6. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
Value of accounts receivable by groups:			
1. Accounts receivable on deliveries, works and services, including:	14 906.6	15 959.9	15 609.5
a) from subsidiaries	-	1 730.0	3 179.6
b) from affiliates	-	1 129.9	96.4
2. Other accounts receivable from subsidiaries and affiliates	-	-	-
3. Taxes receivable, subsidies, receivables on social insurance	4 963.5	11 517.3	11 941.5
4. Inter-company receivables	-	-	-
5. Legal claims	963.3	-	45.3
6. Other receivables	6 237.7	7 158.7	8 791.3
7 Total accounts receivable	27 071.1	34 635.9	36 387.6

	31.12.1996
II. Ageing structure of accounts receivable on deliveries, works and services, broken down into accounts receivable not paid within:	
- up to 1 month	11 996.0
- over 1 month up to 3 months	2 196.2
- over 3 months up to 6 months	985.2
- over 6 months up to 1 year	432.1
- over 1 year	-
Total accounts receivable	15 609.5

Note:

Accounts receivable in connection with the normal course of sales by the Issuer relate to the time period of up to 1 month

	31.12.1994	31.12.1995	31.12.1996
III. Break-down of accounts receivable into:			
1. Accounts receivable in Polish currency	23 984.0	32 281.0	34 669.9
2. Accounts receivable in foreign currencies	3 087.1	2 354.9	1 717.7
3. Total accounts receivable	27 071.1	34 635.9	36 387.6

Note No. 7. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
I. Securities for resale broken down into groups			
1. Treasury stocks	-	-	-
2. Securities in subsidiaries, including:	-	-	-
a) shares	-	-	-
b) stocks	-	-	-
3. Securities in affiliates, including:	-	-	-
a) shares	-	-	-
b) stocks	-	-	-
4. Other short-term securities	208.0	453.8	16 037.8
5. Total securities for resale	208.0	453.8	16 037.8

	31.12.1994	31.12.1995	31.12.1996
II. Classification by transferability			
1. With unlimited transferability, listed on stock exchanges	208.0	453.8	16 037.8
2. With unlimited transferability, not listed on stock exchanges	-	-	-
3. With limited transferability	-	-	-
4. Total securities for resale	208.0	453.8	16 037.8

Note No. 8. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
Break-down of cash into:			
1. Cash in hand	1 544.7	1 963.3	1 862.2
2. Cash at bank	51 944.3	71 063.3	59 965.7
3. Other cash (cheques, bills of exchange, etc.)	874.8	4 840.6	3 953.0
4. Total cash	54 363.8	77 867.2	65 780.9

Note No. 9. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
Deferred charges and accruals			
1. Deferred expenses	9 504.0	9 014.6	8 736.1
2. Other deferred expenses	7 366.2	3 773.1	1 790.4
3. Total deferred charges and accruals	16 870.2	12 787.7	10 526.5

**Note No. 10.
Share capital**

Series/issue	Type of share	Type of privilege	Value of series/issue by nominal value
A	common		
Total number of shares (units)			7 500 000
Total share capital			75 000.0