

Note No. 11. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
I. Capital surplus and reserve capital			
1. Shares sold at premium	-	-	-
2. Statutory surplus capital	219 433.3	227 560.9	237 265.0
3. Surplus capital created pursuant to the by-laws or Articles of Association above the value required by law	-	-	-
4. Additional capital payments made by the shareholders	-	-	-
5. Other	-	-	-
6. Total capital surplus	219 433.3	227 560.9	237 265.0
II. Changes in capital surplus			
1. Status at beginning of the period	220 073.7	219 433.3	227 560.9
2. Increases, including:	29.8	8 127.6	9 704.1
- write-down from profit	-	2 866.2	8 515.2
- transfer of capital reserves resulting from revaluation of fixed assets sold, liquidated	-	355.2	1 188.9
- adjustment of in-kind contribution to Sp. PBP	29.8	-	-
- transfer of results of revaluation as at 1.01.1994 from capital reserves	-	4 906.2	-
- other	-	-	-
3. Decreases, including in respect of	670.1	-	-
- covering balance sheet loss	-	-	-
- other	670.1	-	-
4. Status at the end of the period	219 433.3	227 560.9	237 265.0

Note No. 12. (in PLN '000)

Capital reserves resulting from revaluation	31.12.1994	31.12.1995	31.12.1996
1. Status at the beginning of the period	-	4 906.2	289 651.3
2. Increases, including:	4 906.2	290 006.5	6 944.4
- resulting from revaluation of fixed assets	4 906.2	290 006.5	6 944.4
- other	-	-	-
3. Decreases, including:	-	5 261.4	1 188.9
- resulting from revaluation of fixed assets depreciation	-	-	-
- transfer of the result of revaluation of fixed assets sold, liquidated to capital surplus	-	355.2	1 188.9
- other computation of revaluation results as at 1.01.94	-	4 906.2	-
4. Status as at the end of the period	4 906.2	289 651.3	295 406.8

Note No. 13.

Other capital reserves do not occur.

Note No. 14. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
Capital reserves resulting from revaluation			
I. Break-down of provisions into:			
1. Deferred income tax	-	-	-
2. Other provisions	-	-	994.8
Total provisions	-	-	994.8
II. Changes in provisions			
1. Status at the beginning of the period	-	-	-
2. Increases, including:	-	-	994.8
- other - trademark contributed as shares	-	-	994.8
3. Decreases, including:	-	-	-
- utilisation	-	-	-
- dissolution	-	-	-
4. Status at the end of the period	-	-	994.8

Note: Reserves established for receivables adjusted the status of receivables.

Note No. 15. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
I. Long-term liabilities			
1. Long-term bank credits	11 844.7	7 671.5	-
2. Long-term loans, including:	50 560.2	80 849.6	68 988.7
a) from subsidiaries	-	-	-
b) from affiliates	-	-	-
3. Liabilities in respect of the instruments of debt issued	-	-	-
4. Liabilities under financial leasing agreements	-	-	-
5. Other	172.7	-	-
6. Total long-term liabilities	62 577.6	88 521.1	68 988.7
II. Classification of long-term liabilities			
1. Long-term liabilities in Polish currency	33 555.9	82 649.5	68 988.7
2. Long-term liabilities in foreign currencies	29 021.7	5 871.6	-
III. Break-down of liabilities into liabilities maturing within:			
- over 1 year up to 3 years	2 635.0	-	-
- over 3 years up to 5 years	11 844.7	7 671.6	-
- over 5 years	48 097.9	80 849.6	68 988.7

Additional Information Regarding Long-Term Bank Credits and Loans

Name of lender	Seat	Credit or loan amount	Interest terms and conditions	Repayment date	Security instituted against credit or loan repayment
Bank Wschodnio-Europejski	Warsaw	3 321.0	50% of refinancing credit rate	30.09.1998	cap mortgage on the „CRACOVIA” HOTEL
Bank Wschodnio-Europejski	Warsaw	13 136.0	15% per annum	10.10.2005	1) blank promissory note with a security note 2) cap mortgage
Minister of Finance	Warsaw	18 700.0	50% of refinancing credit rate	01.08.2005	cap mortgage on the „FORUM” HOTEL Kraków
Minister of Finance	Warsaw	21 860.0	50% of refinancing credit rate	01.08.2003	cap mortgage on the „FORUM” HOTEL in Warsaw
Bank Wschodnio-Europejski	Warsaw	26 890.0	50% of refinancing credit rate	10.06.2003	cap mortgage on: the NOVOTEL HOTEL/Gdańsk and the MONGOVIA HOTEL in Mragowo
Voivodship Fund for the Protection of the Environment and Water Management	Nowy Sącz	80.0	45% of refinancing credit rate	30.06.2000	3 blank bills of exchange together with security notes
Voivod. Fund for the Protection of the Envir. And Water Mgmt.	Lublin	150.0	70% of refinancing credit rate	30.11.1998	blank bill of exchange and a warranty of the Management Board of ORBIS S.A.

Note No. 16. (in PLN '000)

	31.12.1994	31.12.1995	31.12.1996
I. Short-term liabilities and special purpose funds			
1. Bank credits	-	-	3 076.2
2. Loans, including:	-	-	8 858.2
a) from subsidiaries	-	-	-
b) from affiliates	-	-	-
3. Liabilities in respect of the instruments of debt issued	-	-	-
4. Liabilities on deliveries, works and services	9 197.8	11 625.2	13 476.0
5. Advances received on deliveries	-	416.2	841.2
6. Bills of exchange payable	-	-	-
7. Tax liable, duties payable, social security charges payable	7 280.2	6 900.4	7 044.5
8. Accrued wages and salaries	2 113.5	2 845.3	1 600.0
9. Inter-company liabilities	-	-	-
10. Other short-term liabilities	2 798.6	4 028.0	2 181.8
11. Long-term liabilities under repayment	-	-	-
12. Special purpose funds, including:	4 110.0	4 647.1	5 626.6
a) enterprise's social benefits fund	3 998.2	4 593.8	5 520.8
b) other – remaining award fund	111.8	53.3	105.8
13. Total short-term liabilities and special purpose funds	25 500.1	30 462.3	42 704.5
II. Break-down of liabilities			
1. Short-term liabilities in Polish currency	20 647.0	25 421.3	32 868.9
2. Short-term liabilities in foreign currencies	743.1	393.9	4 209.0
3. Total short-term liabilities	21 390.1	25 815.2	37 077.9

Additional Information Regarding Short-Term Liabilities in Respect of Bank Credits and Loans

Lender's name	Seat	Interest terms and conditions	Amount (in PLN '000)	Repayment date	Security instituted
Laenderbank - Exportbank AG	Vienna	8.0 %	14 728.0	30.06.1997	re-guaranty No. 507/991 of Bank Handlowy International S.A. Luxembourg
		8.0 %	14 728.0	30.06.1997	guaranty No. DAG/06/0113 of Bank Rozwoju Exportu in Warsaw
		8.0 %	9 468.0	30.06.1997	re-guaranty No. 584/991 of Bank Handlowy International S.A. Luxembourg
		8.0 %	9 468.0	30.06.1997	guaranty No. DAG/06/0150 of Bank Rozwoju Exportu in Warsaw

Note No. 17. (in PLN '000)

Accruals and deferred income	31.12.1994	31.12.1995	31.12.1996
1. Accrued expenses	-	171.3	1 233.3
2. Deferred income, including:	3 394.8	1 865.0	971.7
- interest	1 829.8	-	-
- not realised foreign exchange gains	285.8	184.6	110.6
- accrued contractual penalties	-	-	-
- subcontractors' advance payments on future charges	1 279.2	1 680.4	861.2
- other	-	-	-
3. Total accruals and deferred income	3 394.8	2 036.3	2 205.0

3.6. Notes to Profit and Loss Account

Note No. 18. (in PLN '000)

	1994	1995	1996
I. Net sales revenues by object structure			
1. Sales of products and services	336 286.2	435 942.5	524 252.0
2. Sales of goods	8 508.1	3 487.7	3 720.6
3. Sales of materials	41.5	695.4	494.8
4. Total sales revenue	344 835.8	440 125.6	528 467.4
5. Sales revenue with inflation taken into account	440 700.2	527 710.6	528 467.4
6. Rate of inflation	32.2%	27.8%	19.9%
Source:	GUS Official Gazette No. 6 of 1995	GUS Official Gazette No. 1 of 1996	GUS Official Gazette No. 1 of 1997
II. Territorial structure of sales revenues			
1. Domestic sales:	344 835.8	440 125.6	528 467.4
a) sales of products and services	336 286.2	435 942.5	524 252.0
b) sales of goods	8 508.1	3 487.7	3 720.6
c) sales of materials	41.5	695.4	494.8
Total	344 835.8	440 125.6	528 467.4
2. Exports:	-	-	-
a) sales of products and services	-	-	-
b) sales of goods	-	-	-
c) sales of materials	-	-	-
Total	-	-	-
3. Total domestic sales and exports	344 835.8	440 125.6	528 467.4

Note No. 19. (in PLN '000)

	1994	1995	1996
I. Main costs items by type			
1. Materials and energy consumption	72 225.7	93 337.3	104 756.6
2. External services	46 789.0	61 995.8	75 764.9
3. Wages and salaries	78 165.7	101 375.7	125 498.3
4. Benefits to employees	43 640.1	57 198.3	71 313.5
5. Depreciation	21 136.6	21 488.9	28 591.4
II. Value of unplanned depreciation provisions	-	-	-

Note No. 20. (in PLN '000)

	1994	1995	1996
Other revenues on operations			
1. Revenues on sale of fixed assets	428.1	3 426.8	1 837.6
2. Subsidies	-	-	-
3. Other revenues on operations	987.7	1 109.2	4 041.8
4. Total revenues on operations	1 415.8	4 536.0	5 879.4

Note No. 21. (in PLN '000)

	1994	1995	1996
Other operating costs			
1. Value of the components of fixed assets sold	265.1	1 160.3	1 434.0
2. Inventory value adjustments	-	-	226.6
3. Other operating costs	3 633.1	4 500.9	4 807.8
4. Total other operating costs	3 898.2	5 661.2	6 468.4

Note No. 22. (in PLN '000)

	1994	1995	1996
Other financial revenues			
1. Interest, including:	1 721.4	10 046.8	11 438.4
- from subsidiaries	-	-	-
- from affiliates	546.0	241.0	389.4
2. Revenues on sales of securities	-	-	-
3. Foreign exchange gain	2 429.0	744.9	580.1
4. Other, including:	35 050.8	63 499.2	62 226.1
- revenues on sale of currencies	28 079.0	61 419.3	59 275.7
5. Total other financial revenues	39 201.2	74 290.9	74 244.6

Note No. 23. (in PLN '000)

	1994	1995	1996
Financial costs			
1. Value adjustments of financial fixed assets and short-term securities	-	-	-
2. Interest, including:	4 513.1	12 696.2	10 419.0
- to subsidiaries	-	-	-
- to affiliates	-	-	-
3. Value of securities sold	-	-	-
4. Foreign exchange loss, including:	5 744.0	2 263.5	2 638.5
- realised	-	2 226.2	2 421.1
- not realised	-	37.3	217.4
5. Other financial costs, including:	28 682.3	65 009.8	62 024.0
costs of currencies sale	27 218.0	58 734.2	56 817.4
6. Total financial costs	38 939.4	79 969.5	75 081.5

Note No. 24. (in PLN '000)

	1994	1995	1996
Extraordinary profits			
1. Accidental profits	4.3	157.0	57.2
2. Other	-	39.5	63.2
3. Total extraordinary profits	4.3	196.5	120.4

Note No. 25. (in PLN '000)

	1994	1995	1996
Extraordinary losses			
1. Accidental losses	17.6	194.9	17.4
2. Other	1.0	71.2	120.8
3. Total extraordinary losses	18.6	266.1	138.2

Note No. 26. (in PLN '000)

	1994	1995	1996
Income tax			
a) gross profit	30 186 7	37 580.7	54 728 0
b) permanent differences between			
gross profit (loss) and the basis for taxation with income tax	3 551 2	1 231.2	6 659.3
- revenues that, pursuant to tax provisions, are not included under			
taxable income (decrease in the basis for taxation) by title:	1 717 9	5 042.1	2 838 0
- realised foreign exchange losses	-	3 964.0	16.5
- revenues on dividends Art. 22	1 701.3	723.0	732.5
- free of charge transfer of fixed assets Art. 37.3	16 6	-	206.4
- reimbursements in respect of the purchase of fiscal cash registers Art. 17	-	212 6	369 2
- PFRON reimbursements Art. 12.4.6	-	-	209 4
- compensation received pursuant to admin. decisions Art. 17	-	23 3	-
- provision for dissolved receivables	-	119.2	1 274 9
- other	-	-	29 1
- costs and losses not deemed by tax provisions as costs			
of generating income (increase of the basis for taxation) by titles	5 269 1	6 273.3	9 497.3
- excess entertainment and advertising >0.25% of the revenue	209 8	-	-
- PFRON	1 886.3	2 442.0	2 621 4
- discontinued investments	1 113 7	-	537 6
- provisions for accounts receivable	463 7	2 610.8	3 727.3
- donations of any type	303 4	342.3	601.1
- receivables written off	509.8	439.9	1 209.1
- fines and penalties	140.6	48.9	62.8
- execution costs	81 5	64 2	44 7
- penalties (safety and hygiene, environmental protection)	125.4	32 0	38.9
- interest on receivables from the budget	58.8	106.3	39 4
- contributions	61.9	80 8	170 8
- compensation for accidents	64.8	80.8	127 8
- faults in goods (penalties)	-	-	-
- depreciation and contributions on vehicles > ECU 10.000	2 3	-	14 2
- social benefits (commuter tickets subsidy)	247 1	-	-
- costs of previous years	-	23 3	171.9
- other	-	-	130.3
- other increases (decreases) of taxable income provided			
for pursuant to tax provisions (by title)	-	-	-
- donations Art. 18	267 5	296 6	369.7
c) gross profit (loss) after adjustments for permanent differences	33 470 4	38 515 3	61 017 6
d) income tax on gross profit after adjustments for permanent differences	13 388 2	15 406 1	24 407 0
e) interim differences between gross profit and basis for taxation	3 633.7	133.8	601.8
- positive (by main titles)	-	-	-
- unpaid interest accrued Art.16.11 on liabilities	-	-	499 1
- not realised foreign exchange losses	3 994.3	16 5	214 9
- established provisions	-	392 7	-
- negative (by main titles)	-	-	-
- not received interest due on accounts receivable Art. 12.4.2	360.6	275.4	112 2
f) income tax on the balance of interim differences			
(deferred income tax or income tax accruals)	-	53 5	240.7
g) basis for taxation with income tax	37 104 1	38 649 1	61 619 4
h) income tax	14 841.6	15 459 6	24 647.7
i) deduction from tax PFRON allowance Art. 17	-	0 7	14.6
j) income tax due	14 841.6	15 458 9	24 633 1

Provision for deferred income tax does not occur.

Note No. 27. (in PLN '000)

	1994	1995	1996
Other obligatory deductions from profit			
1 Interest on capital in the companies of the State Treasury	2 250.0	2 250.0	-
2 Payments from profit	-	-	4 514.2
3 PPWW – other obligatory deductions	2 186.3	-	-
4. Total other obligatory deductions from profit	4 436.3	2 250.0	4 514.2

Note No. 28. (in PLN '000)

	1994	1995	1996
Distribution of net profit in books of the following year			
Net profit	10 908.8	19 871.8	25 580.7
Distribution to:	-	-	-
- capital surplus	2 731.2	8 687.8	11 494.7
- workforce fund	8 177.6	11 184.0	14 086.0
- subsidies (donations)	-	-	-
- dividends	-	-	-

Note:

Distribution of the result for 1996 is a proposal of the Management Board. The General Assembly of the Shareholders of ORBIS S.A. has not taken place to the date of the preparation of this information.

3.7. Additional Notes to the Most Recent Financial Statement**Guaranties and Warranties (in PLN '000)**

	1996
I. Guaranties and warranties granted by the Issuer	
1 Guaranties	1 601.0
2 Warranties	700.0
3. Total guaranties and warranties, including to:	2 301.0
a) subsidiaries	1 601.0
b) affiliates	700.0

Encumbrances on the assets of a legal-property and obligatory nature

List of liabilities secured by the assets:

Type of assets constituting security	Type of liability secured	Contractual repayment date	Form of security	Amount secured (PLN '000)	
				opening	closing
THE FORUM HOTEL IN WARSAW	loan	01.08.2003	cap mortgage	24 920.4	24 920.4
THE WARSZAWA HOTEL IN KATOWICE	loan	10.10.2005	cap mortgage	2 850.0	2 850.0
THE SOLNY HOTEL IN KOŁOBRZEG	loan	10.10.2005	cap mortgage	4 400.0	4 400.0
THE FRANCUSKI HOTEL IN KRAKÓW	loan	10.10.2005	cap mortgage	2 100.0	2 100.0
THE CRACOVIA HOTEL IN KRAKÓW	loan	30.09.1998	cap mortgage	2 421.2	2 421.2
THE FORUM HOTEL IN KRAKÓW	loan	01.07.2003	cap mortgage	18 700.0	18 700.0
THE NOVOTEL HOTEL IN GDAŃSK	loan	10.06.2003	cap mortgage	–	5 659.0
THE MRONGOVIA HOTEL IN MRĄGOWO	loan	10.06.2003	cap mortgage	–	25 841.0

Investments planned for 1997

The plan of purchases and modernisation of fixed assets as well as investment construction for 1997 provides for the implementation of investments in the amount of PLN 65.7 million.

Transactions with Related Parties

Members of the Management Board of ORBIS S.A. represent that:

ORBIS S.A. has not carried out any transactions based on a transfer of any rights and obligations (free of charge or against payment) with the following persons:

- members of the Management Board and of supervisory authorities of ORBIS S.A., its subsidiaries and affiliates;
- spouses, relations or next of kin directly related, twice removed, to members and the supervisory authorities of ORBIS S.A., its subsidiaries and affiliates;
- persons related by way of care, adoption or wardship with members of the Management Board and supervisory authorities of ORBIS S.A., its subsidiaries and affiliates.

3.8. Information on Events Occurring Following the Date of the Preparation of the Balance Sheet

No events of material significance having an impact on the financial statements have occurred following the date of the preparation of the balance sheet.

4. OPINION ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ORBIS S.A. FOR THE YEARS 1995 AND 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 consolidated financial statements of ORBIS S.A., with its seat in Warsaw, for the years 1995-1996.

- Consolidated Balance Sheet as at 31 Dec. 1995, showing total assets and liabilities of PLN 733,929,000;
- Profit and Loss Account for the year ended 31 Dec. 1995, indicating the net profit in an amount of PLN 20,195,100;
- Consolidated Balance Sheet as at 31 Dec. 1996, showing total assets and liabilities of PLN 775,380,400;
- Profit and Loss Account for the year ended 31 Dec. 1996, indicating the net profit of PLN 26,126,600;

The audit of financial statements has been carried out in compliance with:

- provisions of the Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591);
- 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:

- Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591) - with respect to 1995- 1996,
- Ordinance of the Minister of Finance dated 14 June 1995 regarding Detailed Principles for the Preparation of Consolidated Financial Statements by Entities Other than Banks (Dz.U. No. 71, item 355);
- Order of the President of the Securities Commission dated 14 Feb. 1995 regarding the Determination of More Stringent Criteria than those Set Forth in Art. 54 of the Act on Accounting with Respect to Entities Issuing Securities Admitted to Public Trading or Applying for such Admission (M.P. No. 12, item 150);
- 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).

Consolidated 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 591).

We are of the opinion that the consolidated financial statements presented herein comply in their form and contents with the legal provisions binding on the capital group and show a true and fair view of the actual state of assets and finances, the financial result and the profitability of ORBIS Capital Group.

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, 9 May 1997

Krystyna Stępień
ul. Grzeszczyka 4/52, 02-122 Warsaw
Auditor reg. No. 8900/2307

Halina Wysocka
ul. Wolińska 6/3, 03-699 Warsaw
Auditor reg. No. 4494/4042

Management Board
FINANS-SERVIS
Zespół Doradców Finansowo-Księgowych
Spółka z o.o. in Warsaw

Deputy President President
Władysława Michalczewska Janina Güntzel

5. SOURCES OF INFORMATION

The Financial Statements presented in the Prospectus refer to the following accounting periods:

from 01.01.1995 through 31.12.1995

from 01.01.1996 through 31.12.1996.

The sources of information constituting the basis for the preparation of the consolidated financial statements for the above-mentioned accounting periods and for the formation of the opinion included the following:

- financial statements of the dominant and the subsidiaries or affiliates encompassed by the consolidation;
- opinions and reports of auditors on the examination carried out with respect to individual financial statements of the dominant and subsidiaries;
- information and explanations provided by ORBIS S.A.

The consolidated financial statement of ORBIS Capital Group for the year 1995 was drawn up in compliance with the provisions of the Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591).

The consolidated financial statement of ORBIS Capital Group for the year 1995 was drawn up in compliance with the provisions of the Act of 29 Sept. 1994 on Accounting (Dz.U. No. 121, item 591), with consideration given to the provisions of the Order of the President of the Securities Commission dated 14 Feb. 1995 regarding the Determination of More Stringent Criteria than those set forth in Art. 56 Sections 1-3 of the Act on Accounting Regarding the Exemption from the Consolidation Obligations and Exemption from the Obligation to Include in Consolidation, with respect to the Entities Issuing Securities Admitted for Public Trading or Applying for such Admission (M.P. No. 12, item 150).

The consolidated financial statement of ORBIS Capital Group

- for the year 1995 – was approved by the General Assembly of Shareholders on 17 Sept. 1996.

5.1. Consolidated Financial Statement of ORBIS Capital Group for the Year 1995

The consolidated financial statement of ORBIS S.A. Capital Group, with its seat in Warsaw, for the year 1995 was audited by:

a) Krystyna Stępień

entered in the register of auditors under No. 8900/2307.

residing in Warsaw, at ul. Grzeszczyka 4/52, postal code 02-122;

b) 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, 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 consolidated financial statement of ORBIS S.A. Capital Group audited includes the following conclusions:

We are of the opinion that the consolidated financial statement complies in all its material aspects with the provisions of the Act of 29 Sept. On Accounting (Dz.U. No. 121, item 591) and the provisions of the Ordinance of the Minister of Finance dated 14 June 1995 regarding Detailed Principles for the Preparation of Consolidated Financial Statements by Entities Other than Banks (Dz.U. No. 71, item 335).

The consolidated financial statement complies in its form and contents with the legal provisions binding on the capital group and it provides a true and fair view of the state of the capital group's assets and finances, its financial result and profitability.

Warsaw, 14 August 1996.

Krystyna Stępień

Auditor reg. No. 8900/2307

Halina Wysocka

Auditor reg. No. 4494/4042

FINANS-SERVIS

Zespół Doradców Finansowo-Księgowych
Spółka z o.o. w Warszawie

Deputy President

Zdzisław Paryziński

President

Janina Guntzel

5.2. Consolidated Financial Statements for the Year Ended 31 December 1996

The Consolidated 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 audited Consolidated Financial Statement of ORBIS S.A. Capital Group 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 enclosed Consolidated 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 Group'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.

We have familiarised ourselves with the report on the Group's activity in said financial year, which report has been appended to the Consolidated Financial Statement, and we recognise the information included therein as consistent with the state of the Group's assets and finances as well as with its financial result presented in the Consolidated Financial Statement.

Warsaw, 30 April 1997

Andrzej J. Konopacki
Auditor reg. No. 1750/287

George A. Johnstone
on behalf of
Price Waterhouse Polska Sp. z o.o.
ul. Emilii Plater 28,
00-688 Warsaw

6. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS 1995 AND 1996

6.1. Balance Sheet

No.	ITEM	31.12.1995	31.12.1996
ASSETS			
I.	Fixed Assets:	590,668,600	606,817,200
1.	Intangible and legal assets	1,423,900	2,311,800
2.	Goodwill	-	32,600
3.	Tangible fixed assets	565,989,500	589,813,600
4.	Financial fixed assets	23,255,200	14,659,200
5.	Long-term accounts receivable	-	-
II.	Current Assets	130,472,700	155,211,700
1.	Inventory	17,515,800	19,875,900
2.	Accounts receivable	34,635,900	46,684,700
3.	Securities for resale	453,800	16,037,800
4.	Cash	77,867,200	72,613,300
III.	Deferred Charges and Accruals	12,787,700	13,351,500
TOTAL ASSETS		733,929,000	775,380,400
LIABILITIES			
I.	Equity	612,234,500	634,182,600
1.	Share capital	75,000,000	75,000,000
2.	Accounts receivable on share capital	-	-
3.	Capital surplus	227,360,900	237,572,600
4.	Reserve capital from revaluation	289,601,300	295,604,000
5.	Other capital reserves	-	-
6.	Foreign exchange gain/loss from consolidation	-	-
7.	Retained earnings	(172,800)	(120,600)
8.	Net profit for the current financial year	20,195,100	26,126,600
II.	Capital reserve form consolidation	674,800	1,549,200
III.	Minority shareholders' (stockholders') equity	-	2,853,200
IV.	Provisions	-	1,804,400
V.	Liabilities	118,983,400	124,893,800
1.	Long-term liabilities	88,521,100	71,595,800
2.	Short-term liabilities	30,462,300	53,298,000
VI.	Accruals and deferred income	2,036,300	10,097,200
TOTAL LIABILITIES		733,929,000	775,380,400

6.2. Consolidated Profit and Loss Account

No.	ITEM	1995	1996
I.	NET REVENUES FROM SALES OF GOODS AND PRODUCTS	440,125,600	662,035,300
1.	Revenues on sales of goods and materials	4,183,100	5,810,600
2.	Revenues on sales of product	435,942,500	656,224,700
II.	COSTS OF GOODS AND PRODUCTS SOLD	359,436,300	511,859,700
1.	Value of goods and materials sold	2,280,400	3,308,000
2.	Manufacturing cost of products sold	357,155,900	508,551,700
III.	GROSS PROFIT ON SALES	80,689,300	150,175,600
IV.	COSTS OF SALES	12,809,200	20,747,000
V.	OVERHEADS	24,246,800	75,639,200
VI.	PROFIT (LOSS) ON SALES	43,633,300	53,789,400
VII.	OTHER OPEARTING REVENUE	4,536,000	5,894,900
VIII.	OTHER OPERATING COSTS	5,661,200	7,587,900
IX.	OPERATING PROFIT (LOSS)	42,508,100	52,096,400
X.	REVENUES ON SHARES IN OTHER ENTITIES, in that:	820,800	959,300
1.	from subsidiaries	87,800	62,800
2.	from affiliates	733,000	380,000
XI.	REVENUES ON OTHER FINANCIAL FIXED ASSETS, in that:	-	-
1.	from subsidiaries	-	-
2.	from affiliates	-	-
XII.	OTHER FINANCIAL REVENUES	74,290,900	103,471,400
XIII.	FINANCIAL COSTS	79,969,500	102,577,900
XIV.	PROFIT ON BUSINESS ACTIVITY	37,650,300	53,949,200
XV.	EXTRAORDINARY PROFIT OR LOSS	(69,600)	19,500
1.	Extraordinary profit	196,500	174,400
2.	Extraordinary loss	266,100	154,900
XVI.	AMOUNTS WRITTEN OFF FROM GOODWILL IN CONSOLIDATION	-	10,600
XVII.	AMOUNTS WRITTEN OFF FROM CAPITAL SURPLUS IN CONSOLIDATION	168,700	437,700
XVIII.	GROSS PROFIT (LOSS)	37,749,100	54,397,300
XIX.	INCOME TAX	15,458,900	25,847,300
XX.	OTHER OBLIGATORY PROFIT DEDUCTIONS	2,250,000	4,514,200
XXI.	NET PROFIT (LOSS)	20,040,500	24,034,300
XXII.	PROFIT / LOSS OF MINORITY SHAREHOLDERS (STOCKHOLDERS)	-	1,747,100
XXIII.	SHARE IN PROFITS OF AFFILIATES	154,600	345,200
XXIV.	NET PROFIT (LOSS) OF CAPITAL GROUP	20,195,100	26,126,600
XXV.	PROFIT PER SHARE in zlotys	2.67	3.20
XXVI.	NET PROFIT OF CAPITAL GROUP PER SHARE in zlotys	2.69	3.48

6.3. Consolidated Cash Flow Statement

6.3.1. Cash Flow on Operations

No.	ITEM	1995	1996
I.	NET PROFIT (LOSS)	20,195,100	26,126,600
II.	TOTAL ADJUSTMENTS	24,476,800	45,087,300
1.	Profit (loss) of minority shareholders (stockholders)	-	(1,747,100)
2.	(Profit) loss on shares (stock) in affiliates	(154,600)	(345,100)
3.	Depreciation (in that the amounts written off from goodwill and capital surplus in consolidation)	21,320,200	30,036,800
4.	Foreign exchange (gain) loss	-	149,600
5.	Interest and dividends	8,866,900	11,308,700
6.	Provisions for accounts receivable	-	-
7.	Other provisions	-	4,728,000
8.	Income tax on gross profit	15,458,900	25,122,500
9.	Income tax paid	(22,041,400)	(25,078,600)
10.	(Profit) loss on sales and liquidation of components of investment operations	(3,364,500)	(733,600)
11.	Change in inventory	(1,708,100)	(1,526,100)
12.	Change in accounts receivable	(1,052,400)	(3,101,500)
13.	Change in short-term liabilities (except for loans and credits) including special funds	4,789,400	2,259,600
14.	Change in accruals	4,253,800	2,533,700
15.	Change in deferred income	(1,529,800)	2,675,200
16.	Other items	(361,600)	(1,194,800)
III.	NET CASH ON OPERATIONS	44,671,900	71,213,900

6.3.2. Cash Flow on Investment Activities

No.	ITEM	1995	1996
I.	PROCEEDS ON INVESTMENT ACTIVITIES	11,403,300	10,680,900
1.	Sale of intangible and legal assets	-	828,000
2.	Sale of components of tangible fixed assets	3,426,700	1,572,200
3.	Sale of shares, stock and securities in subsidiaries (except for cash of sold subsidiaries)	-	-
4.	Sale of shares, stock in affiliates	1,290,200	3,208,100
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	959,200
9.	Interest received	5,442,700	1,161,800
10.	Other proceeds	180,500	416,700
II.	EXPENDITURES ON INVESTMENT ACTIVITIES	(35,379,900)	(61,570,000)
1.	Purchase of intangible and legal values	(862,800)	(1,423,400)
2.	Purchase of tangible fixed assets	(33,385,000)	(42,234,100)
3.	Purchase of shares, stock in subsidiaries (except for cash of purchased subsidiaries)	(872,300)	(913,500)
4.	Purchase of shares, stock in affiliates	(45,900)	(529,500)
5.	Purchase of other components of financial fixed assets	-	-
6.	Purchase of securities for resale	(102,500)	(15,584,000)
7.	Loans granted	(11,000)	-
8.	Dividends paid to minority shareholders (stockholders)	-	-
9.	Dividends returned	-	-
10.	Interest returned	-	(136,600)
11.	Other expenditures	(100,400)	(748,900)
III.	NET CASH ON INVESTMENT ACTIVITIES	(23,976,600)	(50,889,100)

6.3.3. Cash Flow on Financial Activities

No.	ITEM	1995	1996
I	PROCEEDS ON FINANCIAL ACTIVITIES	22,060,400	15,949,300
1.	Contracting of long-term bank credits	-	2,321,000
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	-	9,358,200
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	237,300
9.	Other proceeds	-	770,700
II.	EXPENDITURES ON FINANCIAL ACTIVITIES	(19,252,300)	(47,793,400)
1	Repayment of long-term bank credits	(4,173,200)	(7,569,300)
2	Repayment of long-term loans	(3,365,000)	(19,707,000)
3.	Redemption of bonds and other long-term debt securities	-	-
4	Repayment of short-term bank credits	-	(1,004,700)
5.	Repayment of short-term loans	-	-
6.	Redemption of bonds or other short-term debt securities	-	-
7.	Expenditures in respect of costs of issue	-	-
8	Redemption of shares (stock)	-	-
9.	Payments of dividends and other payments to shareholders	(2,250,000)	(4,514,200)
10.	Participation dividends for the members of the Supervisory Board	-	-
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	-	(92,100)
14.	Interest paid	(1,286,500)	(3,573,200)
15	Other expenditures	-	(149,300)
III.	NET CASH ON FINANCIAL ACTIVITIES	2,808,100	(31,844,100)
D.	CHANGE IN CASH POSITION	23,503,400	(11,519,300)
E.	CASH AT THE BEGINNING OF ACCOUNTING PERIOD	54,363,800	84,132,600
F.	CASH AT THE END OF ACCOUNTING PERIOD (D+E)	77,867,200	72,613,300

6.4 Notes to the Consolidated Balance Sheet

Note No. 1. (in PLN '000)

	31.12.1995	31.12.1996
I. Intangible and legal assets		
i. 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	475.0
5. Computer software	1 170.4	1 835.3
6. Purchased usufruct right to land	-	-
7. Other intangible and legal assets	-	-
8. Advances on intangible and legal assets	-	1.5
9. Total intangible and legal assets	1 423.9	2 311.8
II. Schedule of changes in the status of intangible and legal assets		
1. Opening gross value	1 305.0	2 407.6
2. Increases	1 010.6	1 825.4
- purchase	779.8	1 350.4
- taking over from investments	-	-
- other	230.8	475.0
3. Decreases	21.0	97.3
- liquidation	21.0	-
- sale	-	-
- other	-	97.3
4. Accumulated depreciation at the beginning of the period	487.4	983.7
5. Depreciation for the period	363.3	841.7
- annual write-down	314.9	594.2
- other	68.4	247.5
6. Accumulated depreciation at the end of the period	870.7	1 825.4
7. Net value at the end of the period	1 423.9	2 310.3

Note No. 2. (in PLN '000)

	31.12.1995	31.12.1996
I. Consolidated goodwill		
1. Consolidated goodwill		
- subsidiaries	-	32.6
2. Consolidated goodwill		
- affiliates	-	-
3. Total consolidated goodwill	-	32.6

Note No. 3. (in PLN '000)

	31.12.1995	31.12.1996
I. Tangible fixed assets (by groups)		
1. Fixed assets, of which:	552 300.2	577 916.4
a) Land	52.1	52.1
b) Buildings and structures	490 620.3	491 429.8
c) Technical equipment and machinery	56 286.9	71 477.8
d) Means of transport	1 431.5	6 684.2
e) Other fixed assets	3 909.3	8 272.5
2. Investments in progress	12 598.1	11 170.2
3. Advances on investments	1 091.2	727.0
4. Total tangible fixed assets	565 989.5	589 813.6
II. Schedule of changes in the status of tangible fixed assets		
1. Gross value at the beginning of the period	384 710.3	910 709.9
2. Increases:	287 527.8	70 522.2
- purchase	17 638.4	32 431.0
- taking over from investments	15 746.9	29 205.3
- revaluation	201 390.9	-
- received free of charge	47.8	-
- in-kind contributions	-	-
- other	52 703.8	9 885.9
3. Decreases:	17 657.9	18 553.1
- sale	3 427.1	6 653.2
- revaluation	-	-
- liquidation	1 158.9	11 423.9
- transferred free of charge	13 071.9	-
- in-kind contributions	-	-
- other	-	476.0
4. Closing gross value	654 580.2	962 679.0
5. Accumulated depreciation at the beginning of the period	131 153.9	353 549.7
6. Depreciation for the period	(28 873.9)	31 212.9
a) Increase	61 785.0	40 302.1
- annual write-down	21 173.9	29 632.9
- revaluation	-	-
- other	40 611.1	10 669.2
b) Decrease	90 658.9	9 089.2
- revaluation	88 615.0	-
- other	2 043.9	9 089.2
- changes resulting pursuant to the Act	-	-
7. Accumulated depreciation at the end of the period	102 280.0	384 762.6
8. Net value at the end of the period	552 300.2	577 916.4
III. Fixed assets ownership structure		
1. Net fixed assets	552 300.2	577 916.4
2. Used pursuant to lease, rent or other agreement of a similar nature, included in the assets of the Issuer	-	-
3. Fixed assets registered under the balance sheet, of which:	176 741.1	203 302.7
- used pursuant to lease, rent or other agreement of a similar nature	127 617.5	137 237.0
- value of land held in perpetual usufruct	49 123.6	66 065.7

Notes: Depreciation for the period shown under item 6 of Note No. 3 includes:

- in 1995, results of the revaluation of fixed assets and of expressing the assets taken over from the state-owned enterprises by ORBIS S.A. as net values;
- in 1996, results of the "return" to gross value.

Note No. 4. (in PLN '000)

		31.12.1995	31.12.1996
I.	Financial fixed assets		
1.	Shares and stocks, including:	16 299.5	11 887.3
a)	in subsidiaries	5 216.2	5 746.2
b)	in affiliates	7 362.9	4 635.8
2.	Long-term loans granted, including:	5 834.2	2 669.4
a)	loans granted to subsidiaries	630.0	-
b)	loans granted to affiliates	2 908.9	2 669.4
3.	Other components of financial fixed assets, including:	1 121.5	102.5
a)	other securities of subsidiaries	1 019.0	-
b)	other securities of affiliates	-	-
4.	Total financial fixed assets	23 255.2	14 659.2

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 stock (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	-	(122,6)	-	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	London Great Britain	tourism	subsidiary	205,1	100,0	99,9	1 598,5	488,2	1 080,2	-	17,6	-	5 533,2
4. Polorbis Benelux	Brussels, Belgium	tourism	subsidiary	-	90,0	90,0	(279,3)	538,9	-	-	(124,0)	21,9	508,4
5. Polorbis SPTOW	Paris, France	tourism	subsidiary	70,2	99,9	99,9	159,6	137,2	9,4	-	12,5	-	223,8
6. Polorbis Travel	New York, USA	tourism	subsidiary	38,4	72,0	72,0	501,4	224,9	100,7	-	12,8	-	1 480,9
7. „Silnowa” Sp. z o.o.	Wilksy	tourism	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. PBP Orbis Sp. z o.o.	Warsaw	tourism	subsidiary	56,3	51,0	68,0	8 622,8	6 944,3	1 953,3	286,7	(431,7)	2 607,1	33 540,0
9. Orbis Transport Sp. z o.o.	Warsaw	tourism	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) 5 746,2

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 stock (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	253.0	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 activities	affiliate	2 156.4	49.0	49.0	3 464.3	4 400.0	-	311.5	(328.6)	2 666.3	6 572.7
5. ORBIS CASINO Sp. z o.o.	Warsaw	gaming	affiliate	2 392.1	33.3	33.3	6 076.6	2 017.1	2 400.3	673.0	986.1	-	8 054.7

TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES)

4 635.8

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 most recent business year
1. TUT „ATU” SA	Warsaw	insurance services	399.6	9.29	9.29	-
2. Bank Wschodnio-Europejski SA	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 services for hotels	1.0	4.5	4.5	-
5. TARPAN Sp. z o.o.	Poznań	manufacture of motor cars in liquidation	36.5	0.08	0.08	-
6. „SANA” SA	Polanica Zdrój	sanatorium-holiday resort services	146.2	9.7	9.7	-
TOTAL BALANCE SHEET VALUE OF STOCK (SHARES)			1,505.3			
TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES) (A+B+C)			1,887.3			

Note No. 5. (in PLN '000)

There are no long-term accounts receivable occurring.

Note No. 6. (in PLN '000)

	31.12.1995	31.12.1996
Value of inventory by groups:		
1 Materials	16 637.7	18 352.7
2 Semi-finished products and work in progress	-	423.5
3 Finished products	-	-
4 Goods for sale	676.2	698.0
5 Advances on deliveries	201.9	400.7
6 Total inventory	17 515.8	19 875.9

Note No. 7. (in PLN '000)

	31.12.1995	31.12.1996
I. Value of accounts receivable by groups:		
1. Accounts receivable on deliveries, works, and services, including:	15 959.9	25 142.4
a) from subsidiaries	1 730.0	96.4
b) from affiliates	1 129.9	-
2 Other receivables from subsidiaries and affiliates	-	-
3. Taxes receivable, subsidies, receivables on social insurance	11 517.3	13 402.4
4. Inter-company accounts receivable	-	-
5. Legal claims	-	61.7
6. Other accounts receivable	7 158.7	8 078.2
7. Total accounts receivable	34 635.9	46 684.7
II. Ageing structure of accounts receivable on deliveries, works and services, broken down into accounts receivable not paid within:		
- up to 1 month	13 605.3	18 279.6
- over 1 month up to 3 months	2 354.6	4 630.5
- over 3 months up to 6 months	-	993.1
- over 6 months up to 1 year	-	1 239.2
- over 1 year	-	-
Accounts receivable on deliveries, works and services	15 959.9	25 142.4
III. Break-down of accounts receivable into:		
1 Accounts receivable in Polish currency	32 281.0	40 848.0
2 Accounts receivable in foreign currencies	2 354.9	5 836.7
3. Total accounts receivable	34 635.9	46 684.7

Note No. 8. (in PLN '000)

	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	453.8	16 037.8
5 Total securities for resale	453.8	16 037.8
II. Classification by transferability:		
1. With unlimited transferability, listed on stock exchanges	453.8	16 037.8
2 With unlimited transferability, not listed on stock exchanges	-	-
3 With limited transferability	-	-

Note No. 9. (in PLN '000)

		31.12.1995	31.12.1996
Cash			
1	Cash in hand	1 963.3	2 832.9
2	Cash in bank	71 063.3	65 729.2
3.	Other cash (cheques, bills of exchange, etc.)	4 840.6	4 051.2
4	Total cash	77 867.2	72 613.3

Note No. 10. (in PLN '000)

		31.12.1995	31.12.1996
Deferred charges and accruals			
1	Deferred charges	9 014.6	11 561.1
2	Other deferred expenses	3 773.1	1 790.4
3.	Total deferred charges and accruals	12 787.7	13 351.5

Note No. 11. (in PLN '000)

Stock capital

Series/issue	Type of stock	Type of privilege	Value of series/issue by nominal value
A	common		
Total number of stocks			7 500 000
Total stock capital			75 000.0

Note No. 12. (in PLN '000)

		31.12.1995	31.12.1996
I.	Capital surplus		
i	Shares sold at premium	-	-
2.	Statutory surplus capital	227 560.9	237 572.6
3	Surplus capital created pursuant to the by-laws or Articles of Association above the value required by law	-	-
4	Additional capital payments made by shareholders	-	-
5	Other	-	-
6.	Total capital surplus	227 560.9	237 572.6
II.	Changes in capital surplus		
1.	Status at beginning of the period	219 433.3	227 560.9
2.	Increases, including	8 127.6	10 011.7
	- write-down from profit	2 866.2	8 515.2
	- transfer of capital reserves resulting from revaluation of fixed assets sold, liquidated	355.2	-
	- transfer results of revaluation as at 31.01.1994 from capital reserves	4 906.2	-
	- other	-	1 496.5
3.	Decreases, including in respect of	-	-
	- covering of balance sheet loss	-	-
	- other	-	-
4.	Status as at the end of the period	227 560.9	237 572.6

Note No. 13. (in PLN '000)

	31.12.1995	31.12.1996
Capital reserves resulting from revaluation		
1. Status as at the beginning of the period	4 906.2	289 651.3
2. Increases, including:	290 006.5	7 141.6
– resulting from revaluation of fixed assets	290 006.5	7 141.6
– other	–	–
3. Decreases, including:	5 261.4	1 188.9
– resulting from revaluation of fixed assets	–	–
– transfer of the result of revaluation of fixed assets sold, liquidated to capital surplus	355.2	1 188.9
– other computation of revaluation results as at 1.01.94	4 906.2	–
4. Status as at the end of the period	289 651.3	295 604.0

Note No. 14.

There is no other capital.

Note No. 15. (in PLN '000)

	31.12.1995	31.12.1996
Capital reserve from consolidation		
1 Capital reserve from consolidation – subsidiaries	–	436.1
2 Capital reserve from consolidation – affiliates	674.8	1 113.1
3. Total capital reserves from consolidation	674.8	1 549.2

Note No. 16. (in PLN '000)

	31.12.1995	31.12.1996
I. Break-down of provisions into:		
1. Deferred income tax	–	724.8
2. Other	–	1 079.6
4. Total provisions	–	1 804.4
II. Changes in provisions		
1 Status as at beginning of the period	3 545.9	5 587.7
2. Increases, including:	2 739.6	1 804.4
– establishment of provisions for income tax	–	724.8
– other	2 739.6	1 079.6
3. Decreases, including:	697.8	–
– utilisation	578.6	–
– dissolution	119.2	–
4. Status as at the end of the period	5 587.7	1 804.4

Note : The status of provisions shown in the 1996 balance sheet includes provision for:

– trademark contributed as shares	994.8
– income tax	724.8
– other	84.8
– total	1 804.4

The amount of provisions of PLN 5 308.7 thousand has adjusted the status of receivables

		31.12.1995	31.12.1996
I.	Long-term liabilities		
1.	Long-term bank credits	7 671.5	1 098.3
2.	Long-term loans, including:	80 849.6	68 988.7
a)	loans from subsidiaries	-	-
b)	loans from affiliates	-	-
3.	Liabilities in respect of the debt securities issued	-	-
4.	Liabilities under financial leasing agreements	-	-
5.	Other liabilities	-	1 508.8
6.	Total long-term liabilities	88 521.1	71 595.8
II.	Break-down of long-term liabilities		
1.	Long-term liabilities in Polish currency	82 650.4	71 595.8
2.	Long-term liabilities in foreign currencies	5 870.7	-
3.	Break-down of long-term liabilities into liabilities maturing within:	-	-
	- over 1 year up to 3 years	-	2 607.1
	- over 3 years up to 5 years	7 671.5	-
	- over 5 years	80 849.6	68 988.7

Additional Information Regarding Long-Term Bank Credits and Loans (in PLN '000)

Lender's name	Seat	Credit or loan amount	Interest terms and conditions	Repayment date	Security instituted against credit or loan repayment
Minister of Finance on behalf of the State Treasury	Warsaw	21 860.0	50% of variable refinancing credit rate	01.08.2003	cap mortgage
Minister of Finance on behalf of the State Treasury	Warsaw	18 700.0	50% of variable refinancing credit rate	01.07.2003	cap mortgage
Bank Wschodnio-Europejski SA	Warsaw	13 136.0	15% fixed rate	10.10.2005	cap mortgage
Bank Wschodnio-Europejski on behalf of the Minister of Finance	Warsaw	3 321.0	50% of variable refinancing credit rate	30.09.1998	cap mortgage
Bank Wschodnio-Europejski on behalf of the Minister of Finance	Warsaw	26 890.0	50% of variable refinancing credit rate	10.06.2003	cap mortgage
Voivodship Fund for Environmental Protection and Water Mgmt.	Nowy Sącz	80.0	45% of refinancing credit rate	30.06.2000	3 blank bills of exchange together with security notes
Voivodship Fund for Environmental Protection and Water Mgmt.	Lublin	150.0	70% of refinancing credit rate	30.11.1998	blank bill of exchange and a warranty of the Management Board of ORBIS S.A.
Polski Bank Inwestycyjny	Ciechanów	2 350.0	25% variable rate	30.03.1998	registered bank pledge on 10 coaches and 10 passenger cars, common mortgage on premises in Opole and in Olsztyn

Note No. 18. (in PLN '000)

	31.12.1995	31.12.1996
I. Short-term liabilities and special purpose funds		
1. Bank credits	-	-
2. Loans, including:	-	9 358.2
a) loans from subsidiaries	-	-
b) loans from affiliates	-	-
3. Liabilities in respect of short-term debt securities issued	-	-
4. Liabilities on deliveries, works and services	11 625.2	21 505.7
5. Advances received on deliveries	416.2	936.4
6. Bills of exchange payable	-	-
7. Tax liable, duties payable, social security charges payable	6 900.4	7 743.4
8. Accrued wages and salaries	2 845.3	1 609.9
9. Inter-company liabilities	-	-
10. Other short-term liabilities	4 028.1	3 044.9
11. Long-term liabilities under repayment	-	3 076.2
12. Special purposes funds, including	4 647.1	6 023.3
a) enterprise's social benefits fund	4 594.2	5 917.4
b) other – remaining award fund	52.9	105.9
13. Total short-term liabilities and special purpose funds	30 462.3	53 298.0
II. Break-down of liabilities		
1. Short-term liabilities in Polish currency	25 421.3	45 289.1
2. Short-term liabilities in foreign currencies	393.9	1 985.6
3. Total liabilities	25 815.2	47 274.7

Additional Information Regarding Short-Term Liabilities in Respect of Bank Credits and Loans (in PLN '000)

Lender's name	Seat	Interest terms and conditions	Amount	Repayment date	Security instituted
Laenderbank- Exportbank AG	Vienna	8.0%	14 728.0	30.06.1997	re-guaranty No. 507/991 of Bank Handlowy International S.A. Luxembourg
		8.0 %	14 728.0	30.06.1997	guaranty No. DAG/06/0113 of Bank Rozwoju Exportu in Warsaw
		8.0 %	9 468.0	30.06.1997	re-guaranty No. 584/991 of Bank Handlowy International S.A. Luxembourg
		8.0 %	9 468.0	30.06.1997	guaranty No. DAG/06/0150 of Bank Rozwoju Exportu in Warsaw

Note No. 19. (in PLN '000)

	31.12.1995	31.12.1996
Accruals and deferred income		
1. Accrued expenses	171.3	1 750.1
2. Deferred income, including:	1 865.0	8 347.1
– not realised foreign exchange gains	184.9	110.6
3. Total accruals and deferred income	2 036.3	10 097.2

6.5. Notes to Consolidated Profit and Loss Account

Note No. 20. (in PLN '000)

	1995	1996
I. Net sales revenues by object structure		
1. Sale of products and services	435 942.5	656 224.7
2. Sale of goods	3 487.7	5 315.8
3. Sale of materials	695.4	494.8
4. Total sales revenues	440 125.6	662 035.3
5. Sales revenues with inflation taken into account	527 710.6	662 035.3
II. Territorial structure of sales revenues		
1. Domestic sales		
a) sale of products and services	435 942.5	642 642.6
b) sale of goods	3 487.7	5 315.8
c) sale of materials	695.4	494.8
Total domestic sales	440 125.6	648 453.2
2. Exports:	-	13 582.1
a) sale of products and services	-	-
b) sale of goods	-	-
c) sale of materials	-	-
Total exports	-	13 582.1
3. Total domestic sales and exports	440 125.6	662 035.3

Note No. 21. (in PLN '000)

	1995	1996
I. Main costs items by type		
1. Materials and energy consumption	93 337.3	107 565.0
2. Services purchased	61 995.8	170 966.8
3. Wages and salaries	101 375.7	140 751.2
4. Benefits to employees	57 198.3	78 437.2
5. Depreciation	21 488.9	30 474.6
II. Value of unplanned depreciation provisions	-	-

Note No. 22. (in PLN '000)

	1995	1996
Other revenues on operations		
1. Revenues on sale of fixed assets	3 426.8	2 534.6
2. Subsidies	-	-
3. Other revenues on operations	1 109.2	3 360.3
4. Total other revenues on operations	4 536.0	5 894.9

Note No. 23. (in PLN '000)

	1995	1996
Other operating costs		
1. Value of the components of fixed assets sold	1 160.3	1 927.9
2. Inventory value adjustments	-	226.6
3. Other operating costs	4 500.9	5 433.4
4. Total other operating costs	5 661.2	7 587.9

Note No. 24. (in PLN '000)

	1995	1996
Other financial revenues		
1 Interest, including:	10 046.8	12 459.8
– from subsidiaries	-	83.7
– from affiliates	240.9	-
2. Revenues on sale of securities	-	-
3 Foreign exchange gains	744.9	-
4. Other, including:	63 499.2	91 011.6
– revenues from sale of currencies	61 419.3	85 947.0
5. Total other financial revenues	74 290.9	103 471.4

Note No. 25. (in PLN '000)

	1995	1996
Financial costs		
1. Value adjustments of financial fixed assets and short-term securities	-	100.0
2. Interest, including:	12 696.2	11 147.9
– to subsidiaries	-	-
– to affiliates	-	-
3 Value of the securities sold	-	-
4. Foreign exchange losses, including:	2 263.5	2 681.4
– realised	2 226.2	2 421.1
– not realised	37.3	260.3
5 Other financial costs, including:	65 009.8	88 648.6
– costs of sales of currencies	58 734.2	82 612.3
6. Total financial costs	79 969.5	102 577.9

Note No. 26. (in PLN '000)

	1995	1996
Extraordinary profits		
1. Accidental profits	157.0	57.2
2. Other	39.5	117.2
3. Total extraordinary profits	196.5	174.4

Note No. 27. (in PLN '000)

	1995	1996
Extraordinary losses		
1. Accidental losses	194.9	17.4
2. Other	71.2	137.5
3. Total extraordinary losses	266.1	154.9

Note No. 28. (in PLN '000)

	1995	1996
Income tax		
a) gross profit	37 580.7	57 807.6
b) permanent differences between gross profit (loss) and the basis for taxation with income tax	934.6	4 169.5
1) Revenues that, pursuant to tax provisions, are not included under taxable income (decrease in the basis for taxation) by title	(5 009.9)	(3 194.0)
– realised foreign exchange losses	(3 964.0)	(49.6)
– interest paid on accounts receivable	32.2	44.8
– revenue on dividends Art. 22	(723)	(896.6)
– free of charge transfer of fixed assets Art. 37.3	-	(206.4)
– reimbursements in respect of purchase of fiscal cash registers Art. 17	(212.6)	(416.5)
– PFRON reimbursements Art. 12.4.6	-	(209.4)
– received free of charge	-	45.7
– compensation received pursuant to administrative decisions Art. 17	(23.3)	(138.6)
– discontinued provisions for accounts receivable	(119.2)	(1 336.6)
– other	-	(30.8)
2) Costs and losses not deemed by tax provisions as costs of generating income (increase in the basis for taxation) by title	5 944.5	7 363.5
– excess entertainment and advertising > 0.25% of revenue	-	84.3
– PFRON	2 442.0	2 763.3
– discontinued investments	58.0	537.7
– provisions for accounts receivable	2 319.6	3 727.4
– donations of any type	342.3	638.0
– accounts receivable written off	440.9	1 280.5
– fines and penalties	-	194.1
– execution costs	180.3	18.8
– penalties (safety and hygiene, environmental protection)	32.0	-
– discounted shares	-	100.0
– interest on receivable from the budget	108.3	51.3
– contributions	81.9	185.3
– compensation for accidents	80.8	127.8
– depreciation on fixed assets subject to allowance	-	134.8
– depreciation and contributions on vehicles > ECU 10,000	-	82.7
– social benefits (commuter tickets subsidy)	-	136.5
– costs of previous years	-	171.8
– other increases (decreases) of taxable income provided for pursuant to tax provisions (by title)	155.0	174.7
– donations Art. 18	(296.6)	(374.9)
investment allowance	-	(2 670.6)
c) gross profit (loss) after adjustments for permanent differences	38 515.3	61 977.1
d) income tax on gross profit after adjustments for permanent differences	15 406.1	24 790.8
e) interim differences between gross profit and basis for taxation	133.8	865.6
– positive (by main titles)	-	-
– unpaid interest accrued Art. 16.11 on liabilities	-	519.3
– not realised foreign exchange losses	16.5	258.0
– provisions established	392.7	328.1
– negative (by main titles)	-	-
– not received interest due on accounts receivable Art. 12.4.2	(275.4)	(239.8)
f) income tax on the balance of interim differences (deferred income tax or income tax accruals)	-	-
g) basis for taxation with income tax	38 649.1	62 842.7
h) income tax	15 459.6	25 137.1
i) deduction from tax PFRON allowance Art. 17	(0.7)	(14.6)
j) income tax due	15 458.9	25 122.5

The amount of the income tax due differs from the amount of the income tax shown in the consolidated profit and loss account by an amount of PLN 724.8 thousand which constitutes the equivalent of the provision established for income tax at PBP ORBIS Sp. z o.o. in respect of the investment allowance.

	1995	1996
Other obligatory deductions from profit		
1. Interest on capital in the companies of the State Treasury	2 250 0	4 514 2
2. Payment from profit	-	-
3. PPWW – other obligatory deductions	-	-
4. Total other obligatory deductions from profit	2 250 0	4 514 2

6.6. Additional Notes to the Most Recent Financial Statement

6.6.1. Guaranties and Warranties as at 31.12.1996 (in PLN '000)

	31.12.1996
Guaranties and warranties granted by the Issuer	
1. Guaranties	1 601 0
2. Warranties	700 0
3. Total guaranties and warranties, including those to:	2 301 0
a) subsidiaries	1 601 0
b) affiliates	700 0

6.6.2. Encumbrances on Assets of a Legal-Property and Obligatory Nature

List of liabilities secured by the assets:

Type of assets constituting security	Type of liability secured.	Contractual repayment date	Form of security	Security amount (PLN '000)	
				opening	ending
The Forum Hotel in Warsaw	loan	1.08.2003	cap mortgage	24 920.4	24 920.4
The Warszawa Hotel in Katowice	loan	10.10.2005	cap mortgage	2 850 0	2 850 0
The Solny Hotel in Kolobrzeg	loan	10.10.2005	cap mortgage	4 400 0	4 400 0
The Francuski Hotel in Kraków	loan	10.10.2005	cap mortgage	2 100 0	2 100 0
The Cracovia Hotel in Kraków	loan	30.09.1998	cap mortgage	2 421.2	2 421.2
The Forum Hotel in Kraków	loan	1.07.2003	cap mortgage	18 700.0	18 700.0
The Novotel in Gdańsk	loan	10.06.2003	cap mortgage	-	5 659.0
The Mironowia Hotel	loan	10.06.2003	cap mortgage	-	25 841.0
PBP ORBIS Sp. z o.o.	loan	10.06.2006	cap mortgage	1 985 0	1 985 0
	200165/286/96				
	200165/285/96				

6.6.3. Investments Planned for 1997

The Investments plan of the ORBIS Capital Group for 1997 is PLN 77 million.

6.6.4. Transaction with Related Parties

Members of the Management Board of ORBIS S.A. represent that:

ORBIS S.A. has not carried out any transaction based on a transfer of any rights and obligations, free of charge or against payment, with the following persons:

- members of the Management Board and of supervisory authorities of ORBIS S.A., its subsidiaries and affiliates,
- spouses, relations or next of kin directly related, twice removed, to members and the supervisory authorities of ORBIS S.A., its subsidiaries and affiliates;
- persons related by way of care, adoption or wardship with members of the Management Board and the supervisory authorities of ORBIS S.A., its subsidiaries or affiliates.

6.7. Events of Material Significance Occurring Following the Date of the Preparation of the Balance Sheet

In March 1997, 16,320 shares in the increased share capital of PBP ORBIS Sp. z o.o. were taken up; additionally, by 30 April 1997, ORBIS notified of the taking up of 616 shares.

ADDITIONAL INFORMATION

1. METHODS OF VALUATION OF ASSETS AND LIABILITIES AND METHODS OF MEASUREMENT OF FINANCIAL RESULT USED WHEN PREPARING FINANCIAL STATEMENTS

Both during the first quarter and the first six months of 1997, ORBIS S.A. used the methods of valuation of assets and liabilities and of measurement of the financial result in accordance with the principles set forth in Chapter VII, Section 3 of the Prospectus.

All data contained in the chapter entitled "Additional Information" are in PLN.

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 NOTES TO THE FINANCIAL STATEMENT

2.1. Balance Sheet

No.	ITEM	31.03.1997	30.06.1997
ASSETS			
I.	FIXED ASSETS:	603,670,700	605,204,800
1	Intangible and legal values	1,715,500	1,615,800
2.	Tangible fixed assets	583,616,900	584,161,800
3	Financial fixed assets	18,338,300	19,427,200
4	Long-term accounts receivable	-	-
II.	CURRENT ASSETS	127,708,300	153,702,600
i	Inventory	19,510,900	19,523,000
2.	Accounts receivable	40,376,700	48,033,200
3.	Securities for resale	23,759,400	30,789,800
4	Cash	44,061,300	55,356,600
III.	DEFERRED CHARGES AND ACCRUALS	13,367,200	11,631,300
TOTAL ASSETS		744,746,200	770,538,700
LIABILITIES			
I	EQUITY	631,070,700	640,287,200
1.	Share capital	75,000,000	75,000,000
2	Accounts receivable on share capital	-	-
3.	Capital surplus	237,278,800	250,437,300
4	Reserve capital from revaluation	293,388,700	292,224,600
5	Other reserve capitals	-	-
6	Retained earnings	25,553,100	-
7	Net profit for the current financial year	(149,900)	22,625,300
II.	PROVISIONS	994,800	994,800
III.	LIABILITIES	110,807,300	126,724,900
1.	Long-term liabilities	67,218,900	62,536,500
2.	Short-term liabilities	43,588,400	64,138,400
IV	ACCRUALS AND DEFERRED INCOME	1,873,400	2,531,800
TOTAL LIABILITIES		744,746,200	770,538,700

2.2. Profit and Loss Account

No.	ITEM	1.01-31.03.1997	1.01-30.06.1997
I.	NET REVENUES ON SALE OF GOODS AND PRODUCTS	117,858,000	300,118,600
1	Net revenues on sale of goods and materials	1,148,300	2,284,200
2	Net revenues on sale of products	116,709,700	297,834,400
II.	COSTS OF GOODS AND PRODUCTS SOLD	103,371,100	222,015,800
1.	Value of goods and products sold	466,700	1,037,000
2	Manufacturing costs of products sold	102,904,400	220,978,800
III	GROSS PROFIT (LOSS) ON SALES	14,486,900	78,102,800
IV	COSTS OF SALES	3,570,700	8,860,200
V.	OVERHEADS	12,681,500	27,412,000
VI	OTHER OPERATING REVENUES	2,788,300	6,060,200
VII.	OTHER OPERATING COSTS	970,500	3,963,700
VIII	OPERATING PROFIT (LOSS)	42,500	43,927,200
IX	REVENUES ON SHARES IN OTHER ENTITIES, IN WHICH:	229,900	806,900
1.	From subsidiaries	-	-
2.	From affiliated entities	229,900	479,900
X	REVENUES ON OTHER FINANCIAL FIXED ASSETS, IN WHICH:	-	-
1.	From subsidiaries	-	-
2.	From affiliated entities	-	-
XI.	OTHER FINANCIAL REVENUES	11,931,700	32,111,900
XII.	FINANCIAL COSTS	12,175,900	30,507,500
XIII.	PROFIT (LOSS) ON BUSINESS ACTIVITIES	28,200	46,338,500
XIV.	EXTRAORDINARY PROFIT OR LOSS	(2,400)	(22,500)
1	Extraordinary profits	0,200	48,300
2	Extraordinary losses	2,600	70,800
XV	GROSS PROFIT (LOSS)	25,800	46,316,000
XVI.	INCOME TAX	175,700	19,189,400
XVII.	OTHER OBLIGATORY DEDUCTIONS FROM PROFIT (INCREASE OF LOSS)	-	4,501,300
XVIII	NET PROFIT (LOSS)	(149,900)	22,625,300
XIX.	NUMBER OF SHARES	7,500,000	7,500,000
XX.	NET EARNING PER SHARE	-	3 00

2.3. Cash Flow Statement

2.3.1. Cash Flow on Operations

No.	ITEM	31.03.1997	30.06.1997
I.	NET PROFIT (LOSS)	(149,900)	22,625,300
II.	TOTAL ADJUSTMENTS, OF WHICH:	4,073,300	30,463,000
1.	Depreciation	7,664,900	15,675,000
2.	Foreign exchange gain/loss	821,400	1,881,900
3.	Interest and dividends	2,302,300	6,217,600
4.	Provisions for accounts receivable	-	-
5.	Other provisions	-	-
6.	Income tax on gross profit	175,600	19,189,300
7.	Paid income tax	-	(12,270,600)
8.	Profit/Loss on sales and liquidation of components of investment activities	(1,636,300)	(1,202,700)
9.	Change in inventory	(439,700)	(451,800)
10.	Change in accounts receivable	(3,989,100)	(11,533,900)
11.	Change in short-term liabilities (excluding loans and credits), including special purpose funds	2,346,400	13,779,100
12.	Change in accruals	(3,054,100)	(944,600)
13.	Change in deferred income	(118,100)	166,600
14.	Other items	-	(42,900)
III.	NET CASH ON OPERATING ACTIVITIES	3,923,400	53,088,300

2.3.2. Cash Flow on Investment Activities

No.	ITEM	31.03.1997	30.06.1997
I.	PROCEEDS ON INVESTMENT ACTIVITIES	45,141,100	90,427,500
1.	Sale of intangible and legal values	-	-
2.	Sale of components of tangible fixed assets	2,317,200	4,062,600
3.	Sale of shares, stock and other securities in subsidiaries	-	253,800
4.	Sale of shares, stock and other securities in affiliates	-	-
5.	Sale of other components of financial fixed assets	-	-
6.	Sale of securities for resale	42,450,000	84,083,900
7.	Loans repaid	3,000	1,010,900
8.	Dividends received	191,600	806,900
9.	Interest received	179,300	189,400
10.	Other proceeds	-	-
II.	EXPENDITURES ON INVESTMENT ACTIVITIES	(64,057,100)	(123,711,800)
1.	Purchase of intangible and legal values	(87,700)	(268,600)
2.	Purchase of components of tangible fixed assets	(11,974,300)	(14,926,700)
3.	Purchase of shares, stock and securities in subsidiaries	(1,632,000)	(3,278,700)
4.	Purchase of shares, stock in affiliates	(191,600)	(191,600)
5.	Purchase of other components of financial fixed assets	-	-
6.	Purchase of securities for resale	(50,171,500)	(99,135,800)
7.	Loans granted	-	(150,000)
8.	Dividends returned	-	-
9.	Interest returned	-	-
10.	Other expenditures	-	(5,760,400)
III.	NET CASH ON INVESTMENT ACTIVITIES	(18,916,000)	(33,284,300)

2.3.3. Cash Flow on Financial Activities

No.	ITEM	31.03.1997	30.06.1997
I.	PROCEEDS ON FINANCIAL ACTIVITIES	221,500	9,046,300
1.	Contracting of long-term bank credits	-	-
2.	Contracting of long-term loans	50,000	50,000
3.	Issue of bonds or other long term debt securities	-	-
4.	Contracting of short-term bank credits	100,000	100,000
5.	Contracting of short-term loans	-	6,797,100
6.	Issue of bonds or other short-term debt securities	-	-
7.	Proceeds from issues of own shares (stock) and from additional payments to capital	-	-
8.	Interest reimbursed	71,500	2,099,200
9.	Other proceeds	-	-
II.	EXPENDITURES ON FINANCIAL ACTIVITIES	(6,948,500)	(39,274,600)
1	Repayment of long-term bank credits	-	-
2.	Repayment of long-term loans	(1,819,800)	(6,452,200)
3	Redemption of bonds or other long-term debt securities	-	-
4.	Repayment of short-term bank credits	(1,562,500)	(3,152,600)
5	Repayment of short-term loans	-	(4,340,500)
6	Redemption of bonds or other short-term debt securities	-	-
7	Expenditures in respect of the costs of issues	-	-
8	Redemption of shares (stock)	-	-
9.	Payments of dividends and other payments to shareholders	-	(4,501,300)
10.	Participation dividends for members of the Supervisory Board	-	-
11	Employee profit-related bonus scheme	-	(14,134,200)
12.	Expenditures for public benefit	-	-
13.	Payments in respect of liabilities under financial leasing contracts	-	-
14	Interest paid	(2,744,800)	(1,932,500)
15	Accrued but not paid interest	(821,400)	(2,879,500)
16.	Other expenditures	-	(1,001,800)
III.	NET CASH ON FINANCIAL ACTIVITIES	(6,727,000)	(30,228,300)
D.	CHANGE IN CASH POSITION	(21,719,600)	(10,424,300)
E.	CASH AT THE BEGINNING OF ACCOUNTING PERIOD	65,780,900	65,780,900
F.	CASH AT THE END OF ACCOUNTING PERIOD	44,061,300	55,356,600

2.4. Notes to the Balance Sheet

Note No. 1. (in PLN '000)

		31.03.1997	30.06.1997
I. Intangible and legal assets			
1.	Costs of organisation at the establishment or subsequent expansion of the joint stock company settle over time	-	-
2.	Research and development costs settled over time	-	-
3.	Goodwill	-	-
4.	Concessions, patents, licenses and similar assets	150.1	-
5.	Computer software	1 315.0	1 264.1
6.	Purchased usufruct rights to land	250.4	202.3
7.	Other intangible and legal assets	-	149.4
8.	Advances on intangible and legal assets	-	-
9.	Total intangible and legal assets	1 715.5	1 615.8
II. Schedule of changes in intangible and legal assets			
1.	Gross value at the beginning of the period	3 510.2	3 510.2
2.	Increases: purchases, taking over from investments, other	98.7	275.2
3.	Decreases: liquidation, sales, other	43.9	43.4
4.	Accumulated depreciation as at the beginning of the period	1 674.9	1 674.9
5.	Depreciation for the period; annual write-down, other	174.6	451.3
6.	Accumulated depreciation as at the end of the period	1 849.5	2 126.2
7.	Net value as at the end of the period	1 715.5	1 615.8
8.	Advance on intangible and legal receivables	-	-
9.	Total intangible and legal assets	1 715.5	1 615.8

Note No. 2. (in PLN '000)

		31.03.1997	30.06.1997
I.	Tangible fixed assets (by groups)		
1	Fixed assets, of which:	565 564.8	563 680.4
a)	Land	52.1	52.1
b)	Buildings and structures	486 401.6	485 766.9
c)	Technical equipment and machinery	69 021.2	67 162.6
d)	Means of transport	1 573.2	1 519.9
e)	Other fixed assets	8 516.7	9 178.9
2	Investments in progress	10 680.6	13 027.5
3.	Advances on investments	7 371.5	7 453.9
4.	Total tangible fixed assets	583 616.9	584 161.8
II.	Schedule of changes in fixed assets		
1	Gross value as at the beginning of the period	940 766.2	940 766.2
2.	Increases: purchases, taking over from investments, revaluation, received free of charge, in-kind contributions, other	5 997.9	15 741.5
3.	Decreases: sales, revaluation, liquidation, transferred free of charge, in-kind contributions, other	1 980.3	9 172.5
4	Gross value as at the end of the period	944 783.8	947 335.5
5	Accumulated depreciation as at the beginning of the period	370 665.8	370 665.8
6.	Depreciation for the period	8 553.2	12 989.3
a)	Increase: annual write-down, revaluation, other	9 793.8	15 223.7
b)	Decrease: revaluation, changes resulting pursuant to the Act	1 240.6	1 756.1
7.	Accumulated depreciation as at the end of the period	379 219.0	383 655.1
8.	Net value as at the end of the period	565 564.8	563 680.4
III.	Fixed assets ownership structure		
1.	Net fixed assets	565 564.8	563 680.4
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	210 796.9	215 301.2

Note No. 3. (in PLN '000)

		31.03.1997	30.06.1997
I.	Financial fixed assets		
1	Shares and stock, including:	15 569.5	16 629.6
a)	in subsidiaries	10 956.5	11 716.6
b)	in affiliates	3 107.7	3 107.7
2.	Long-term loans granted, including:	2 666.3	2 695.1
a)	loans granted to subsidiaries	886.7	150.0
b)	loans granted to affiliates	1 779.6	2 545.1
3	Other components of financial fixed assets, including	102.5	102.5
a)	other securities of subsidiaries	-	-
b)	other securities of affiliates	-	-
4.	Total financial fixed assets	18 338.3	19 427.2

A. STOCKS (SHARES) IN SUBSIDIARIES (INVESTMENTS)

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	1 390.4	1 281.0	1 098.0	-	126.8	-	2 438.2
2.	ÖRBIS RESOR SA	Stockholm, Sweden	tourism	subsidiary	39.4	100.0	100.0	97.6	81.0	-	-	62.9	31.3	1 202.3
3.	Polorbis - Travel Sp. z o.o.	London, Great Britain	tourism	subsidiary	205.1	99.9	99.9	1 826.4	500.4	1 105.9	-	(231.1)	-	5 533.2
4.	Polorbis - SPTOV Sp. z o.o.	Paris, France	tourism	subsidiary	70.2	99.9	99.9	158.0	135.7	93	-	-	-	223.8
5.	Polorbis - Travel Sp. z o.o.	New York, USA	tourism	subsidiary	38.4	44.7	72.0	416.3	240.5	-	-	232.2	-	1 480.9
6.	„Sinowa” Sp. z o.o.	Wilkaś	tourism	subsidiary	763.0	100.0	100.0	2 176.3	1 399.7	1 029.4	15.1	(201.8)	210.0	2 894.7
7.	PBP Orbis Sp. z o.o.	Warsaw	tourism	subsidiary	5 391.7	31.9	68.1	14 263.0	10 144.3	3 836.5	282.2	12.0	7 310.0	29 980.0
8.	Orbis Transport Sp. z o.o.	Warsaw	tourism	subsidiary	4 703.7	65.2	78.9	11 443.2	7 214.5	3 587.8	640.9	924.2	18 869.4	22 981.0

TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES)

11 716.6

B. STOCKS (SHARES) IN AFFILIATES (INVESTMENTS)

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	Dividends received for the preceding business year
1. Orbis - Budapest Sp. z o.o.	Budapest, Hungary	tourism	affiliate	21.2	50.0	50.0	91.9	52.2	-	-	7.2	-	157.0	-
2. Austro - Orbis Sp. z o.o.	Vienna, Austria	tourism	affiliate	50.2	49.0	49.0	(218.5)	259.9	9.2	9.4	55.5	-	80.5	-
3. ORBIS ITALIA Sp. z o.o.	Rome, Italy	tourism	affiliate	15.9	49.0	49.0	120.1	55.0	-	5.3	56.0	-	179.4	-
4. PH MAJEWICZ Sp. z o.o.	Bydgoszcz	hotel activities	affiliate	2 156.4	49.0	49.0	3 464.3	4 400.0	-	311.5	(20.7)	2 545.1	6 572.7	-
5. ORBIS CASINO Sp. z o.o.	Warsaw	gaming	affiliate	864.0	33.3	33.3	4 975.4	2 592.0	1 716.6	666.8	1 573.0	-	8 054.7	479.9
TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES)				3 107.7										479.9

C. STOCKS (SHARES) IN OTHER ENTITIES (INVESTMENTS)

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 „ATL” SA	Warsaw	insurance services	399.6	9.29	9.29	189.5
2. Bank Wschodnio-Europejski S.A.	Warsaw	banking services	922.0	0.94	0.94	137.5
3. PolCard Sp. z o.o.	Warsaw	servicing of non-cash flow of business	300.0	9.9	9.9	-
4. Polskie Hotele Sp. z o.o.	Warsaw	procurement services for hotels	1.0	2.7	2.7	-
5. JAPAN Sp. z o.o.	Poznań	manufacture of motor cars - in liquidation	36.5	0.08	0.08	-
6. „SANA” SA	Polanica	sanatorium-holiday resort services	146.2	9.91	9.91	-
TOTAL BALANCE SHEET VALUE OF STOCK (SHARES)				1,805.3		327.0
TOTAL BALANCE SHEET VALUE OF STOCKS (SHARES) (A+B+C)				16,629.6		

Note No. 4.

There are no long-term liabilities occurring.

Note No. 5. (in PLN '000)

		31.03.1997	30.06.1997
	Value of inventory by groups:		
1.	Materials	18 473.9	18 673.7
2.	Semi-finished products and work in progress	-	-
3.	Finished products	-	-
4.	Goods	649.1	626.1
5.	Advances on deliveries	387.9	223.2
6.	Total inventory	19 510.9	19 523.0

Note No. 6. (in PLN '000)

		31.03.1997	30.06.1997
	Value of accounts receivable by groups:		
1.	Accounts receivable on deliveries, works and services, including:	19 093.6	34 475.0
	a) from subsidiaries	3 107.5	11 280.6
	b) from affiliates	121.6	234.7
2.	Other receivables from subsidiaries and affiliates	-	-
3.	Taxes receivable, subsidies, receivables on social insurance	11 896.5	1 687.8
4.	Inter-company accounts receivable	-	-
5.	Legal claims	45.3	45.3
6.	Other accounts receivable	9 341.3	11 825.1
7.	Total accounts receivable	40 376.7	48 033.2

		31.03.1997	30.06.1997
II.	Ageing structure of accounts receivable on deliveries, works and services, broken down into accounts receivable not paid within:		
	- up to 1 month	13 676.6	15 241.3
	- over 1 month up to 3 months	3 419.2	15 863.3
	- over 3 months up to 6 months	1 166.5	1 931.2
	- over 6 months up to 1 year	358.6	1 148.4
	- over 1 year	472.7	290.8
	Total accounts receivable	19 093.6	34 475.0

Note: Accounts receivable in connection with the normal course of sales by the Issuer relate to the time period of up to 1 month

		31.03.1997	30.06.1997
1.	Break-down of accounts receivable into:		
1.	Accounts receivable in Polish currency	39 881.4	44 605.7
2.	Accounts receivable in foreign currencies	495.3	3 427.5
3.	Total accounts receivable	40 376.7	48 033.2

Note No. 7. (in PLN '000)

		31.03.1997	30.06.1997
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	23 759.4	30 789.8
5.	Total securities for resale	23 759.4	30 789.8

		31.03.1997	30.06.1997
II.	Classification by transferability:		
1	With unlimited transferability, listed on stock exchanges	23 759.4	30 789.8
2	With unlimited transferability, not listed on stock exchanges	-	-
3	With limited transferability	-	-

Note No. 8. (in PLN '000)

		31.03.1997	30.06.1997
	Break-down of cash into:		
1	Cash in hand	2 082.2	1 724.2
2	Cash in bank	41 126.2	52 844.1
3	Other cash (cheques, bills of exchange etc.)	852.9	788.3
4.	Total cash	44 061.3	55 356.6

Note No. 9. (in PLN '000)

		31.03.1997	30.06.1997
	Deferred charges and accruals		
1.	Deferred expenses	12 306.3	11 600.3
2	Other deferred charges	1 060.9	31.0
3.	Total deferred charges and accruals	13 367.2	11 631.3

Note No. 10.
Stock capital

Series/issue	Type of stock	Type of privilege	Value of series/issue by nominal value
A	common		
Total number of stocks			7 500 000
Total stock capital			75 000.0

Note No. 11. (in PLN '000)

		31.03.1997	30.06.1997
I.	Capital surplus		
1.	Shares sold at premium	-	-
2.	Statutory surplus capital	237 278,8	250 437,3
3.	Surplus capital created pursuant to by-laws or Articles of Association above the value required by law	-	-
4.	Additional capital payments made by shareholders	-	-
5.	Other	-	-
6.	Total capital surplus	237 278,8	250 437,3
II.	Changes in capital surplus	31.03.1997r.	30.06.1997 r.
1.	Status at the beginning of the period	237 265,0	237 265,0
2.	Increases, including:	13,8	13 729,2
	- write-down from profit	-	11 443,1
	- transfer of capital reserves resulting from revaluation of fixed assets sold, liquidated	13,8	1 729,2
	- other	-	-
3.	Decreases, including in respect of:	-	-
	- covering balance sheet loss	-	-
	- other	-	-
4.	Status as at the end of the period	237 278,8	250 437,3

Note No. 12. (in PLN '000)

		31.03.1997	30.06.1997
	Capital reserves resulting from revaluation		
1.	Status as at the beginning of the period	295 406,8	295 406,8
2.	Increases, including:	-	814,8
	- resulting from revaluation of fixed assets	-	814,8
	- other	-	-
3.	Decreases, including:	2 018,1	3 997,0
	- resulting from revaluation of fixed assets depreciation	-	-
	- transfer of the result of revaluation of fixed assets sold, liquidated to capital surplus	13,8	1 729,2
	- other computation of revaluation results as at 1.01.1995	2 004,3	2 267,8
4.	Status as at the end of the period	293 388,7	292 224,6

Note No. 13.

There is no other capital reserve.

Note No. 14. (in PLN '000)

		31.03.1997	30.06.1997
I.	Break-down of provisions into:		
1.	Deferred income tax	-	-
2.	Other	994.8	994.8
	Total provisions	994.8	994.8
II.	Changes in provisions		
1.	Status as at the beginning of the period	994.8	994.8
2.	Increases (in respect of)	-	-
3.	Utilisation (in respect of)	-	-
4.	Dissolution (in respect of)	-	-
5.	Status of provisions as at the end of the period	994.8	994.8

Note: The provisions created have adjusted the status of receivables

Note No. 15. (in PLN '000)

		31.03.1997	30.06.1997
I.	Long-term liabilities		
1.	Long-term bank credits	-	-
2.	Long-term loans, including:	67 218.9	62 586.5
	a) from subsidiaries	-	-
	b) from affiliates	-	-
3.	Liabilities in respect of the debt securities issued	-	-
4.	Liabilities under financial leasing agreements	-	-
5.	Other	-	-
6.	Total long-term liabilities	67 218.9	62 586.5
II.	Break-down of long-term liabilities		
1.	Long-term liabilities in Polish currency	67 218.9	62 586.5
2.	Long-term liabilities in foreign currencies	-	-
III.	Break-down of long-term liabilities into liabilities maturing within:		
	- over 1 year up to 3 years	24 951.6	20 319.2
	- over 3 years up to 5 years	19 695.0	19 695.0
	- over 5 years	22 572.3	22 572.3

Additional Information Regarding Long-Term Bank Credits and Loans

Lender's name	Seat	Credit or loan amount (PLN '000)	Interest terms and conditions	Repayment date	Security instituted against credit or loan repayment
Bank Wschodnio-Europejski	Warsaw	3 321.0	50% of refinancing credit rate	30.09.1998	cap mortgage on the "CRACOVIA" HOTEL
Bank Wschodnio-Europejski	Warsaw	13 136.0	15% per annum	10.10.2005	1) blank promissory note with a security note 2) cap mortgage
Minister of Finance	Warsaw	18 700.0	50% of refinancing credit rate	01.08.2005	cap mortgage on the "FORUM" HOTEL Kraków
Minister of Finance	Warsaw	21 860.0	50% of refinancing credit rate	01.08.2003	cap mortgage on the "FORUM" HOTEL in Warsaw
Bank Wschodnio-Europejski	Warsaw	26 890.0	50% of refinancing credit rate	10.06.2003	cap mortgage on the NOVOTEL/Gdańsk and on the MRONGOVIA HOTEL in Mrągowo
Voivodship Fund for Environm. Protection and Water Mgmt.	Nowy Sącz	80.0	45% of refinancing credit rate	30.06.2000	3 blank bills of exchange with security notes
Voivodship Fund for Environm. Protection and Water Mgmt.	Lublin	150.0	70% of refinancing credit rate	30.11.1998	blank bill of exchange and a warranty of the Management Board of "ORBIS" S.A.

Note No. 16. (in PLN '000)

	31.03.1997	30.06.1997
I. Short-term liabilities and special purpose funds		
1. Bank credits	1 613.7	-
2. Loans, including:	8 858.2	-
a) loans from subsidiaries	-	-
b) loans from affiliates	-	-
3. Liabilities in respect of the short-term securities issued	-	-
4. Liabilities on deliveries, works and services	13 106.4	12 895.9
5. Advances received on deliveries	921.2	1 510.6
6. Bills of exchange payable	-	-
7. Tax liable, duties payable, social security charges payable	6 991.5	23 503.9
8. Accrued wages and salaries	1 212.4	2 643.9
9. Other liabilities	1 795.0	2 523.0
10. Long-term liabilities under repayment	-	11 338.5
11. Special purpose funds, including:	9 090.0	9 722.6
a) enterprise's social benefits fund	8 984.5	8 577.8
b) other - remaining award fund	105.5	1 144.8
12. Total short-term liabilities and special purpose funds	43 588.4	64 138.4
II. Break-down of liabilities	31.03.1997	30.06.1997
1. Short-term liabilities in Polish currency	34 293.2	51 727.0
2. Short-term liabilities in foreign currencies	205.2	2 688.8
3. Total short-term liabilities	34 498.4	54 415.8

Note No. 17. (in PLN '000)

		31.03.1997	30.06.1997
Accruals and deferred income			
1.	Accrued expenses	1 019.8	1 393.4
2.	Deferred income, including:	853.6	1 138.4
	- interest	1.4	9.6
	- not realised foreign exchange gains	26.6	26.1
	- contractual penalties written off	-	-
	- prepayments by subcontractors on future services	825.6	1 102.7
	- other	-	-
3.	Total accruals and deferred income	1 873.4	2 531.8

2.5 Notes to the Profit and Loss Account

Note No. 18. (in PLN '000)

		1.01 - 31.03.1997	1.01 - 30.06.1997
I.	Net sales revenues by object structure		
1	Sales of products and services	116 709.7	297 834.4
2	Sales of goods	947.8	2 068.2
3.	Sales of materials	200.5	216.0
4.	Total sales revenues	117 858.0	300 118.6
5.	Sales revenues with inflation taken into account	-	-
6.	Rate of inflation	-	-
	Source:	-	-
II.	Territorial structure of sales revenues		
1	Domestic sales	117 858.0	300 118.6
	a) sales of products and services	116 709.7	297 834.4
	b) sales of goods	947.8	2 068.2
	c) sales of materials	200.5	216.0
Total		117 858.0	300 118.6
2	Exports	-	-
	a) sales of products and services	-	-
	b) sales of goods	-	-
	c) sales of materials	-	-
Total		-	-
3.	Total domestic sales and exports	117 858.0	300 118.6

Note No. 19. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
I.	Main costs items by type		
1.	Materials and energy consumption	26 217.2	55 391.7
2.	Services purchased	19 563.7	47 239.0
3.	Wages and salaries	32 237.4	68 610.7
4.	Benefits to employees	16 734.2	39 444.4
5.	Depreciation	7 664.9	15 575.0
II.	Value of unplanned depreciation provisions	-	-

Note No. 20. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
	Other revenues on operations		
1.	Revenues on sale of fixed assets	2 317.0	4 082.7
2.	Subsidies	-	5.0
3.	Other revenues on operations	477.3	1 972.5
4.	Total other revenues on operations	2 788.3	6 060.2

Note No. 21. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
	Other operating costs		
1.	Value of the components of fixed assets sold	680.9	2 879.9
2.	Inventory value adjustments	16.8	-
3.	Other operating costs	274.8	1 083.6
4.	Total other operating costs	970.5	3 963.7

Note No. 22. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
	Other financial revenues		
1.	Interest, including	2 057.6	4 388.0
	from subsidiaries	32.0	-
	from affiliates	-	-
2.	Revenues on sale of securities	-	2 379.7
3.	Foreign exchange gains	53.1	176.9
4.	Other	9 820.6	25 167.3
5.	Total other financial revenues	11 931.7	32 111.9

Note No. 17. (in PLN '000)

		31.03.1997	30.06.1997
Accruals and deferred income			
1	Accrued expenses	1 019.8	1 393.4
2.	Deferred income, including:	853.6	1 138.4
	- interest	1.4	9.6
	- not realised foreign exchange gains	26.6	26.1
	- contractual penalties written off	-	-
	- prepayments by subcontractors on future services	825.6	1 102.7
	- other	-	-
3	Total accruals and deferred income	1 873.4	2 531.8

2.5 Notes to the Profit and Loss Account

Note No. 18. (in PLN '000)

		1.01 - 31.03.1997	1.01 - 30.06.1997
I. Net sales revenues by object structure			
1.	Sales of products and services	116 709.7	297 834.4
2.	Sales of goods	947.8	2 068.2
3.	Sales of materials	200.5	216.0
4.	Total sales revenues	117 858.0	300 118.6
5	Sales revenues with inflation taken into account	-	-
6	Rate of inflation	-	-
	Source	-	-
II. Territorial structure of sales revenues			
1.	Domestic sales	117 858.0	300 118.6
	a) sales of products and services	116 709.7	297 834.4
	b) sales of goods	947.8	2 068.2
	c) sales of materials	200.5	216.0
Total		117 858.0	300 118.6
2.	Exports	-	-
	a) sales of products and services	-	-
	b) sales of goods	-	-
	c) sales of materials	-	-
Total		-	-
3.	Total domestic sales and exports	117 858.0	300 118.6

Note No. 19. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
I.	Main costs items by type		
1.	Materials and energy consumption	26 217.2	55 391.7
2.	Services purchased	19 563.7	47 239.0
3.	Wages and salaries	32 237.4	68 810.7
4.	Benefits to employees	18 734.2	39 444.4
5.	Depreciation	7 664.9	15 675.0
II.	Value of unplanned depreciation provisions	-	-

Note No. 20. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
	Other revenues on operations		
1.	Revenues on sale of fixed assets	2 317.0	4 082.7
2.	Subsidies	-	5.0
3.	Other revenues on operations	471.3	1 972.5
4.	Total other revenues on operations	2 788.3	6 060.2

Note No. 21. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
	Other operating costs		
1.	Value of the components of fixed assets sold	680.9	2 879.9
2.	Inventory value adjustments	16.8	-
3.	Other operating costs	272.8	1 083.8
4.	Total other operating costs	970.5	3 963.7

Note No. 22. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
	Other financial revenues		
1.	Interest, including	2 057.8	4 388.0
	– from subsidiaries	32.0	-
	– from affiliates	-	-
2.	Revenues on sale of securities	-	2 379.7
3.	Foreign exchange gains	53.1	176.9
4.	Other	9 820.8	25 167.3
5.	Total other financial revenues	11 931.7	32 111.9

Note No. 23. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
Financial costs			
1.	Value adjustments of financial fixed assets and short-term securities	-	-
2	Interest, including:	2 852.6	4 452.1
	– to subsidiaries	-	-
	– to affiliates	-	-
3	Value of the securities sold	-	-
4	Foreign exchange losses, including:	879.9	2 078.0
	– realised	879.9	2 077.5
	– not realised	-	0.5
5	Other financial costs	8 443.4	23 977.4
6.	Total financial costs	12 175.9	30 507.5

Note No. 24. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
Extraordinary profits			
1.	Accidental profits	-	48.1
2	Other	0.2	0.2
3.	Total extraordinary profits	0.2	48.3

Note No. 25. (in PLN '000)

		1.01 – 31.03.1997	1.01 – 30.06.1997
Extraordinary losses			
1.	Accidental losses	-	7.7
2.	Other	2.6	63.1
3.	Total extraordinary losses	2.6	70.8

Note No. 26. (in PLN '000)

1.01 – 31.03.1997 1.01 – 30.06.1997

Income tax

a)	gross profit	25.8	46 316.0
b)	permanent differences between gross profit (loss) and the basis for taxation with income tax	448.2	4 073.5
	- revenues that, pursuant to tax provisions, are not included under taxable income		
	(decrease in the basis for taxation) by title:	648.7	1 518.0
	- realised foreign exchange losses	204.9	-
	- revenue on dividend Art. 22	191.6	768.6
	- free of charge transfer of fixed assets Art. 37.3	-	5.6
	- reimbursements in respect of purchase of fiscal cash registers Art. 17	16.6	59.0
	- PFRON reimbursements Art. 12.4.6	-	19.7
	- compensation received pursuant to administrative decisions Art. 17	-	37.2
	- discontinued provisions for accounts receivable	159.4	623.1
	- other	76.2	-
	- income of taxpayers employment of the disabled Art. 17.1.10	-	4.8
	- costs and losses not deemed by tax provisions as costs of generating income		
	(increase in the basis for taxation) by title	1 096.9	5 401.8
	- excess entertainment and advertising > 0.25% of revenues	-	-
	- PFRON	703.4	1 294.5
	- discontinued investments	-	-
	- recorded write-off in respect of social benefits	38.7	-
	- provisions for accounts receivable	89.5	827.2
	- donations of any type	83.7	206.7
	- accounts receivable written off	45.3	139.0
	- fines and penalties	4.5	4.7
	- execution costs	-	4.9
	- penalties (safety and hygiene, environmental protection)	3.3	21.9
	- interest on receivables from the budget	17.8	32.5
	- business trips of legal persons	-	13.3
	- contributions	19.6	181.3
	- compensation for accidents	42.1	69.7
	- faults in goods (penalties)	1.4	6.8
	- depreciation and contributions on vehicles > ECU 10,000	2.6	23.6
	- social benefits (commuter tickets subsidy)	-	2.4
	- costs of previous years	45.0	77.3
	- other increases (decreases) of taxable income provided for pursuant to tax provisions (by titles)	-	2 394.8
	- donations Art. 18	66.7	191.7
c)	gross profit (loss) after adjustments for permanent differences	407.3	50 391.5
d)	income tax on gross profit after adjustments for permanent differences	154.8	19 148.8
e)	interim differences between gross profit and basis for taxation	55.0	106.8
	- positive (by main titles)	-	-
	- unpaid interest accrued Art. 16.11 on liabilities	55.0	106.8
	- not realised foreign exchange losses	-	-
	- provisions established	-	-
	- negative (by main titles)	-	-
	- not received interest due on accounts receivable Art. 12.4.2	-	-
f)	income tax on the balance of interim differences (deferred income tax or income tax accruals)	20.9	40.6
g)	basis for taxation with income tax	462.3	50 498.3
h)	income tax	175.7	19 189.4
i)	deduction from tax in respect of the PFRON allowance Art. 17	2.5	7.4
j)	income tax due	173.2	19 182.0
k)	deduction of tax from dividend Art. 23		153.6
l)	Income tax due		19 028.4

Note No. 27.

There is not distribution of profit.

2.6 Additional Notes to the Most Recent Financial Statement

Guaranties and Warranties

			31.03.1997 (in PLN '000)
I.	Guaranties and warranties granted by the issuer		
i	Guaranties		2 455.2
2	Warranties		-
3.	Total guaranties and warranties, including those granted to:		2 455.2
a)	subsidiaries		1 755.2
b)	affiliates		700.0

Encumbrances on Assets of a Legal-Property and Obligatory Nature

List of liabilities secured by the assets:

Type of assets constituting security	Type of liability secured	Contractual repayment date	Form of security	Security amount (in PLN '000)	
				opening	closing
THE „FORUM” HOTEL IN WARSAW	loan	01.08.2003	cap mortgage	24 920.4	24 920.4
THE „WARSZAWA” HOTEL IN KATOWICE	loan	10.10.2005	cap mortgage	2 850.0	2 850.0
THE „SOLNY” HOTEL IN KOŁOBRZEG	loan	10.10.2005	cap mortgage	4 400.0	4 400.0
THE „FRANCUSKI” HOTEL IN KRAKÓW	loan	10.10.2005	cap mortgage	2 100.0	2 100.0
THE „CRACOVIA” HOTEL IN KRAKÓW	loan	30.09.1998	cap mortgage	2 421.2	2 421.2
THE „FORUM” HOTEL IN KRAKÓW	loan	01.07.2003	cap mortgage	18 700.0	18 700.0
THE „NOVOTEL” HOTEL IN GDAŃSK	loan	10.06.2003	cap mortgage	5 659.0	5 659.0
THE „MRONGOWIA” HOTEL IN MRĄGOWO	loan	10.06.2003	cap mortgage	25 841.0	25 841.0

Investments Planned for 1997

The plan of purchases and modernisation of fixed assets as well as investment construction for 1997 provides for the implementation of investments in the amount of PLN 65.7 million.

Transaction with Related Parties

Members of the Management Board of ORBIS S.A. represent that:

ORBIS S.A. has not carried out any transaction based on a transfer of any rights and obligations, free of charge or against payment, with the following persons:

- members of the Management Board and of supervisory authorities of ORBIS S.A., its subsidiaries and affiliates;
- spouses, relations or next of kin directly related, twice removed, to members and supervisory authorities of ORBIS S.A., its subsidiaries and affiliates;
- persons related by way of care, adoption or wardship with members of the Management Board and supervisory authorities of ORBIS S.A., its subsidiaries and affiliates.

2.7. Information for Period 1.04.1997 – 30.06.1997

	30.06.1996	30.06.1997
Current assets, in which:	130,288,200	153,702,600
inventory	18,400,600	19,523,000
accounts receivable	42,157,300	48,033,200
Equity capital, in which:	609,332,900	640,287,200
share capital	75,000,000	75,000,000
Long-term liabilities	70,001,200	62,586,500
Short-term liabilities	52,438,100	64,138,400

	1.04.-30.06.1996	1.01.-30.06.1996 (progressively)	1.04.-30.06.1997	1.01.-30.06.1997 (progressively)
Investments	6,836,400	39,405,700	59,654,700	123,711,800
Net revenues on sale of goods and products	144,777,200	247,226,000	182,260,600	300,118,600
Costs of goods and products sold	120,612,000	219,857,700	133,644,700	237,015,800
Profit (loss) on operating activities	24,165,200	27,368,300	43,884,700	43,927,200
Financial revenues	23,582,400	37,354,400	20,180,200	32,111,900
Financial costs, in which:	25,911,800	40,845,200	18,331,600	30,507,500
interest	5,165,100	5,333,200	1,648,900	4,452,100
Profit (Loss) on business activities	21,835,800	23,877,500	46,310,300	46,338,500
Extraordinary profit or loss	(40,700)	(48,700)	(20,100)	(22,500)
Gross profit (loss)	21,795,100	23,828,800	46,290,200	46,316,000
Income tax	11,527,500	12,580,000	19,013,700	19,189,400
Other obligatory deductions from profit (increase of loss)	2,502,200	2,643,300	4,501,300	4,501,300
Net profit (loss)	7,765,400	8,605,500	22,775,200	22,625,300
Depreciation	6,966,200	13,243,300	8,010,100	15,675,000
Net cash on operating activities	41,222,100	30,340,400	49,164,900	53,088,300
Net cash on investment activities	(15,737,700)	(13,212,100)	(14,368,300)	(33,284,300)
Net cash on financial activities	(20,118,300)	(25,689,300)	(23,501,300)	(30,228,300)

2.8. Information for Period 1.07.1997 – 31.07.1997

	1.07.-31.07.1996	1.01.-31.07.1996	1.07.-31.07.1997	1.01.-31.07.1997
Net revenues on sale of goods and products	45,760,300	293,393,700	54,203,700	354,322,800
Profit (loss) on operating activities	6,807,800	34,262,100	8,509,600	52,431,600
Gross profit (loss)	7,333,100	31,161,900	8,810,700	55,126,700
Net profit (loss)	4,463,200	13,068,700	5,461,200	28,086,500

2.9. Information for Period 1.08.1997 – 31.08.1997

	1.08.-31.08.1996	1.01.-31.08.1996	1.08.-31.08.1997	1.01.-31.08.1997
Net revenues on sale of goods and products	45,892,900	339,286,600	52,613,000	406,935,800
Profit (loss) on operating activities	5,658,800	39,920,900	8,022,500	60,454,100
Gross profit (loss)	6,191,500	37,353,400	9,521,500	64,648,200
Net profit (loss)	2,704,500	15,773,200	5,781,500	33,868,000

APPENDIX No. 1

LIST OF CUSTOMER SERVICE POINTS AND BROKERAGE HOUSES PARTICIPATING IN THE PUBLIC SUBSCRIPTION FOR SERIES B SHARES IN ORBIS S.A.

Brokerage Houses:

1. Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA	COK
2. AmerBrokers – Dom Maklerski Banku Amerykańskiego w Polsce S.A.	AMER
3. Beskidzki Dom Maklerski S.A.	BDM
4. Biuro Maklerskie Arabski i Gawor SC	AiG
5. Biuro Maklerskie Polskiego Banku Rozwoju S.A.	PBR
6. Biuro Maklerskie Pomorskiego Banku Kredytowego S.A.	PBKS
7. Biuro Maklerskie Powszechnego Banku Kredytowego SA	PBK
8. BRE BROKERS – Biuro Maklerskie Banku Rozwoju Eksportu S.A.	BRE
9. Centralne Biuro Maklerskie Wielkopolskiego Banku Kredytowego S.A.	WBK
10. Dołnośląski Dom Maklerski S.A.	DDM
11. Dom Maklerski Banku Energetyki S.A.	BEN
12. Dom Maklerski Banku Ochrony Środowiska S.A.	BOŚ
13. Dom Maklerski Banku Zachodniego S.A.	BZW
14. Dom Maklerski BIG-BG Sp. z o.o.	BIG-BG
15. Dom Maklerski BMT S.A.	BMT
16. Dom Maklerski Creditanstalt Securities S.A.	CRE
17. Dom Maklerski MAGNUS Sp. z o.o.	DMM
18. Dom Maklerski "Partner" SA	PRT
19. Dom Maklerski ProCapital S.A.	PRO
20. Miejski Dom Maklerski S.A.	MDM
21. Południowo-Zachodni Dom Maklerski S.A.	PZD
22. Regionalny Dom Maklerski POLONIA S.A.	RDM
23. ABN AMRO HOARE GOVETT	ABN
24. Société Générale Securities SA	SGS

Customer Service Points:

1. Białystok	ul. Piękna 1	COK
2. Bielsko-Biała	Plac Ratuszowy 5	COK
3. Częstochowa	ul. Jasnogórska 75	COK
4. Gdańsk	ul. Heweliusza 11	COK
5. Gorzów Wielkopolski	ul. 30 Stycznia 27	COK
6. Katowice	ul. 3 Maja 23	BDM
7. Katowice	ul. Mickiewicza 29	COK
8. Kielce	ul. Manifestu Lipcowego 34	COK
9. Kraków	ul. Lubicz 25	AiG
10. Kraków	ul. Floriańska 55	RDM
11. Lublin	ul. Kowańska 5	COK

12. Łódź	ul. Piotrkowska 74	COK
13. Łódź	Al. Kościuszki 123	PRT
14. Olsztyn	ul. Mickiewicza 2	PBK
15. Poznań	Al. Marcinkowskiego 10	BMT
16. Poznań	ul. Głogowska 10/14	COK
17. Poznań	ul. Szkolna 5	WBK
18. Radom	ul. Żeromskiego 75	BEN
19. Rzeszów	ul. 3 Maja 5/3	DMM
20. Słupsk	ul. Deotymy 21	COK
21. Szczecin	Al. Niepodległości 31	PBKS
22. Warsaw	ul. Ostrobramska 101	AMER
23. Warsaw	ul. Jana Pawła II 15	BIG-BG
24. Warsaw	ul. Marszałkowska 78/80	BOŚ
25. Warsaw	ul. Świętokrzyska 36	BRE
26. Warsaw	ul. Nowy Świat 6/12	COK
27. Warsaw	ul. Chałubińskiego 8	COK
28. Warsaw	ul. Poznańska 2/4	COK
29. Warsaw	Al. Jerozolimskie 56C	CRE
30. Warsaw	ul. Wiejska 20	PBR
31. Warsaw	ul. Biała 3	PRO
32. Warsaw	Pl. Trzech Krzyży 16A	ABN
33. Wrocław	ul. Strzegomska 6/10	BZW
34. Wrocław	ul. Rуска 6/7	COK
35. Wrocław	ul. Kościuszki 14	DDM
36. Wrocław	ul. Pułkownika 1	MDM
37. Zielen Góra	Al. Wojska Polskiego 25	COK
38. Żagań	ul. X-lecia 6/1	PZD
39. Warszawa	ul. Dobra 72	SGS

APPENDIX No. 1

LIST OF CUSTOMER SERVICE POINTS AND BROKERAGE HOUSES PARTICIPATING IN THE PUBLIC SUBSCRIPTION FOR SERIES B SHARES IN ORBIS S.A.

Brokerage Houses:

1. Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA	COK
2. AmerBrokers – Dom Maklerski Banku Amerykańskiego w Polsce S.A.	AMER
3. Beskidzki Dom Maklerski S.A.	BDM
4. Biuro Maklerskie Arabski i Gawor SC	AiG
5. Biuro Maklerskie Polskiego Banku Rozwoju S.A.	PBR
6. Biuro Maklerskie Pomorskiego Banku Kredytowego S.A.	PBKS
7. Biuro Maklerskie Powszechnego Banku Kredytowego SA	PBK
8. BRE BROKERS – Biuro Maklerskie Banku Rozwoju Eksportu S.A.	BRE
9. Centralne Biuro Maklerskie Wielkopolskiego Banku Kredytowego S.A.	WBK
10. Dolnośląski Dom Maklerski S.A.	DDM
11. Dom Maklerski Banku Energetyki S.A.	BEN
12. Dom Maklerski Banku Ochrony Środowiska S.A.	BOŚ
13. Dom Maklerski Banku Zachodniego S.A.	BZW
14. Dom Maklerski BIG-BG Sp. z o.o.	BIG-BG
15. Dom Maklerski BMT S.A.	BMT
16. Dom Maklerski Creditanstalt Securities S.A.	CRE
17. Dom Maklerski MAGNUS Sp. z o.o.	DMM
18. Dom Maklerski "Partner" SA	PRT
19. Dom Maklerski ProCapital S.A.	PRO
20. Miejski Dom Maklerski S.A.	MDM
21. Południowo-Zachodni Dom Maklerski S.A.	PZD
22. Regionalny Dom Maklerski POLONIA S.A.	RDM
23. ABN AMRO HOARE GOVETT	ABN
24. Société Générale Securities SA	SGS

Customer Service Points:

1. Białystok	ul. Piękna 1	COK
2. Bielsko-Biała	Plac Ratuszowy 5	COK
3. Częstochowa	ul. Jasnogórska 75	COK
4. Gdańsk	ul. Heweliusza 11	COK
5. Gorzów Wielkopolski	ul. 30 Stycznia 27	COK
6. Katowice	ul. 3 Maja 23	BDM
7. Katowice	ul. Mickiewicza 29	COK
8. Kielce	ul. Manifestu Lipcowego 34	COK
9. Kraków	ul. Lubicz 25	AiG
10. Kraków	ul. Floriańska 55	RDM
11. Lublin	ul. Kowalska 5	COK

12. Łódź	ul. Piotrkowska 74	COK
13. Łódź	Al. Kościuszki 123	PRT
14. Olsztyn	ul. Mickiewicza 2	PBK
15. Poznań	Al. Marcinkowskiego 10	BMT
16. Poznań	ul. Głogowska 10/14	COK
17. Poznań	ul. Szkolna 5	WBK
18. Radom	ul. Żeromskiego 75	BEN
19. Rzeszów	ul. 3 Maja 5/3	DMM
20. Słupsk	ul. Deotymy 21	COK
21. Szczecin	Al. Niepodległości 31	PBKS
22. Warsaw	ul. Ostrobramska 101	AMER
23. Warsaw	ul. Jana Pawła II 15	BIG-BG
24. Warsaw	ul. Marszałkowska 78/80	BOŚ
25. Warsaw	ul. Świętokrzyska 36	BRE
26. Warsaw	ul. Nowy Świat 6/12	COK
27. Warsaw	ul. Chałubińskiego 8	COK
28. Warsaw	ul. Poznańska 2/4	COK
29. Warsaw	Al. Jerozolimskie 56C	CRE
30. Warsaw	ul. Wiejska 20	PBR
31. Warsaw	ul. Biała 3	PRO
32. Warsaw	Pl. Trzech Krzyży 16A	ABN
33. Wrocław	ul. Strzegomska 6/10	BZW
34. Wrocław	ul. Rуска 6/7	COK
35. Wrocław	ul. Kościuszki 14	DDM
36. Wrocław	ul. Pułkyniego 1	MDM
37. Zielona Góra	Al. Wojska Polskiego 25	COK
38. Żagań	ul. X-lecia 6/1	PZD
39. Warszawa	ul. Dobra 72	SGS

APPENDIX No. 1

LIST OF CUSTOMER SERVICE POINTS AND BROKERAGE HOUSES PARTICIPATING IN THE PUBLIC SUBSCRIPTION FOR SERIES B SHARES IN ORBIS S.A.

Brokerage Houses:

1. Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA	COK
2. AmerBrokers – Dom Maklerski Banku Amerykańskiego w Polsce S.A.	AMER
3. Beskidzki Dom Maklerski S.A.	BDM
4. Biuro Maklerskie Arabski i Gawor SC	AiG
5. Biuro Maklerskie Polskiego Banku Rozwoju S.A.	PBR
6. Biuro Maklerskie Pomorskiego Banku Kredytowego S.A.	PBKS
7. Biuro Maklerskie Powszechnego Banku Kredytowego SA	PBK
8. BRE BROKERS – Biuro Maklerskie Banku Rozwoju Eksportu S.A.	BRE
9. Centralne Biuro Maklerskie Wielkopolskiego Banku Kredytowego S.A.	WBK
10. Dolnośląski Dom Maklerski S.A.	DDM
11. Dom Maklerski Banku Energetyki S A	BEN
12. Dom Maklerski Banku Ochrony Środowiska S.A.	BOŚ
13. Dom Maklerski Banku Zachodniego S.A.	BZW
14. Dom Maklerski BIG-BG Sp. z o.o.	BIG-BG
15. Dom Maklerski BMT S.A.	BMT
16. Dom Maklerski Creditanstalt Securities S.A.	CRE
17. Dom Maklerski MAGNUS Sp. z o.o.	DMM
18. Dom Maklerski "Partner" SA	PRT
19. Dom Maklerski ProCapital S.A.	PRO
20. Miejski Dom Maklerski S.A.	MDM
21. Południowo-Zachodni Dom Maklerski S.A.	PZD
22. Regionalny Dom Maklerski POLONIA S.A.	RDM
23. ABN AMRO HOARE GOVETT	ABN
24. Société Générale Securities SA	SGS

Customer Service Points:

1. Białystok	ul. Piękna 1	COK
2. Bielsko-Biała	Plac Ratuszowy 5	COK
3. Częstochowa	ul. Jasnogórska 75	COK
4. Gdańsk	ul. Heweliusza 11	COK
5. Gorzów Wielkopolski	ul. 30 Stycznia 27	COK
6. Katowice	ul. 3 Maja 23	BDM
7. Katowice	ul. Mickiewicza 29	COK
8. Kielce	ul. Manifestu Lipcowego 34	COK
9. Kraków	ul. Lubicz 25	AiG
10. Kraków	ul. Floriańska 55	RDM
11. Lublin	ul. Kowalska 5	COK

12. Łódź	ul. Piotrkowska 74	COK
13. Łódź	Al. Kościuszki 123	PRT
14. Olsztyn	ul. Mickiewicza 2	PBK
15. Poznań	Al. Marcinkowskiego 10	BMT
16. Poznań	ul. Głogowska 10/14	COK
17. Poznań	ul. Szkolna 5	WBK
18. Radom	ul. Żeromskiego 75	BEN
19. Rzeszów	ul. 3 Maja 5/3	DMM
20. Słupsk	ul. Deotymy 21	COK
21. Szczecin	Al. Niepodległości 31	PBKS
22. Warsaw	ul. Ostrobramska 101	AMER
23. Warsaw	ul. Jana Pawła II 15	BIG-BG
24. Warsaw	ul. Marszałkowska 78/80	BOŚ
25. Warsaw	ul. Świętokrzyska 36	BRE
26. Warsaw	ul. Nowy Świat 6/12	COK
27. Warsaw	ul. Chałubińskiego 8	COK
28. Warsaw	ul. Poznańska 2/4	COK
29. Warsaw	Al. Jerozolimskie 56C	CRE
30. Warsaw	ul. Wiejska 20	PBR
31. Warsaw	ul. Biała 3	PRO
32. Warsaw	Pl. Trzech Krzyży 16A	ABN
33. Wrocław	ul. Strzegomska 6/10	BZW
34. Wrocław	ul. Rуска 6/7	COK
35. Wrocław	ul. Kościuszki 14	DDM
36. Wrocław	ul. Pułkownika 1	MDM
37. Zielona Góra	Al. Wojska Polskiego 25	COK
38. Żagań	ul. X-lecia 6/1	PZD
39. Warszawa	ul. Dobra 72	SGS

LIST OF CUSTOMER SERVICE POINTS AND BROKERAGE HOUSES PARTICIPATING IN THE PUBLIC SUBSCRIPTION FOR SERIES C SHARES IN ORBIS S.A.

Brokerage Houses:

Centrum Operacji Kapitałowych Banku Handlowego w Warszawie SA	COK
---	-----

Customer Service Points:

1. Białystok	ul. Piękna 1	COK
2. Bielsko-Biała	Pl. Ratuszowy 5	COK
3. Częstochowa	ul. Jasnogórska 75	COK
4. Gdańsk	ul. Heweliusza 11	COK
5. Gorzów Wlkp.	ul. 30 Stycznia 27	COK
6. Katowice	ul. Mickiewicza 29	COK
7. Kielce	ul. Manifestu Lipcowego 34	COK
8. Lublin	ul. Kowalska 5	COK
9. Łódź	ul. Piotrkowska 74	COK
10. Poznań	Pl. Wolności 4	COK
11. Słupsk	ul. Deotymy 21	COK
12. Warsaw ¹	ul. Nowy Świat 6/12	COK
13. Warsaw	ul. Chałubińskiego 8	COK
14. Warsaw	ul. Poznańska 2/4	COK
15. Wrocław	ul. Ruska 6/7	COK
16. Zielona Góra	Al. Wojska Polskiego 25	COK

¹ POK does not offer front office services

**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)**

12. PERSONS LIABLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

12.1. Persons Acting on Behalf of the Issuer – Members of the Management Board of ORBIS S.A.

The Issuer is fully liable for the data contained in this Prospectus. All members of the Management Board of the Company, i.e. the following persons, are liable on behalf of the Issuer:

Maciej Olaf Grelowski	President of the Management Board;
Krzysztof Andrzej Gerula	Deputy President of the Management Board;
Andrzej Boboła Szuldrzyński	Deputy President of the Management Board;
Ireneusz Andrzej Węglowski	Deputy President of the Management Board;
Lidia Mieleszko	Member of the Management Board.

12.2. Persons Acting on Behalf of the Seller

Mirosław Pietrewicz, the Minister of the State Treasury, representing the state Treasury – with his office at the Ministry of the State Treasury in Warsaw at ul. Krucza 36/Wspólna 6.

12.3. Persons Acting on Behalf of the Dominant Entity

The State Treasury, which is also the Seller, is the Issuer's Dominant Entity.

12.4. Persons acting on Behalf of the Entity Preparing the Prospectus:

12.4.1. Central Europe Trust – Polska Spółka z o.o. with its registered office in Warsaw at ul. Parkingowa 1

Persons acting on behalf of Central Europe Trust – Polska Sp. z o.o.:

- Antoni Rakowski – President of the Management Board;
- Ewa Supruniuk – Member of the Management Board.

The liability of the persons acting on behalf of Central Europe Trust – Polska Sp. z o.o. is limited to the information contained in the following parts of the Prospectus: Chapter I Sections 8.1., 12.4.1., 13.3.1., Chapter V Sections 1-7, 11-13, 14.2., 15, 19 and Chapter VI Sections 2, 5, 6, 7.2., 7.3., 7.5., 7.6. The information contained in the Sections set out above, regarding the Company and the Capital Group, have been presented based on the information obtained from the Management Board of ORBIS S.A. and its employees.

12.4.2. Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A. with its registered office in Warsaw at ul. Nowy Świat 6/12

The persons acting on behalf of Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A.:

- Katarzyna Wasilewska – Proxy;
- Ewa Gregorczyk – Plenipotentiary.

The liability of the persons acting on behalf of Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A. is limited to the information contained in the following parts of the Prospectus: Chapter I Sections 4, 8.2., 12.4.2., 12.6., 13.3.2., 13.5., Chapter II, Chapter VI Sections 1, 4, 7.1. and 7.4., as well as Appendices No. 5, 6, 7, 8, 9, 11.

12.4.3. Kancelaria Prawnicza M. Łukowicz i Partnerzy with its registered office in Warsaw at ul. Mazowiecka 13

The persons acting on behalf of Kancelaria Prawnicza M. Łukowicz i Partnerzy:

- Maciej Łukowicz – Proprietor.

The liability of the person acting on behalf of Kancelaria Prawnicza M. Łukowicz i Partnerzy is limited to the information contained in the following parts of the Prospectus: Chapter I Sections 1, 2, 3, 5, 6, 7, 8.3., 9, 10, 11, 12.2., 12.3., 12.4.3., 13.3.3., Chapter III, Chapter IV, Chapter V Sections 8-10, 14.1., 16-18, Chapter VI Section 3 and Appendices No. 1, 2 and 3.

12.4.4. FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o. with its registered office in Warsaw at ul. Świętokrzyska 20

The persons acting on behalf of FINANS-SERVIS:

- Janina Guntzel – President of the Management Board;
- Władysława Michalczyńska – Deputy President of the Management Board.

The liability of the persons acting on behalf of FINANS-SERVIS is limited to the information contained in the following parts of the Prospectus: Chapter I Sections 8.4., 12.4.4., 12.5., 13.3.4., 13.4. The liability of the persons acting on behalf of Finans-Servis also relates to the adaptation of the audited financial statements of the Company for the business years 1994, 1995, 1996, and of the audited consolidated financial statements of the Capital Group for the business years 1995 and 1996 to the requirements of the Prospectus, as well as to the formulation of an opinion for the needs of the Prospectus regarding the financial statements of the Company and the Capital Group contained in Chapter VII.

12.4.5. ORBIS S.A. with its registered office in Warsaw at ul. Bracka 16

The persons acting on behalf of ORBIS S.A.:

- | | |
|-----------------------------|---|
| Maciej Olaf Grelowski | President of the Management Board; |
| Krzysztof Andrzej Gerula | Deputy President of the Management Board; |
| Andrzej Boboła Szuldrzyński | Deputy President of the Management Board; |
| Ireneusz Andrzej Węglowski | Deputy President of the Management Board; |
| Lidia Mielezko | Member of the Management Board. |

ORBIS S.A. has prepared: Chapter I Sections 8.5., 12.4.5., 13.1., 13.3.5., Chapter VIII and Appendices No. 4 and 10 to this Prospectus. ORBIS S.A. has also prepared the individual financial statements of the Company for the business years 1994, 1995, 1996, and the consolidated financial statements of the Capital Group for the years 1995 and 1996, which have been adapted to the requirements of the Prospectus by FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o.

12.5. Persons Auditing Financial Statements of the Issuer and of the Capital Group

- Krystyna Stępień, registration number 8900/2307; ul. Grzeszczyka 4/52, 02-122 Warsaw;
- Halina Wysocka, registration number 4494/4092; ul. Wolińska 6/3, 03-699 Warsaw,

acting on behalf of FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o., having its registered office in Warsaw at ul. Świętokrzyska 20 – an entity entered on the list of entities authorised to audit financial statements under number 205.

The persons acting on behalf of FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o. in the scope of the liability for the opinion regarding the correctness and reliability of the financial statements of ORBIS S.A. and of the consolidated financial statements of the ORBIS S.A. Capital Group contained in Chapter VII:

- Janina Guntzel – President of the Management Board;
- Władysława Michalczyńska – Deputy President of the Management Board.

With the exception of agreements for auditing financial statements, there are no ties among the persons auditing the financial statements of the Issuer and those acting on behalf of the entity authorised to audit financial statements and ORBIS S.A. and the Seller.

12.5.1. Persons Auditing the Financial Statements of the Dominant Entity

The requirement to audit the financial statements of the Dominant Entity of ORBIS S.A. does not apply.

12.6. Persons Acting on Behalf of the Offerer

The persons acting on behalf of the Offerer – Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A.:

- Katarzyna Wasilewska – Proxy;
- Ewa Gregorczyk – Plenipotentiary.

With the exception of the links resulting from the participation in the performance of the agreements described in Chapter I Section 8.2. of the Prospectus, there are no legal, organisational and financial links among the persons acting on behalf of Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A. and the Issuer, the Seller and the Dominant Entity.

13. STATEMENTS OF PERSONS LIABLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

13.1. Statement of the Persons Acting on Behalf of Issuer

On behalf of the Issuer, the Management Board of the Company represents that it accepts liability for the information contained in the Prospectus and it confirms that to the best of its knowledge and belief the information is true and reliable and it does not omit any facts or circumstances the disclosure of which in the Prospectus is required by law, and that, other than the information contained in the Prospectus, there are no claims or liabilities of the Issuer which might have a significant impact on the legal, property and financial situation and the financial results achieved by the Company.

Maciej Olaf Grelowski

President of the Management Board

Krzysztof Andrzej Gerula

Deputy President of the Management Board

Andrzej Boboła Szuldrzyński

Deputy President of the Management Board

Ireneusz Andrzej Węglowski

Deputy President of the Management Board

Lidia Mieleško

Member of the Management Board

13.2. Statement of the Minister of the State Treasury as the Seller and the Dominant Entity

On behalf of the State Treasury of the Republic of Poland, I hereby represent that the information contained in the Prospectus are true and reliable and that it does not omit any facts or circumstances the disclosure of which in the Prospectus is required by law, and that, other than the information contained in the Prospectus, there are no claims or liabilities of the Issuer which might have a significant impact on the Issuer's legal, property and financial situation and the financial results achieved by the it.

Mirosław Pietrewicz

Minister of the State Treasury

13.3. Statement of the Entities Preparing the Prospectus

13.3.1. Central Europe Trust – Polska Spółka z o.o., having its registered office in Warsaw at ul. Parkingowa 1

On behalf of Central Europe Trust – Polska Spółka z o.o., we represent that in its following parts: Chapter I Section 8.1., 12.4.1., 13.3.1., Chapter V Sections 1-7, 11-13, 14.2., 15, 19 and Chapter VI Sections 2, 5, 6, 7.2., 7.3., 7.5., 7.6., the Prospectus has been prepared in compliance with due professional diligence, on the basis of the documents, statements and information received from the Management Board and the employees of ORBIS S.A., and that the information contained in the parts of the Prospectus referred to above is true and reliable and that it does not omit any facts or circumstances known to Central Europe Trust – Polska Spółka z o.o., the disclosure of which is required pursuant to the provisions of law.

Antoni Rakowski

President of the Management Board

Ewa Supruniuk

Member of the Management Board

13.3.2. Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A., with its Registered Office in Warsaw at ul. Nowy Świat 6/12

On behalf of Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A. we represent that in its parts: Chapter I Sections 4, 8.2., 12.4.2., 12.6., 13.3.2., 13.5., Chapter II, Chapter VI Sections 1, 4, 7.1. and 7.4 and Appendices No. 5, 6, 7, 8, 9, 11, the Prospectus has been prepared in compliance with due professional diligence, on the basis of the documents, statements and information received from the Management Board and the employees of ORBIS S.A., and that the information contained in the parts of the Prospectus referred to above is true and reliable and that it does not omit any facts or circumstances known to Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A., the disclosure of which is required pursuant to the provisions of law.

Katarzyna Wasilewska

Proxy

Ewa Gregorczyk

Plenipotentiary

13.3.3. Kancelaria Prawnicza M. Łukowicz i Partnerzy in Warsaw at ul. Mazowiecka 13

On behalf of Kancelaria Prawnicza M. Łukowicz i Partnerzy, I hereby represent that in its following parts: Chapter I Sections 1, 2, 3, 5, 6, 7, 8.3., 9, 10, 11, 12.2., 12.3., 12.4.3., 13.2., 13.3.3., Chapter III, Chapter IV, Chapter V Sections 8-10, 14.1., 16-18, Chapter VI Section 3 and Appendices No. 1, 2, 3, the Prospectus has been prepared in compliance with due professional diligence, on the basis of the documents, statements and information received from the Management Board and the employees of ORBIS S.A., and that the information contained in the parts of the Prospectus referred to above is true and reliable and that it does not omit any facts or circumstances known to Kancelaria Prawnicza M. Łukowicz i Partnerzy, the disclosure of which is required pursuant to the provisions of law.

Maciej Łukowicz

Legal Counsel

13.3.4. FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o., with its registered seat in Warsaw at ul. Świętokrzyska 20

On behalf of FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o., we represent that in its following parts: Chapter I Sections 8.4., 12.4.4., 12.5., 13.3.4, 13.4., the Prospectus and the adaptation of the financial statements contained in Chapter VII to the requirements of the Prospectus, have been effected in compliance with professional due diligence and that the information contained in the said parts of the Prospectus is true and reliable and that it does not omit any facts or circumstances the disclosure of which in the Prospectus is required by the provisions of law.

Janina Güntzel

President of the Management Board

Władysława Michalczewska

Deputy President of the Management Board

13.3.5. ORBIS S.A., with its Registered Office in Warsaw, ul. Bracka 16

On behalf of ORBIS S.A., we represent that in its following parts: Chapter I Sections 8.5., 12.1., 12.4.5, 13.1., 13.3.5., Chapter VII and Appendices No. 4 and 10, the Prospectus has been prepared in compliance with professional due diligence and that the information contained in the said parts of the Prospectus is true and reliable and that it does not omit any facts or circumstances the disclosure of which in the Prospectus is required by law.

Maciej Olaf Grelowski

President of the Management Board

Krzysztof Andrzej Gerula

Deputy President of the Management Board

Andrzej Boboła Szutdrzyński

Deputy President of the Management Board

Ireneusz Andrzej Węglowski

Deputy President of the Management Board

Lidia Mieleško

Member of the Management Board

13.4. Statement of Auditors

13.4.1. Statement of the Auditor Auditing Financial Statement of the Company for Periods Ended on 31 December 1994, 31 December 1995, on 31 December 1996, Together with the Most Important Portions of the Opinion

The financial statements of ORBIS S.A. for the years 1994-1996, including, respectively, the balance sheet, the results account, the profit and loss account, the financial cash flow statement and the monetary cash flow statement of the Issuer contained in Chapter VII of the Prospectus have been audited in compliance with the applicable provisions of law and the local auditing standards.

The financial statements of the Issuer presented in Chapter VII have been prepared for the purposes of the Prospectus in compliance with the requirements of the Ordinance of the Council of Ministers of 11 October 1994, regarding detailed provisions that a prospectus and an information memorandum should satisfy (Government Laws and Regulations Gazette No. 128, item 631, and of 1996 No. 126, item 591).

On the basis of the audit conducted, we confirm that the financial statements the full contents of which has been presented in Chapter VII of the Prospectus are true and reliable.

In our opinion, the financial statements for the years 1994-1996 of ORBIS S.A., having its registered office in Warsaw, presented in this Prospectus reflect the result of the business operations and the financial situations of the Company in a correct and reliable manner.

This statement, together with the full text of the opinion presented in Chapter VII of the Prospectus, constitutes the entire statement

Krystyna Stępień
Auditor
(Reg. No. 8900/2307)
ul. Grzeszczyka 4/52
02-122 Warsaw

**Management Board of
FINANS-SERVIS Zespół Doradców
Finansowo-Księgowych in Warsaw**

Halina Wysocka
Auditor
(reg. No. 4494/4042)
ul. Wolińska 6/3
03-699 Warsaw

**Deputy President
Władysław Michalczyńska**

**President
Janina Guntzel**

13.4.2. Statement of the Auditor Auditing Consolidated Financial Statements of the Company for Periods Ended on 31 December 1995, 31 December 1996, Together with the Most Important Portions of the Opinions

The consolidated financial statements of the ORBIS S.A. Capital Group for the years 1995-1996 include the consolidated balance sheet, the consolidated profit and loss account, the consolidated cash flow statement of the ORBIS S.A. Capital Group, and are contained in Chapter VII of the Prospectus. The statements were audited by us pursuant to the applicable provisions of law and local auditing standards

The consolidated financial statements of the ORBIS S.A. Capital Group presented in Chapter VII have been prepared for the purposes of the Prospectus in compliance with the requirements of the Ordinance of the Council of Ministers of 11 October 1994, regarding detailed provisions that a prospectus and an information memorandum should satisfy (Government Laws and Regulations Gazette No. 128, item 631, and of 1996 No. 126, item 591), with the instruction of the Chairman of the Securities Commission of 14 February 1995 regarding the specification of the criteria more stringent than those contained in Art. 56 Sections 1-3 of the Act on Accounting with respect to entities issuing securities admitted to public trading (Monitor Polski No. 12, item 150), and with the instruction of the Chairman of the Securities Commission of 5 April 1995 regarding the scope of additional information provided in the financial statements of entities, other than banks, which are the issuers of securities admitted to public trading or seeking the admission thereof to public trading (Monitor Polski No. 21, item 257).

On the basis of the audit conducted, we confirm the correctness and reliability of the consolidated financial statements the full contents of which are presented in Chapter VII of the Prospectus.

In our opinion the consolidated financial statements of the ORBIS S.A. Capital Group for the years 1995-1996 presented in this Prospectus reflect the result of the business operations and the financial situation of the ORBIS S.A. Capital Group in a correct and reliable manner.

This statement, together with the full text of the opinion presented in Chapter VII of the Prospectus constitutes the entire statement.

Krystyna Stępień
Auditor
(Reg. No. 8900/2307)
ul. Grzeszczyka 4/52
02-122 Warsaw

**Management Board of
FINANS-SERVIS Zespół Doradców
Finansowo-Księgowych in Warsaw**

Halina Wysocka
Auditor
(reg. No. 4494/4042)
ul. Wolińska 6/3
03-699 Warsaw

**Deputy President
Władysława Michalczevska**

**President
Janina Güntzel**

13.5. Statement of the Persons Acting on Behalf of the Issue Agent Offering the Securities in Public Trading

On behalf of Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A. we represent that Centrum Operacji Kapitałowych Banku Handlowego w Warszawie S.A., as the issue agent offering the Shares in ORBIS S.A. in public trading has acted with the best professional due diligence in the course of the preparation and conducting the introduction of the said securities to public trading.

Katarzyna Wasilewska
Proxy

Ewa Gregorczyk
Plenipotentiary

2. PURPOSE OF THE ISSUER'S ENTERPRISE

Pursuant to § 6 of the By-Laws, the purpose of the Company's enterprise includes:

1. organisation and servicing of domestic and foreign tourism;
2. co-ordination, organisation and servicing of congresses, meetings, symposia, conferences, exhibitions and other specialist events, together with related events;
3. provision of hotel and catering services, together with related services;
4. mediation in reservations and sales of carriage documents of Polish and foreign forwarders in domestic and foreign transport, and organisation of forwarding using any means of transportation;
5. conduct of transport activities, including hire of transport stock, organisation of transport using own means and provision of repair services with respect to transport stock;
6. running of foreign currencies purchasing and selling points;
7. carrying out advertising and publishing services domestically and abroad;
8. conduct of activities in the scope of foreign trade, in particular in connection with the purpose of the Company's enterprise;
9. conduct of sales of goods and domestic and foreign products;
10. conduct of service-business activities in the scope of training, investments and information technology;
11. provision of banking services pursuant to the authorisations obtained;
12. organisation and conduct of gaming for money and lotteries;
13. provision of insurance services in the scope of the concessions and permits obtained;
14. carrying out service activities in the form of customs agency within the limits of the permits obtained;
15. rental of usable premises;
16. management of foreign hotels within the framework of the management systems possessed.

The Company does not conduct the statutory activities set forth above in Clauses 10 to 14.

7. COMPANY'S LINKS WITH OTHER ENTITIES

The Company is not linked organisationally with other entities.

The Issuer has subsidiaries, which are the following entities:

Domestic Companies:

1. Przedsiębiorstwo Obsługi Ruchu Turystycznego "Silnowa" Spółka z o.o., having its registered office in Wilkasy (near Giżycko) at ul. Niegocińska 7; registered on 13 December 1989 under the RHB number 223; the Company holds 100% shares in the capital equal to PLN 128,000 and divided into 2,560 shares with a value of PLN 50.00 each;
2. Orbis Transport Spółka z o.o., having its registered office in Warsaw at ul. Łopuszańska 47; registered on 1 July 1993 under the RHB number 37309; the Company holds 65.20% of the shares (i.e. 47,037 shares, with an aggregate value of PLN 4,703,700) in the capital equal to PLN 7,214,500 and divided into 72,145 shares with a value of PLN 100.00 each;
3. Polskie Biuro Podróży Orbis Spółka z o.o., having its registered office in Warsaw at ul. Bracka 16; registered on 15 June 1993 under the RHB number 37048; the Company holds 51% of the shares (i.e. 35,416 shares, with an aggregate value of PLN 3,541,600) in the capital equal to PLN 6,944,300 and divided into 69,443 shares with a value of PLN 100.00 each; pursuant to Resolution No. 1/97 of 24 January 1997, the Company will take over additional 16,300 shares (amount of PLN 1,632,000).

Foreign Companies:

1. ORBIS RESOR AB, having its registered office in Stockholm at Birger Jarlsgatan 71; registered on 22 December 1983 under number 556 187-8272; the Company holds 100% of the shares in the capital equal to SEK 200,000 and divided into 2,000 shares with a value of SEK 100.00 each;
2. Polorbis Reiseunternehmen GmbH, having its registered office in Germany, 500 Köln 1, Hohenzollernring 99-101; registered under the HR B number 6139; the Company holds 100% of the shares in the capital equal to DEM 700,000 and divided into 7,000 shares with a value of DEM 100.00 each;
3. Polorbis Travel Ltd, having its registered office in London, 82 Mortimer Street; registered on 7 March 1977 under number 1301410; the Company holds 99.9% of the shares (i.e. 99,999 shares with an aggregate value of GBP 99,999) in the capital equal to GBP 100,000 and divided into 100,000 shares with a value of GBP 1.00 each;

4. Przedsiębiorstwo Promocji Turystyki i Organizacji Podróży SPTOV – Polorbis limited liability company, having its registered office in Paris at avenue de l'Opera 49; registered on 12 March 1991 under number B 381 213 024; the Company holds 99.9% of the shares (i.e. 2,498 shares with an aggregate value of FRF 249,800) in the capital equal to FRF 250,000 and divided into 2,500 shares with a value of FRF 100.00 each;
5. Polorbis – in liquidation limited liability company, having its registered office in Prague (Czech Republic) at 15 Siroka Street, Prague 1; registered under the RHB number 4009; the Company holds 95% of the shares (i.e. 38 shares with an aggregate value of KCS 950,000) in the capital equal to KCS 1,000,000 and divided into 40 shares with a value of KCS 25,000 each;
6. Orbis Polish Travel Bureau INC., having its registered office in New York, Madison Avenue 342; the Company holds 72% of shares (45 shares with an aggregate value of \$ 56,368.80 U.S) in the capital equal to \$ 78,290,000 and divided into 62.5 shares with no unit price specified;

In addition, the Company holds minority shareholdings in the following companies:

Domestic Companies:

1. Przedsiębiorstwo Hotelowe MAJEWICZ Spółka z o.o., having its registered office in Bydgoszcz, ul. Gdańska 14; registered on 31 December 1993 under the RHB number 3091; the Company holds 49.01% of the shares (i.e. 21,564 of the shares with an aggregate value of PLN 2,156,400) in the capital equal to PLN 4,400,000 and divided into 44,000 shares with a value of PLN 100.00 each;
2. Walewice – in liquidation Spółka z o.o., having its registered seat in Walewice, community of Wielawy; the Company holds 38% of the shares (i.e. 1 share with an aggregate value of PLN 4,000) in the capital equal to PLN 15,000;
3. ORBIS CASINO Spółka z o.o., having its registered office in Warsaw, plac Piłsudskiego 9; registered on 2 June 1989 under the RHB 18620; the Company holds 33.3% of the shares (i.e. 9,600 shares with an aggregate value of PLN 864,000) in the capital of PLN 2,592,000 and divided into 28,800 shares with a value of PLN 90.00 each;
4. Mrongovia Holiday Center – in liquidation Spółka z o.o.; the Company holds 20% of the shares in the capital equal to PLN 76,000; the company is currently in liquidation;
5. PolCard Spółka z o.o., having its registered office in Warsaw, ul. Ostrobramska 103; registered on 28 December 1990 under the RHB number 24939; the Company holds 11.03% of the shares (i.e. 3,000 shares with an aggregate value of PLN 300,000) in the capital equal to PLN 2,720,000 and divided into 27,200 shares with a value of PLN 100.00 each;
6. The "SANA" Hotel Centrum Rekreacyjno-Szkoleniowe S.A., having its registered office in Polanica Zdrój, ul. Górska 2; registered on 31 December 1996 under the RHB number 2096; the Company holds 9.91% of the shares (i.e. 114 shares with a value of PLN 146,226.66) in the capital equal to PLN 1,475,093.50 and divided into 1,150 shares with a value of PLN 1,282.69 each;
7. Towarzystwo Ubezpieczeń "ATU" S.A., having its registered office in Warsaw, ul. Zwycięzców 34; registered on 5 February 1990 under the RHB number 21103; the Company holds 9.29% of the shares (i.e. 3,996 shares with an aggregate value of PLN 399,600) in the capital equal to PLN 4,300,000 and divided into 43,000 shares with a value of PLN 100.00 each;
8. Polskie Hotele Spółka z o.o., having its registered office in Warsaw, al Stanów Zjednoczonych 51; registered on 4 September 1992 under the RHB number 33668; the Company holds 4.55% of the shares (i.e. 5 shares with an aggregate value of PLN 1,000) in the capital equal to PLN 22,000 and divided into 110 shares with a value of PLN 200.00 each;
9. Bank Wschodnio-Europejski S.A., having its registered office in Warsaw, ul. Senatorska 14; registered on 2 May 1990 under the RHB number 22315; the Company holds 0.85% of the shares (i.e. 6,220 shares with an aggregate value of PLN 622,000) in the capital equal to PLN 72,762,100 and divided into 727,621 shares with a value of PLN 100.00 each;
10. TARPAN – in liquidation Spółka z o.o., having its registered office in Poznań, ul. Warszawska 349; registered under the RHB number 8273; the Company holds 0.08% of the shares (i.e. 9 shares with an aggregate value of PLN 36,450) in the capital of PLN 45,984,500.

Foreign Companies:

1. Orbis Budapest Kft., having its registered office in Budapest, Vorosmarty teroku. 16; registered on 17 January 1992 under number 01-09-072289; the Company holds 50% of the shares (i.e. 150 shares with an aggregate value of HUF 1,500,000) in the capital of HUF 3,000,000 and divided into 300 shares with a value of HUF 10,000 each;
2. ORBIS ITALIA Srl., having its registered office in Rome, Via Barberini 11; registered on 8 May 1992 under number 15103; the Company holds 49% of the shares (i.e. 14,700 shares with an aggregate value of ITL 14,700,000) in the capital of ITL 30,000,000 and divided into 30,000 shares with a value of ITL 1,000 each;
3. Austro-Orbis Touristik und Handelsgesellschaft GmbH, having its registered office in Vienna, Lilienbrunnngasse 5; registered on 16 January 1990 under the HRB number 4853; the Company holds 49% of the shares (i.e. 490 shares with an aggregate value of ATS 490,000) in the capital of ATS 1,000,000 and divided into 1,000 shares with a value of ATS 1,000 each.

In aggregate, the Company holds shares in 22 companies of which 13 are domestic companies and 9 are foreign companies. Among them, four companies are in liquidation (i.e. Polorbis Spółka z o.o., having its registered office in Prague – the Czech Republic; TARPAN – in liquidation Spółka z o.o.; Mrongovia Holiday Center – in liquidation Spółka z o.o.; Walewice – in liquidation Spółka z o.o.).

A more detailed description of the shares held by the Company in other entities is contained in Chapter V Section 14.1 of the Prospectus.

4. REMUNERATION AND AWARDS FOR MEMBERS OF THE SUPERVISORY BOARD AND MEMBERS OF THE MANAGEMENT BOARD

4.1. Remuneration and Awards for Members of the Management Board in 1996

The aggregate value of the remuneration and awards for members of the Management Board for the year 1996 amounted to PLN 678,000.

4.2. Remuneration and Awards for Members of the Supervisory Board in 1996

The aggregate value of the remuneration and awards for members of the Supervisory Board for the year 1996 amounted to PLN 89,000.

4.3. Remuneration and Awards for Members of the Management Board in 1996 in Respect of the Participation in the Authorities of Subsidiaries

Krzysztof Andrzej Gerula, Andrzej Bobola Szuldrzyński and Lidia Mieleszko received remuneration in the aggregate amount of PLN 44,143.99 in respect of their membership in the supervisory boards of the subsidiaries.

The remaining members of the Management Board of the Company did not receive any remuneration or awards in 1996 in respect of the participation in the authorities of the Subsidiaries.

Members of the Supervisory Board of the Issuer did not receive any remuneration in respect of the participation in the managing authorities of the Subsidiaries.

2.2. Issuer's Position in the Market

As at 1 January 1997, ORBIS S.A. was 47th on the list of the largest hotel chains in the world (ranking published in the "Hotels & Marketing" magazine – June 1997), while it was and still is ranked as the largest Polish hotel chain. In accordance with the statistical data for 1996 – based on the number of beds – ORBIS S.A. had a share of 31% in the market of five-star hotels, a share of over 50% in the market of four-star hotels, and a share of approximately 39% in the market of three-star hotels. The ORBIS S.A. hotels are among the largest hotels in the Polish market (the average number of rooms in three- and four-star ORBIS hotels exceeds the average number of rooms in other hotels in the same category). Based on the data presented by the Main Office of Statistics (source: annual statistical report 1996), the sales revenues generated in 1995 by the entities conducting their operations in the sector of "hotels and restaurants" exceeded the amount of PLN 1.8 billion. Taking into consideration the sales revenues of ORBIS S.A. for 1995, its share in the revenues of the "hotels and restaurants" sector was almost 24%.

In terms of the share in the hotel base, in many of the local markets ORBIS S.A. holds a very strong position. In as many as five of the largest local hotel markets (Warsaw, Kraków, Gdynia-Gdańsk-Sopot, Poznań, Szczecin, Katowice, Wrocław, Łódź), ORBIS has a minimum 70% share in the market of hotels of a given category (this is the situation in Kraków, Katowice and Wrocław – with respect to four-star hotels; and in Gdynia-Gdańsk-Sopot and Poznań – with respect to three-star hotels). Such a significant held by ORBIS hotels in the local markets reflects the huge potential of the Company and its opportunity to maintain such a strong position in the Polish hotel market.

The majority of the hotels owned by the ORBIS S.A. are located in the big towns of Poland which constitute business centres (such as Warsaw, Kraków, Poznań, Gdynia-Gdańsk-Sopot, Wrocław, Katowice, Szczecin), as well as in other towns that are tourist attractions (Zakopane, Karpacz, Kołobrzeg, Sopot, Gdańsk, Mrągowo), which constitutes a competitive advantage to the Company. Due to, among other things, their excellent location, the ORBIS hotels reached in 1996 the level of occupancy of 56.7%, which significantly exceeds the average occupancy level in the Polish hotels in 1996 (46.9%). Three of the ORBIS hotels reached very high occupancy levels of over 70%.

In the individual local markets, the main competitors of the Company are the hotels of the largest of the world's foreign chains, such as the Marriott, the Sheraton, the Radisson/SAS, as well as of the domestic chains: the "Gromada" and the "Syrena" (in March 1997, Hotele Warszawskie "Syrena" were purchased by "Bau Holding", an Austrian company), and the smaller hotels with an up-graded standard and favourable location from the point of view of the type of clients staying in those hotels.

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

According to the information of the Management Board of the Company, the Issuer is not dependent on particular customers or suppliers. The significant diversification of both the former (customers using the services) and the latter (suppliers) precludes such a dependence – there is no single supplier or customer whose share exceeds 10%, respectively, in the value of the total materials, raw materials and services purchased and in the total sales revenues of the Company.

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

The basic operations of ORBIS S.A. is carried out pursuant to several types of agreements which include: license agreements, agreements for the provision of the Company's services, agreements of co-operation with travel agents, insurance agreements, agreements for the use of third party property, as well as agreements for use of the Company's property by other entities.

The first group includes broadly interpreted license agreements. The four following agreements are of material significance from the point of view of the operations of the Company:

Agreement with "Inter-Continental Hotels Corporation" (with respect to the "Forum" Hotel in Warsaw)

On 1 January 1996, the Company entered into a license agreement with "Inter-Continental Hotels Corporation", a company established and existing under the laws of State of Delaware (U.S.A.), with its registered office at 1120 Avenue of the Americas, New York, New York 10036, U.S.A. The granting of a license by the IHC for the use by ORBIS S.A. of the trademarks constituting the property of the IHC with respect to the "Forum" Hotel in Warsaw constitutes the purpose of this agreement. The agreement was entered into for a term of 10 years until 31 December of the last year of the term thereof. The agreement will automatically be extended for two ten-year period, unless either of the parties gives a written six months notice to the other party prior to the lapse of the term thereof. The IHC has granted to the Company a non-exclusive and non-transferrable license that is not subject to assignment for the use of the trademarks (the legal nature of the trademarks has not been specified) in connection with the trade name of the hotel and in connection with the hotel goods and the services provided pursuant to an agreement in the scope of advertising and promotion; the IHC has also granted the Company a non-exclusive, non-transferable license that is not subject to assignment for the use of the software designed by the IHC or on its commission. The software as well as any data bases and information resulting from the use of such programmes, are the property of the IHC, including the rights to patents (pursuant to American law) and copyrights. Pursuant to the agreement, the IHC is obliged to include the hotel in the international system of reservations and to the IHC communications network, as well as to provide the hotel with the services in this scope as set forth in the agreement; it is also obligated to provide services in the area of marketing and sales.

The Company is entitled to use the trademarks solely in the manner to be approved by the IHC and in the manner protecting the IHC rights to the trademarks. The IHC may demand that any IHC trademarks, regardless of whether they have been registered or not, be included in such a trade name.

The Company pays a license fee in an amount constituting a percentage of the net income generated from the rental of rooms in respect of the access to the operational standards and the license for the use of the trademarks and software. The IHC has a right to a fee in respect of the services in the area of marketing and sales. The IHC also receives an annual reservations fee for each accounting year and a fee for running the reservations in an amount constituting a percentage of the hotel's income generated from reservations. Additionally, the IHC receives an annual fee in the form of the reimbursement of the costs of including the hotel in the strategic promotional programme called the "Six Continents Club" in an amount of a specified percentage of the total income of the hotel in connection with the stay at the hotel of the participants in the programme.

The Company is under an obligation to comply with the IHC "Operational Standards".

The IHC has a right to approve any and all agreements for the management of the hotel, and the Company agrees to notify the IHC in writing, with 30 days' notice, of the intent to terminate such an agreement.

The IHC may terminate the agreement if the hotel or any part thereof is taken over by the state by way of expropriation. Neither of the parties has a right to assign the rights and obligations under the agreement without the prior consent of the other party expressed in writing.

If either of the parties suspends or discontinues its business operations, or is declared bankrupt or insolvent, or if a similar event occurs, the other party may terminate the agreement upon a 10 days' notice.

During a period of two years following the date of the expiration or termination of the agreement, the IHC and persons authorised by it have access to the accounting books and minutes of the hotel regarding the operations of the hotel conducted until the date of the termination of the agreement, and they may make copies of and excerpts from such accounting books and minutes.

Pursuant to the agreement, the IHC transfers to the Company or to a legal entity designated by it the rights and obligations under all agreements entered into by the IHC on behalf of the Company.

If the Company is privatised by way of a sale of the hotel or the assets thereof, which would result in the termination of the agreement, then the Company is obligated to pay to the IHC, within 30 days following the receipt of a relevant request, the sum equal to the percentage value of the established level of the average monthly license fee, the fee in respect of the marketing services and the reservations fee for three full accounting years directly preceding the termination of the agreement, multiplied by the number of months remaining until the end of the term during which the notice of termination of the agreement is delivered.

Any disputes arising from or in connection with the agreement are resolved exclusively by arbitration. The arbitration proceeding is conducted in accordance with the rules of the UN International Commercial Law Commission (UNCITRAL) applicable on the date of the execution of the agreement. The arbitration tribunal is composed of three arbiters. The arbitration proceeding is conducted in Amsterdam, the Netherlands, in the English language.

The agreement may be amended only in writing, with signatures of the authorised representatives of both parties. The agreement as well as the rights and obligations of the parties thereto are governed by Dutch law.

Agreement with the "Forum Hotels International" the "International Hotels Corporation" Division (with respect to the "Forum" Hotel in Kraków)

On 25 July 1985, Przedsiębiorstwo Państwowe "Orbis", having its registered office in Warsaw, entered into a license agreement with the "Forum Hotels International" – the "International Hotels Corporation" Division, a corporation established and existing under the laws of the State of Delaware (U.S.A.), with its registered office in New York (New York State), 1120 Avenue of Americas (the "IHC/FORUM"). The purpose of the agreement is the granting by the IHC/FORUM to the Company of a license for use by ORBIS of the trademarks owned by the IHC/FORUM, as well as the granting of a right for use by ORBIS of other services offered by the IHC/FORUM within the scope of the services provided by the "Forum" Hotel in Kraków. The agreement was entered into for the term until 31 December on the tenth anniversary of its execution. Pursuant to the agreement, ORBIS has a right to use the name: the "Forum ORBIS Hotel Kraków" in connection with its activities and promotion with respect to the hotel; the hotel itself is a member of the "Forum Division". The IHC/FORUM is obligated to provide the services for the promotion and bookings. In addition, at the request of ORBIS, the IHC/FORUM is obligated to conduct agency activity when purchasing equipment, furniture, operational supplies, inventory, as well as other services specified under the agreement. ORBIS is obligated to run the hotel in compliance with the international standards of the first class hotels of the Forum Group. If the IHC/FORUM finds that the standard is not complied with in a specified scope, then the IHC/FORUM will send a letter to ORBIS requesting that the situation be corrected and the standard observed within a period of time not to exceed 180 days. Following an ineffective lapse of this time-limit, the IHC/FORUM has a right to terminate the agreement upon 30 days' notice in writing. In the event of a dispute, the parties will submit the dispute for resolution by arbitration under arbitration proceeding in accordance with the arbitration rules contained in Resolutions of the United Nations No. 31/98 adopted by the General Assembly on 15 December 1976. ORBIS is obligated to co-operate with other hotels within the Forum Group in the field of advertising and promotion.

In respect of the services relating to sales and reservations, the IHC/FORUM charges, for each year of the term of the agreement, a fee in an amount constituting a percentage value of the amount determined in the agreement.

If either of the parties is unable to perform the contractual obligations for reasons of force majeure, such a party may provide to the other party a written notice of the suspension of the fulfilment of the provisions of the agreement within 30 days for the duration of the event of force majeure. If such a situation continues for a period of one year following the date of the delivery of the notice, either of the parties has a right to terminate the agreement.

The IHC/FORUM may terminate the agreement if ORBIS does not pay the charges due or other enforceable amounts, or if the payment date exceeds 15 days following a written demand sent by the IHC/FORUM, and if ORBIS uses the trademarks and trade names subject to the agreement in a manner that is contradictory with the intended use thereof, or if ORBIS fails to fulfil the obligations imposed thereon under the agreement and does not comply with the demand within 30 days following the receipt thereof. The agreement may also be terminated if the hotel is not run in the ordinary scope for a period of 60 days, or if bankruptcy proceeding is instituted against ORBIS or if an application is filed for reorganisation, or if a composition proceeding is instituted for the benefit of the creditors, if a receiver or a trustee is appointed with respect to the hotel or the majority of the assets ORBIS and such proceedings have not been dismissed within 60 days. In the event of the termination of the agreement, all rights granted to ORBIS pursuant thereto shall expire with immediate effect.

ORBIS is not entitled to assign the rights and obligations under the agreement without obtaining a prior written consent of the IHC/FORUM. This also applies to the sale or leasing out of the hotel.

Any disputable matters will be resolved by an arbitration court appointed each time by the parties, or by court. The arbitration proceeding will be conducted in English and in Polish.

Any amendments to the agreement require to be made in writing. The agreement has been executed in the English language.

Agreement with the "Inter-Continental Hotels Corporation" (with respect to the "Victoria" Hotel in Warsaw)

Pursuant to the license agreement in force since 1 January 1997, entered into with the "Inter-Continental Hotels Corporation", a company established and existing under the laws of the State of Delaware, having its registered office in New York 10036 (State of New York), 1120 Avenue of Americas, U.S.A., the Company (the "Victoria" Hotel in Warsaw) was granted a license to use the trademarks constituting the property of the IHC.

The comments contained above with respect to the agreement regarding the "Forum" Hotel in Warsaw, fully apply to this agreement; provided that:

- the agreement has been entered into for a term of 20 years;
- the agreement may be extended for further five-year periods.

Agreement with S.I.E.H. NOVOTEL (with respect to the "Novotel" Hotel in Gdańsk, Olsztyn, Poznań, Warsaw and Wrocław)

On 26 April 1973, the Company entered into a license agreement with S.I.E.H. Novotel. The agreement was modified and extended pursuant to the following deeds: the first deed of novation of 21 April 1986, in accordance with which Accor, established as a result of the merger of S.I.E.H. Novotel with Jacques Borel International, has assumed the rights and obligations under the agreement in place of S.I.E.H. Novotel as its legal successor; the second deed of novation of 17 January 1991, and an additional agreement of 18 March 1994. Pursuant to the agreement, the Company has a right to use the "Novotel" trademark (Novotel ORBIS) to mark the services of 5 hotels within the territory of Poland: in Gdańsk, Olsztyn, Poznań, Warsaw and in Wrocław. Pursuant to an additional agreement the agreement has been extended for a period of 5 years from 27 April 1994. The agreement expires on 26 April 1999. Following the lapse of this date, the agreement may be extended upon a silent consent of the parties for further five year periods, unless either party gives notice to the other party of its intent to terminate the agreement. Such a notice should be given in the form of a registered letter mail, with the confirmation of the receipt.

The agreement may be terminated by either party if the other party breaches the obligations constituting the purpose thereof in a serious manner. The agreement is subject to termination within 30 days following the delivery to the other party of a notice of termination. Such a notice may only be sent only once the other party has been notified in the form of a registered mail letter of the existence of the breach and requested to repair the damage within 30 days. In addition, the agreement is subject to termination in the event of bankruptcy or insolvency of either party, if an application has been filed for public auction and if expropriation proceedings have been instituted against the Company with respect to all hotels. If during the term of the Agreement, the Company ceases, as a result of the privatisation thereof, the owner of one or more than one "Novotel" hotels, and if it loses the right to select a trademark for such a hotel, the Company may give notice of termination of the agreement in the scope regarding the hotel but no earlier than upon the issuance of a privatisation decision by the Minister of Privatisation. The agreement will be terminated upon the lapse of 9 months following the delivery of the notice to "Accor" by a registered mail letter, with a confirmation of the receipt; however, the agreement will remain in force until the actual privatisation has been conducted. In such an event the agreement remains in force with respect to the other hotels. The agreement is governed by the French commercial law.

The second group of agreements includes agreements for the provision of the Company's services. These agreements are entered into by the individual branches of the Company. Among other things, they related to the following matters: protection of the hotels, maintenance and repairs of equipment, provision of artistic and music services, management of accounts by banks, telecommunications services, running of car parks, fire protection, medical assistance, carrying out of repair works and building works, settlement of accounts in respect of transactions using pay cards, dry cleaning services, sales of specific products, promotion of the activities of the Company. The agreements set out above are in the form of service contracts or contracts for the performance of specific tasks. In the majority of the cases, the services contracts are entered into by the Company for an unlimited term, with a possibility of the termination thereof upon 1 month's notice period. Agreements for the provision of services are not of material significance to the business operations conducted by ORBIS S.A.

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

- agreements entered into with travel agents;
- agreement for the provision of services.

The agreements with travel agents (booking agreements) should basically be treated as framework agreements of co-operation. They regulate the principles of making reservations by travel agents in hotels. Reservations are made in the form of an instruction effected each time by the travel agent. Each instruction requires to be made in writing upon the consent of the other party; i.e. the hotel, which is referred to in a booking agreement as the "confirmation". Such instructions should be treated as agreements implementing the co-operation within the framework agreement.

The agreements for the provision of services are:

- agreements for the provision by the hotel of its products to specified customers;

- agreements of co-operation in the scope of advertising activities;
- agreements regarding the principles of settlement of accounts using pay cards.

If an agreement is governed by Polish law, the provisions of the Civil Code apply in the scope not regulated by the agreement, in particular the provisions with respect to services contracts and the provisions regarding liability of persons running hotels and other facilities.

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

- third party liability insurance in respect of the activities carried out;
- property insurance agreements;
- insurance against acts of God;
- group employees' insurance;
- travel insurance.

The insurance agreements entered into by the Company are in compliance with the requirements regarding the execution of this type of agreements and they are typical in the nature thereof.

The fifth group of agreements includes agreements for the enjoyment of third party property. The majority of the agreements for the enjoyment of third party property entered into by the Company relate to the use of real estate owned by third parties for advertising purposes or to conduct by the Company of catering activities or to the location of a car park.

Most of these agreements have been entered into for an unlimited term or for a maximum period of 5 years. Two leasing agreements entered into with Warimpex are of material significance to the operations conducted by the Company.

Agreements with Warimpex (with respect to the "Holiday Inn" Hotel in Warsaw and the "Jelenia Góra" Hotel in Jelenia Góra)

On 23 December 1986 and on 23 December 1987, the Company entered into two leasing agreements with Warimpex Handels-Aktiengesellschaft. The agreements were entered into for unlimited terms. The purpose of these agreements is the surrender to the Company in leasing of the "Holiday Inn" Hotel in Warsaw and of the "Jelenia Góra" Hotel in Jelenia Góra.

The number of leasing instalments has been specified under both of these agreements as 96. The aggregate costs of the investments have been specified as the sum of the costs of construction, the indirect financing, the credit fee, the fee in respect of legal actions, the payment for the guaranty of the Republic of Austria. Payments are made in Austrian shillings. Both of the agreements may be terminated by either party upon 12 months' notice period on strictly specified dates. The Company has waived the right to terminate the agreements - until the date of the release of the purpose of the leasing and for the period of the subsequent 102 months. Upon the lapse of the 102 months following the release of the purpose of the leasing, the Company has a right to demand from the Lessor that the purpose of the leasing be sold subject to the specified terms and conditions. Among other things, executory agreements have been attached to the agreements.

The leasing payment in respect of the leasing of the "Holiday Inn" Hotel (agreement of 23 December 1986) is 1.46% of the aggregate costs of the investment, while the payment in respect of the leasing of the "Jelenia Góra" Hotel is 1.456875% of the aggregate costs of the investment per month. The provision included by the parties in both agreements regarding the resolution of disputes by a court of conciliation will not be effective and it will not be possible to perform the potential decisions of the arbitration court in Poland. Both agreements contain the obligations of WARIMPEX to transfer the perpetual usufruct right to the land to the Company.

The last group of agreements includes agreements for enjoyment by other entities of the property of the Company. In the majority of the cases these are rent or lease agreements which, due to the size of the surface area rented or leased - and, therefore, the amount of the rent - are not of material significance to the business operations of the Company. The following agreements constitute the exception.

Agreement with THF Hotel Orbis Bristol Ltd.

On 7 November 1990, Panstwowe Przedsiębiorstwo "Orbis", the legal predecessor of ORBIS S.A., entered into a lease agreement with THF Hotel Orbis Bristol Ltd. Spółka z o.o., having its registered office in Warsaw (hereinafter referred to as "THF"). The purpose of the agreement is the surrender in lease to THF of the "Bristol" Hotel located in Warsaw at ul. Krakowskie Przedmieście No. 42/44. The parties deem the following to constitute the "Bristol" Hotel: the hotel, offices, channels of sales, conference back-up and any other facilities and back-up, as well as the land on which the buildings and fixture referred to above are located. A more detailed description of this real estate is contained in Section 17.5. of this Chapter (No. 8). The purpose of the agreement is intended for the conduct of hotel operations. The term of the agreement is 30 years; provided that, at the request of THF delivered to the Company a year prior to the date of the expiration of the first terms specified above, the lease term will be extended for a period of the subsequent 30 years. In addition, the legal predecessor of the Company waived all rights to terminate the agreement by way of a written waiver, and it guaranteed to THF that during the term of the period and during the term of each of the subsequent terms of the lease, THF will enjoy the possession, without any interruptions, hindrances, evictions or intervention on the part of the Company or any person making a claim on behalf of the Company or through the intermediary of such a person. However, the Company

may terminate the agreement upon 90 days' notice period if: THF is in default with the payment of 2 consecutive lease payments and fail to pay them within 30 days, regardless of a written demand, and if it does not comply or does not perform the provisions, dead-lines and the terms and conditions provided for under the agreements and maintains such a state of affairs, despite a notice delivered to the party and to the financing banks, unless the breach of the agreement is repaired by the party within 30 days; and provided that this was the only reasons for giving the notice of termination. THF is obliged to pay, in respect of the lease, an annual rent fee constituting the equivalent in PLN of the amount of \$ 150,000.00 U.S.D., which is subject to annual adjustment by the rate of inflation announced with respect to the USA. The rent fee is payable in three monthly instalments.

THF is entitled to erect, build, change, repair and rebuild any improvements in the "Bristol" Hotel.

The Lessee may not assign, sublease, separate itself from the hotel or a part thereof, and it may not share the occupancy thereof or a part thereof without the consent of the Company in writing.

The agreement was entered into in Polish and in English; provided that the Polish language version of the agreement governs within the territory of Poland.

Agreement with BP Poland

On 3 April 1996, ORBIS S.A. "Wrocław-Monopol" Branch in Wrocław entered into a lease agreement with BP Poland Spółka z o.o. The purpose of the agreement is the surrender in lease to BP Poland Spółka z o.o. of a part of plot No. 55 with a surface area of 24,703 m², located in Wrocław at ul. Powstańców Śląskich. The surface area of the portion of the land lease out to BP Poland Spółka z o.o. is 5,000 m². The term of the agreement is 25 years, with the priority option of the lessee to enter into a subsequent lease agreement upon the lapse of the term referred to above. In addition, in the event of the sale of the real estate, the lessee has the right of first refusal. The leased land is intended for the construction thereon of a petrol station, together with the related structures. The monthly lease rent is the equivalent in PLN of \$1.1 U.S. (exclusive of VAT) per each square meter of the leased land and it is adjusted on a quarterly basis by the price growth index of goods and consumer services announced by the President of GUS. The value of the lease rent for the period of 15 years will be equal to the total value (inclusive of VAT) of the investments that the Lessee agreed to implement, as the Lessee agreed to construct, out of its own funds, a multi-level car park with an aggregate surface area of 7,000 m² for 300 parking spaces, as well as a two-storey office building with an area of 290 m². The lessee has agreed to assume the obligations of an investor in connection with the implementation of this investment.

10. PATENTS, LICENSES AND TRADEMARKS

10.1. Patents

In connection with its operations, the Company has not obtained any patent rights or any rights attached to the patent.

10.2. Licenses

- right to use the trademarks of Inter-Continental Hotels Corporation (the trademarks based on the combination of the words: "Inter-Continental") to mark the services of the "Forum" Hotel (agreements with "Inter-Continental Hotels Corporation" – a company established and existing under the law of the State of Delaware, USA, having its registered office at 1120 Avenue of the Americas, New York, New York 10036 in the United States of America: with respect to the "Forum" Hotel in Warsaw – license agreement – "Franchise" of 1 January 1996, and with respect to the "Forum" Hotel in Kraków – license agreement "Franchise" of 25 July 1985), and to mark the services of the "Victoria" Hotel (license agreement entered into on 30 May 1996 by and between "Inter-Continental Hotels Corporation" – a company established and existing under the laws of the State of Delaware, USA, having its registered office in New York, New York 10036, at 1120 Avenue of the Americas in the United States of America and ORBIS S.A.);
- right to use the computer programmes to which the copyrights are owned by Inter-Continental Hotels for the "Forum" and the "Victoria" Hotels pursuant to the agreements referred to above;
- right to use in the "Holiday Inn" Hotel in Warsaw, out of the "System" including: the right to use the "Holiday Inn", the "Holiday Inn Crown Plaza", the "Holiday Inn Garden Court", the "Holidex" trademarks and similar trademarks, as well as the right to use the "Holidex" computer reservations system, and the right to use the intellectual property right with the purpose thereof unspecified, acquired pursuant a non-exclusive license granted to ORBIS by Bass International Holdings NV (BIH) on 7 June 1989 for a period of 20 years starting from the date on which BIH authorised the licensee in writing to commence the use of the System at the Hotel, i.e. until 6 June 2009. This agreement is governed by English law and is subject to the interpretation in compliance with that law. Pursuant to part 13 of the agreement, the Company is obliged to notify BIH of any changes regarding the capital structure of the licensee within 30 days following the date on which such changes come into force;
- right to use the "Novotel" trademark (Novotel – ORBIS) to mark the services of 5 hotels within the territory of Poland: in Gdańsk, Olsztyn, Poznań, in Warsaw and in Wrocław (pursuant to the non-exclusive license granted under the so called concession agreement signed with S.I.E.H. Novotel on 26 April 1973 for a term of 12 years, and subsequently modified and extended pursuant to the following deeds: the first deed of novation of 21 April 1986, in accordance with which S.I.E.H. Novotel was replaced under the agreement by Accor, its legal predecessor, which was established as a result of the merger of S.I.E.H. Novotel with Jacques Borel International; the second deed of novation of 17 January 1991 and the additional agreement of 18 March 1994; pursuant to the additional agreement the Company has a right to use the trademarks until 26 April 1999;
- right to use a verbal-musical work entitled "Orbis", acquired pursuant to the agreement with Związek Polskich Autorów i Kompozytorów ZAKR of 2 October 1995, and to the exclusive license agreement signed with Aleksander Nowacki and Andrzej Ozga, the authors, on 11 September 1995;
- right to use the artistic performance by Natalia Kukulska of a verbal-musical work entitled "Orbis", acquired pursuant to the agreement with Związek Polskich Autorów i Kompozytorów ZAKR of 2 October 1995, and to the exclusive license agreement signed with Natalia Kukulska, the performer, on 12 September 1994 for a period of 3 years, i.e. until 30 May 1997;
- right to use the concurrent and integral transmission of the 24-hour the MTV Europe musical programme including the advertisements and teletext) in guest rooms of 41 hotels in the ORBIS S.A. chain, acquired pursuant to the exclusive license agreement entered into with MTV Europe, having its registered office in London on 22 June 1994 for a term of 3 years, i.e. until 30 May 1997;
- right to use the concurrent and integral transmission of the CNN International "Service" in the following hotels: the "Marina" Hotel in Gdańsk, the "Posejdon" Hotel in Gdańsk, the "Gdynia" Hotel in Gdynia, the "Warszawa" Hotel in Katowice, the "Continental" Hotel in Kraków, the "Forum" Hotel in Kraków, the "Grand" Hotel in Łódź, the "Merkury" Hotel in Poznań, the "Novotel" in Poznań, the "Polonez" Hotel in Poznań, the "Forum" Hotel in Warsaw, the "Victoria" Hotel in Warsaw, the "Novotel" in Wrocław, the "Wrocław" Hotel in Wrocław;
- right to use in the "Wanda" Hotel in Kraków the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Wanda" Hoteloranch, having its registered office in Kraków by Stowarzyszenie Autorów "ZAIKS" on 29 July 1996 for an unlimited term starting from 1 July 1996;

- right to use in the "Novotel" and the "Motel": Hotels in Wrocław the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Novotel" and the "Motel" Hotel branches, having their registered offices in Wrocław by Stowarzyszenie Autorów "ZAIKS" on 1 December 1995 for an unlimited term;
- right to use in the "Hevelius" Hotel in Gdańsk the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Hevelius" Hotel branch, having its registered office in Gdańsk by Stowarzyszenie Autorów "ZAIKS" on 1 October 1996 for an unlimited term;
- right to use in the "Polonez" Hotel in Poznań the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Polonez" Hotel branch, having its registered office in Poznań by Stowarzyszenie Autorów "ZAIKS" on 27 February 1995 for an unlimited term;
- right to use in the "Poznań" Hotel in Poznań the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Poznań" Hotel branch, having its registered office in Poznań by Stowarzyszenie Autorów "ZAIKS" on 2 February 1994 for an unlimited term;
- right to use in the "Helios" Hotel Night Club in Toruń the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Helios" Hotel branch, having its registered office in Toruń by Stowarzyszenie Autorów "ZAIKS" on 20 March 1995 (effective starting on 1 April 1995);
- right to use in the "Reda" Hotel in Szczecin the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Reda" Hotel branch, having its registered office in Szczecin by Stowarzyszenie Autorów "ZAIKS" on 26 January 1994 for an unlimited term;
- right to use in the "Warszawa" Hotel in Katowice the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Warszawa" Hotel branch, having its registered office in Katowice by Stowarzyszenie Autorów "ZAIKS" on 1 February 1997 for an unlimited term;
- right to use in the "Holiday Inn" Hotel in Kraków the verbal, musical, the verbal-musical and choreographic works of the authors and composers who personally or through the intermediary of their legal successors or pursuant to agreements on mutual representation with foreign associations of authors granted the right to represent them in the domain of public performances to "ZAIKS", which right was acquired in accordance with the non-exclusive license granted to the "Holiday Inn" Hotel branch, having its registered office in Kraków by Stowarzyszenie Autorów "ZAIKS" on 16 May 1994 for an unlimited term;
- right to use numerous computer programmes.

The Company is also vested with the following:

- copyrights to the "Orbis Hotels - Conferences & Business Meeting Facilities" catalogue prepared in two language versions: Polish and English, acquired pursuant to the agreement for the performance of a specific task entered into on 19 December 1996 with "Pegasus Advertising" Sławomir Chmielewski Advertising Agency, having its registered office in Warsaw;
- copyrights to the "Orbis Hotels - Guide Book" folder prepared in the English language, acquired pursuant to the agreement for the performance of a specific task entered into on 3 July 1996 with the "Grafit" Design Studio, having its registered office in Kraków;

- copyrights to the "Orbis Hotels Directory" prepared in the English language, acquired pursuant to the agreement for the Performance of a specific task entered into on 30 October 1995 with Zakład Graficzny "Colonet", having its registered office in Kraków.

10.3. Trademarks

10.3.1. Rights Under the Registration of Trademarks

1. The ORBIS verbal-graphic trademark (colours reserved: white and navy blue). The trademark filed for registration on 24 April 1986 under number Z-83721 and registered pursuant to a decision of the Patent Office under number 62005 for the benefit of Państwowe Przedsiębiorstwo Orbis, having its registered office in Warsaw. A protection certificate was issued with respect to the registered trademark on 11 March 1988.
2. The ORBIS verbal-graphic trademark (colours reserved: white and navy blue). The trademark filed for registration on 24 April under number Z-83722 and registered pursuant to a decision of the Patent Office under number 62006 for the benefit of Państwowe Przedsiębiorstwo Orbis, having its registered office in Warsaw. A protection certificate was issued with respect to the registered trademark on 11 March 1988. Pursuant to Art. 8 Section 2 of the Act of 13 July 1990 on Privatisation of State-Owned Enterprises (Government Laws and Regulations Gazette No. 51, item 298, as amended), the newly established company acceded to all rights and obligations of the transformed enterprise. Therefore, ORBIS has become the purpose of the rights under the registration of the trademarks referred to above. The protection for the trademarks has been extended for another ten year period, i.e. until 24 April 2006.

Pursuant to Art. 17 Section 1 of the Act of 31 January 1985 on Trademarks (Government Laws and Regulations Gazette of 1995 No. 5, item 17, as amended), as the entity authorised with respect to the registration of the trademarks referred to above, ORBIS S.A. authorised other enterprises to use the trademarks with respect to the products covered by the registration pursuant to the following agreements:

- a) License agreement of 22 December 1993, entered into with Polskie Biuro Podróży Orbis Spółka z o.o., having its registered office in Warsaw for a term of 5 years, starting from 1 January 1994;
 - b) License agreement of 31 December 1993, entered into with Przedsiębiorstwo Hotelowe MAJEWICZ Spółka z o.o., having its registered office in Bydgoszcz for the term of the Articles of Association of the MAJEWICZ Company, but no longer than the term of the agreement for the management of the "Pod Orłem" Hotel in Bydgoszcz;
 - c) License agreement of 25 October 1995, entered into with Orbis Transport Spółka z o.o., having its registered office in Warsaw, for a term of 5 years, starting from 1 January 1995;
 - d) Non-exclusive license granted to the Lessee of the "Murowana Piwnica" bar (to the "Restauracja Giewont Murowana Piwnica" civil law company), under the lease agreement entered into with ORBIS S.A., "Kasprowy-Giewont" Hotels Branch in Zakopane on 10 May 1994 for a period of 3 years;
 - e) Non-exclusive license granted to the Lessee of the Grill Bar ("Aris" Spółka z o.o., having its registered office in Kraków), under the lease agreement entered into with ORBIS S.A. - the "Forum" Hotel Branch in Kraków on 1 February 1994 for an unlimited term, starting from 15 February 1994;
 - f) Non-exclusive license granted to the Lessee of the "Szalony Smok" Night Club ("Crazy Dragon" Spółka z o.o., having its registered office in Kraków), under the lease agreement entered into with ORBIS S.A., - the "Forum" Hotel Branch in Kraków on 28 October 1993, for an unlimited term.
3. The "M" verbal-graphic trademark (colours reserved: white and blue). The trademark filed for registration on 7 October 1993 under number Z-125653 and registered pursuant to a decision of the Patent Office under number 91402 for the benefit of ORBIS S.A. Branch in Poznań the "Merkury" Hotel. A protection certificate was issued with respect to the registered trademark on 26 July 1996.

12.6. Average Monthly Remuneration at ORBIS S.A. (in PLN)

	1994	1995	1996
Employees of ORBIS S.A.	580.52	779.81	992.67

Source: ORBIS S.A.

16. CREDITS, LOAN AGREEMENTS, WARRANTIES AND GUARANTIES

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

16.1.1. 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., acting on behalf and on account of the State Treasury, pursuant to the power of attorney of 9 April 1992. The Company obtained a loan granted in accordance with agreement No. 11/90 of 8 May 1990, entered into with the Commission for the Youth and Physical Culture for the purpose of financing the supply and replacement of the elements of window and door fitting in the "Cracovia" Hotel in Kraków in the amount of ATS 32,357,609.45, and until the date of the execution of the agreement the Company had repaid the loan in the amount of PLN 380,606.38, constituting the equivalent of ATS 4,044,701.18. The outstanding balance of the loan amount to be repaid by the Company as at the date of the execution of the agreement of 23 June 1992 was ATS 28,312,908.27. The interest is calculated at the variable interest rate equal to half of the interest rate with respect to refinancing credits, as established by the President of the National Bank of Poland and applicable on the date on which the repayment is made. The loan is repaid in seven instalments.

1. 30.09.1992 – PLN 250,000.00;
2. 30.09.1993 – PLN 250,000.00;
3. 30.09.1994 – PLN 400,000.00;
4. 30.09.1995 – PLN 621,100.00;
5. 30.09.1996 – PLN 600,000.00;
6. 30.09.1997 – PLN 600,000.00;
7. 30.09.1998 – PLN 600,004.14.

In order to secure the repayment of the loan together with the interest, the Company provided the bank with a blank promissory note with the guaranty granted by the Management Board of ORBIS S.A. in Warsaw, and pursuant to the statement of 6 September 1995, it instituted a cap mortgage up to the amount of PLN 2,421,000 on the perpetual usufruct right to the land and to the ownership title to the building included under the title and mortgage register KW No. 49300 – the "Cracovia" hotel. The outstanding balance is PLN 1,200,000.00.

2. Loan agreement (No. 24/Orb/66804-5518-18-1/92) entered into on 31 December with Bank Turystyki S.A. in Warsaw, acting on behalf and on account of the State Treasury, which regulates the use of the last portion, as well as the terms and conditions of the repayment thereof, of 21 loans contracted by the Company from the Commission for the Youth and Physical Culture (Central Tourism and Recreation Fund). On the date of the execution of the agreement in question, the Company raised a loan in an aggregate amount of PLN 13,136,119.83 (of which it used the amount of PLN 10,853,077.13). The total amount of the loan was allocated for the purposes in connection with the purchase, development, modernisation of the Company's hotels throughout the country. The Company agreed to repay the total amount of the loan in 28 instalments (PLN 451,300.00) by 10 April and by 10 October of each year until the year 2010. The Company repays the interest at the interest rate of 15% per annum, on the individual instalments repayment dates. The following constitute the security against the repayment of the capital and the interest: a blank promissory note with a security note and the instituted cap mortgages: up to the amount of PLN 2,850,000.00 on the perpetual usufruct right to the land and on the ownership title to the building included under title and mortgage register KW No. 22609, on the "Warszawa" Hotel in Katowice; up to the amount of PLN 4,400,000.00 on the perpetual usufruct right to the land and the ownership title to the buildings and fixtures included under title and mortgage register KW No. 7436/10347 – on the "Solny" Hotel in Kolobrzeg; up to the amount of PLN 2,100,000.00 on the perpetual usufruct right to the land and on the ownership title to the building included under title and mortgage register KW No. 1938 – on the "Francuski" Hotel in Kraków. The outstanding balance is PLN 7,543,700.00.

3. Loan agreement entered into on 23 February 1994, with the Minister of Finance representing the State Treasury, in the amount PLN 18,700,000.00 for the purpose of financing leasing charges on the "Holiday Inn" Hotel in Warsaw and on the "Jelenia Góra" Hotel in Jelenia Góra. The loan was used by 31 December 1994. The amount of the loan comprises loan in the amount PLN 945,000.00 realised by 31 December 1994. The amount of the loan used is subject to interest at the variable interest rate equal to half of the interest rate on refinancing credits per annum, as determined by the President of the National Bank of Poland. The repayment of the loan will take place in 14 equal instalments, by 1 February and 1 August of each year, starting on 1 January 1999 until 1 August 2005. The amount of the individual capital instalments will be calculated by the Minister of Finance by 15 January 1999. The interest will accrue annually and it will be payable by 10 January of the following year, and during the period from 1 February 2000, the interest will accrue in a 6-monthly basis and it will be payable twice a year, i.e. by 1 February and 1 August. A cap mortgage was instituted as a security for the benefit of the State Treasury up to the amount of PLN 18,700,000.00 on the real estate constituting the property of the "Forum" Hotel in Kraków and included under title and mortgage register KW No. 149512. The outstanding balance is PLN 18,700,000.00.

4. Loan agreement entered into on 31 October 1995 with the Minister of Finance, acting on behalf of the State Treasury, in the amount of PLN 21,860,000.00 for the purpose of financing leasing charges with respect to the "Holiday Inn" in Warsaw and the "Jelenia Góra" in Jelenia Góra Hotels. The interest is calculated at the variable interest rate equal to half of interest rate on refinancing credits per annum, as determined by the President of the National Bank of Poland. The repayment of the loan will take place in 14 equal instalments (by 1 February and by 1 August of each year) during the period from 1 February 1997 until 1 August 2003. The interest for the period from 1 January until 31 January 1997 will be payable on 1 February 1997. Starting from 1 February 1998 the interest will accrue and payable on a 6-monthly basis. The amount of the capital instalments will be calculated by the Minister of Finance by 15 January 1997. On 3 January 1996, a cap mortgage was instituted for the benefit of the State Treasury as the security up to the amount of PLN 24,920,400.00 on the real estate constituting the property of the "Forum" Hotel in Warsaw, and included under title and mortgage register KW No. 72550. The balance outstanding is PLN 23,413,400.00.

5. Preferential special purpose loan agreement No. 19/1996/G-27/OA-ra/-/P, entered into on 31 July 1996 with the Voivodship Fund for the Protection of the Environment and Water Management, having its registered office in Nowy Sącz (the "Fund") for the benefit of the "Beskid" Hotel in Nowy Sącz in the amount of PLN 80,000.00 for the period starting from 1 August 1996 until 30 June 2000. The amount of the loan is intended for providing additional funds for the modernisation of the boiler room in the "Beskid" Hotel in Nowy Sącz to reduce the emissions of pollutants. The amount of the loan was to be used by 15 September 1996. The repayment of the loan will take in seven instalments:

1. PLN 12,000;
2. PLN 12,000;
3. PLN 12,000;
4. PLN 12,000;
5. PLN 12,000;
6. PLN 12,000;
7. PLN 8,000.

The loan is subject to interest in the amount of 0.45 of the interest rate on refinancing credits, as determined by the President of the National Bank of Poland. The interest will accrue on a quarterly basis. On each loan disbursement made the Fund charges a commission in the amount of 2%. As a security against the repayment, the Company issued 3 blank promissory notes together with security notes. The balance outstanding is PLN 68,000.00.

6. Loan agreement (No. 47/96/P/OP) in the amount of PLN 150,000.00, entered into on 9 September 1996 with the Voivodship Fund for the Protection of the Environment and Water Management, having its registered office in Lublin, the purpose of which agreement is to provide additional funds for the modernisation of the boiler room at the "Unia" Hotel in Lublin. The loan was transferred in three instalments, and the repayment thereof is effected during the period starting on 28 February 1997 until 30 November 1998. The following repayments of the loan were established:

1. 28.02.1997 - PLN 18,750;
2. 31.05.1997 - PLN 18,750;
3. 31.08.1997 - PLN 18,750;
4. 30.11.1997 - PLN 18,750;
5. 28.02.1998 - PLN 18,750;
6. 31.05.1998 - PLN 18,750;
7. 31.08.1998 - PLN 18,750;
8. 30.11.1998 - PLN 18,750.

The interest is 0.7 of the interest rate on refinancing credits determined by the President of the National Bank of Poland. The interest due to the bank are repaid on a monthly basis. The warranty of the Management Board of ORBIS S.A. granted on 26 August 1996 and a blank promissory note constitute the security against the repayment of the loan. The balance outstanding is PLN 112,500.00.

7. Preferential credit agreement (No. 123/96/W-25/OA-EK/LK2/106), entered into on 6 November 1996 with Bank Ochrony Środowiska in Warsaw for the benefit of the "Giewont" Hotel in Zakopane in the amount of PLN 65,000.00 for the period starting from 7 November 1996 until 15 October 1997. The amount of the credit is intended for the financing of the modernisation of the "Giewont" Hotel in Zakopane aimed at the reduction of the emissions of pollutants. The amount of the credit was to be used by 15 November 1996. The credit is subject to interest at the rate of 0.4% of the interest rate on rediscounting credits as determined by the President of the National Bank of Poland. The interest is accrued on a monthly basis. The bank charges a commission on the amount of the credit in an amount of 1%. A blank bill of exchange and a block on the amount of PLN 65,000.00 on the account managed by Pekao S.A. Branch in Zakopane bank constitute the security against the repayment of the credit. The balance outstanding is PLN 23,600.00.

8. Loan conversion agreement (No. 68/Orb/69616-5518-1/96), entered into on 27 December 1996 with Bank Wschodnio-Europejski S.A., acting on behalf the Ministry of Finance acting as the representative of the State Treasury. The purpose of the agreement is the conversion of the loan agreement No. 3/90 of 12 January 1990, entered into by and between the Company and the Committee for the Youth Affairs and Physical Culture. The Company agreed to repay the loan in the amount of ATS 122,716,077.12 in 13 equal 6-monthly instalments (PLN 1,665,353.82), i.e. by 10 June and by 10 December of each year. The payment of the last instalment falls on 10 June 2003. The interest shall accrue on a 6-monthly basis and are payable together with the repayments on the capital. The following constitute the security against the repayment of the loan and the interest: a cap mortgage in the amount of PLN 31,500,000.00 instituted on the following real estate of the Company: the "Novotel" Hotel in Gdańsk, included under title and mortgage register KW No. 38700, and the "Mrongovia" Hotel in Mrągowo, included under title and mortgage registers KW No. 8330, 9824, 16501; assignment of the rights arising under insurance policies covering the hotel structures; a blank promissory note, together with a security note specifying the amount of the liability and the terms and conditions of the use of the promissory note. The balance outstanding is PLN 19,984,200.00.

As at 30 June 1997, the aggregate indebtedness of the Company in respect of the credits and loans referred to above was PLN 71,045,400.00.

16.1.2. Loan Agreements Under Which Issuer is the Lender

1. Loan granted to "Silnowa" Spółka z o.o. in Wilkasy in the amount of PLN 270,000, for the purpose of modernisation of the restaurant room, the Brda and Mikołajki bungalows. The 1st tranche has already been disbursed in the amount of PLN 150,000. The loan is subject to repayment within a period of three years, starting from 1998, in quarterly instalments, and the interest thereon has been established at the level of the lowest interest rate on credits available from commercial banks. The agreement was not entered into in writing.
2. Agreement for the assumption of debt entered into on 28 March 1994, by and between ORBIS S.A. and Przedsiębiorstwo Hotelowe MAJEWICZ Sp. z o.o. in Bydgoszcz, in the amount of PLN 3,261,883.3. The loan is subject to repayment in 27 6-monthly instalments; the interest was established at the level of half of the interest rate on refinancing credits as established by the President of the National Bank of Poland.

16.2. Guaranties, Warranties to Which Issuer is the Party

1. Guaranty (No. RGG2/06/708137) issued by Bank Handlowy w Warszawie S.A. to Creditanstalt Bankverein Wien to secure leasing charges under the leasing agreement (the "Holiday Inn" Hotel in Warsaw), entered into on 23 December 1996 with WARIMPEX Handelaktiengesellschaft, and under the assignment agreement of 5 June 1987, as well as the opening of a letter of credit by the Company with Creditanstalt Bankverein on 10 June 1987, in the 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 S.A. for the benefit of Creditanstalt Bankverein Wien for the purpose of securing the leasing instalments (the "Jelenia Góra" Hotel in Jelenia Góra) under the agreement entered into on 23 December 1987 with WARIMPEX - Leasing - Aktien - Gesellschaft, and under the assignment agreement of 23 December 1987, as well as the letter of credit opened by the Company at Creditanstalt Bankverein on 23 December 1987 in the amount of ATS 5,689,358.50. The guaranty remains valid until 30 June 1998.
3. Guaranty granted by the Company to Civil Aviation Authority in the amount of GBP 249,000 as the security granted to Polorbis Travel Ltd., having its registered office in London, a subsidiary of ORBIS S.A.. The guaranty remains valid until 31 December 1998.
4. Guaranty of 22 September 1995 to ASSOCIATION PROFESSIONELLE de SOLIDARITE du TOURISME in the amount of FRF 550,000 granted for an unlimited term as a security to SPTOV Polorbis, having its registered seat in Paris - a subsidiary of ORBIS S.A.
5. Guaranty of 14 December 1992 up to the amount of the share capital (SEK 200,000) granted for an unlimited term to ORBIS RESOR in Stockholm.
6. Warranty in respect of the liabilities under the guaranty (No. 1316) granted by PBK S.A. in Warsaw to ORBIS CASINO Spółka z o.o. as a financial security for the benefit of the State Treasury up to the amount of PLN 700,000.

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

Status as at 30 June 1997.

Credit/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 the amount of PLN 1,190,000.00, for the purpose of purchasing 37 passenger cars, in particular the following makes: Renault, Opel Astra, Fiat Punto, which in turn will be used for the purposes of the "rent-a-car" operations. The interest on the credit is 23% per annum, and the interest rate is variable. It may be subject to adjustment in the event of a change to: rediscounting rate on the NBP bills of exchange, change to the rate of the mandatory reserves and amendment to the terms and conditions of functioning of commercial banks. The interest accrues on a monthly basis on the amount of the credit used. The payment thereof also takes place on a monthly basis. The credit will be repaid in eight instalments:

1. 30.06.1997 – PLN 180,000.00;
2. 30.09.1997 – PLN 235,000.00;
3. 30.12.1997 – PLN 90,000.00;
4. 30.03.1998 – PLN 90,000.00;
5. 30.06.1998 – PLN 180,000.00;
6. 30.09.1998 – PLN 235,000.00;
7. 30.12.1998 – PLN 90,000.00;
8. 30.03.1999 – PLN 90,000.00.

The following constitute a security against the repayment of the credit: bank registered pledge on the cars purchased for the funds obtained from the credit, together with a transfer of rights arising under the insurance policies thereon, and powers of attorney to make dispositions of two accounts of the borrower managed by two branches of Polski Bank Inwestycyjny: in Ciechanów and in Warsaw. The balance outstanding is PLN 879,100.00.

2. Investment credit agreement (No. 200165/8/1997), entered into on 24 January 1997 with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in the amount of PLN 500,000.00, for the purpose of purchasing by the borrower of the real estate located in Zakopane at ul. Krupówki 22, for which The District Court V Title and Mortgage Registry Department in Zakopane keeps title and mortgage register KW No. 27355. The interest on the credit is 23% per annum and the interest rate is variable. It may be subject to adjustment in the event of: an adjustment of the rediscounting rate with respect to the National Bank of Poland bills of exchange, an adjustment to the rate of the mandatory reserves and an amendment to the terms and conditions with respect to the functioning of commercial banks. The interest accrues on a monthly basis on the amount of credit used. The payment thereof is effected on a monthly basis. The credit will be repaid in twenty quarterly instalments payable by 30 March of each year (PLN 10,000.00), by 30 June of each year (PLN 25,000.00), by 30 September of each year (PLN 50,000.00), by 30 December of each year (PLN 15,000.00). The last repayment falls on 30 December 2001. The following constitute security on the credit: an ordinary mortgage in the amount of PLN 500,000.00 on the real estate located in Zakopane at ul. Krupówki 22, for which the District Court V Title and Mortgage Registry Department in Zakopane keeps title and mortgage register KW No. 27355, the powers of attorney to make dispositions with respect to two accounts of the borrower kept in two branches of Polski Bank Inwestycyjny: in Ciechanów and in Warsaw. The balance outstanding is PLN 465,000.00.

3. Investment credit agreement (No. 200165/285/1996), entered into on 5 March 1996 with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in the amount of PLN 1,400,000.00, intended for the purchase of a complex computer system including computers, printers, servers, support equipment and software. The credit is made available to the borrower in two disbursements. The interest on the credit is 25% per annum and it is variable. It may be subject to adjustment in the event of: an adjustment to the National Bank of Poland bills of exchange rediscounting rate, an adjustment of the rate of the mandatory reserves and an amendment to the terms and conditions with respect to the functioning of commercial banks. The interest accrues on a monthly basis on the amount of the credit used. The repayment thereof takes place on a monthly basis. The repayment of the credit will be effected in seven instalments:

1. 30.09.1996 – PLN 480,000.00;
2. 30.12.1996 – PLN 85,000.00;
3. 30.03.1997 – PLN 85,000.00;
4. 30.06.1997 – PLN 170,000.00;
5. 30.09.1997 – PLN 360,000.00;
6. 30.12.1997 – PLN 110,000.00;
7. 30.03.1998 – PLN 110,000.00.

The following constitute the security on the credit: bank registered pledge on 23 passenger cars of the borrower, 10 Otomarsan/Mercedes coaches and 10 newly purchased Renault cars with an estimated value of PLN 440,000.00,

together with a transfer of the rights under the insurance policies on the vehicles referred to above, conversion as security of the ownership title to the HP9000-K200 server with a value of PLN 379,563.00, together with an assignment of the rights arising under the insurance policy, an ordinary mortgage in the amount of PLN 250,000.00 on the premises constituting a separate real estate located in Olsztyn at ul. Dąbrowszczaków 1, an ordinary mortgage in the amount of PLN 250,000.00 on the premises constituting a separate real estate located in Opole at ul. Krakowska 31, for which the District Court, Title and Mortgage Registry Department in Opole keeps title and mortgage register KW No. 81550; powers of attorney to make dispositions with respect to two accounts of the borrower managed by two branches of Polski Bank Inwestycyjny: in Ciechanów and in Warsaw. The balance outstanding is PLN 621,800.00.

4. Investment credit agreement (No. 200165/286/1996), entered into on 5 March 1996 with Polski Bank Inwestycyjny S.A. Branch in Ciechanów, in the amount of PLN 950,000.00, for the purpose of purchasing 33 Renault cars. The interest on the credit is 25% per annum and the interest rate is variable. The interest may be subject to adjustment in the event of: an adjustment to the National Bank of Poland bills of exchange rediscounting rate, an adjustment to the rate of the mandatory reserves, and an amendment to the terms and conditions with respect to the functioning of commercial banks. The interest accrues on a monthly basis on the amount of the credit used. The credit will be repaid in eight instalments, but no later than by 30 March 1998. The following constitute a security against the repayment of the credit: bank registered pledge on the cars set out in the agreement and on 10 Renault cars with an estimated value of PLN 440,000.00, together with a transfer of the rights arising under the insurance policies on the cars referred to above, conversion for security of the HP9000-K200 server with a value of PLN 379,563.00, together with the assignment of the rights under the insurance policy, an ordinary mortgage in the amount of PLN 250,000.00 on the premises constituting a separate real estate located in Opole at ul. Krakowska 31, for which the District Court, Title and Mortgage Registry Department in Opole keeps title and mortgage register KW No. 81550; powers of attorney to make dispositions with respect to two accounts of the borrower managed by two branches of Polski Bank Inwestycyjny: in Ciechanów and in Warsaw. The balance outstanding is PLN 325,000.00

Loan Credit Agreements Entered Into by Orbis Transport Spółka z o.o.:

1. Agreement for foreign exchange credit in the form of a credit line (No. 96/009), entered into on 3 April 1996 with Bank Polska Kasa Opieki S.A. Branch IV in Warsaw, in the amount of DEM 1,428,500.00, which corresponds to PLN 2,490,598.75 (in accordance with the median DEM rate of exchange applicable at the bank on the date of the execution of the agreement), for the purpose of financing the purchase of means of transportation. The interest on the credit is determined at the variable interest rate as specified in accordance with LIBOR with respect to six-monthly deposits in the currency of the credit, as applicable on the London market on the date of the commitment of the credit, plus a margin in the amount of 4% per annum. The interest will accrue and will be payable on a monthly basis, and the credit will be repaid by 1 April 1998 (credit instalments have not been specified). The bank charges a fee on the unused amount of the credit in an amount of 0.5% per annum – for each day that the funds remain unused. The following constitute the security on the credit: a blank promissory note issued by the borrower together with a security note, a bank registered pledge on 10 Volvo passenger car with an aggregate value of PLN 941,000.00 and on 8 Otomarsan 0302 coaches with an aggregate value of PLN 2,300,000.00, together with a transfer of the rights arising under the insurance policies with respect thereto.
2. Agreement for foreign exchange credit in the form of a credit line (No. 96/10), entered into on 10 April 1996 with Polska Kasa Opieki S.A. Branch IV in Warsaw, in the amount of DEM 2,000,000, which corresponds to PLN 3,492,000.00 (in accordance with the median DEM rate of exchange applicable at the bank on the day of the execution of the agreement), for the purpose of financing the purchase of means of transportation. The interest on the credit is determined at a variable interest rate established in accordance with the LIBOR rate with respect to six-monthly deposits in the currency of the credit as applicable on the London market on the day of the commitment of the credit, plus a margin in the amount of 4% per annum. The interest will accrue and be payable on a monthly basis. The credit will be repaid by 30 June 1999 in 12 equal instalments (DEM 166,666.00) to be paid by 28 March, by 30 June, by 30 September, by 31 December of each year.

The bank charges a commission of 0.5% per annum on the amount of the credit unused for each day on which the credit remains unused. The following constitute the security on the credit: a promissory note issued by the borrower, together with a security note; a bank registered pledge on 6 tourist coaches with a value of PLN 4,300,000.00, together with the assignment of the rights arising under the insurance policies with respect to the coaches.
3. Agreement for a foreign exchange renewable credit in the form of a credit line (No. 96/18), entered into on 26 July 1996 with Polska Kasa Opieki S.A. Branch IV in Warsaw, in the amount of DEM 7,500,000.00, for the purpose of financing the purchase of means of transportation. The interest on the credit is determined at a variable interest rate established in accordance with the LIBOR rate with respect to six-monthly deposits in the currency of the credit as applicable on the London market on the day of the commitment of the credit, plus a margin in the amount of 2% per annum. The interest will accrue and be payable on a monthly basis. The bank charges a commission of 0.5% per annum on the amount of the credit unused for each day on which the credit remains unused. The credit will be transferred to the borrower's disposal in three disbursements. The credit will be repaid no later than by 16 July 2001; provided that the repayment of a portion or the entire credit causes a renewal of the credit limit. The following constitute the security on the credit: blank promissory notes issued by the borrower, together with security notes to be submitted prior to the disbursement

of the subsequent disbursement of the credit, a bank registered pledge on 20 Renault Megane cars with an aggregate value of PLN 772,000.00, and on the means of transport purchased with the funds obtained under the credit with an aggregate value of no less than PLN 12,728,000.00, together with the assignment of the rights arising under the insurance policies with respect thereto, and a power of attorney to dispose of the account of the borrower kept at Pekao S.A. Branch IV in Warsaw.

The Loan, Credit 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 1993 with Bank Turystyki S.A. in the amount of PLN 100,000.00, for the purpose of financing the costs of the development of the Wilkasy tourist centre. The interest rate variable and is equal to half of the interest rate with respect to refinancing credit as specified by the President of the National Bank of Poland. The credit will be repaid in ten instalments in the amount of PLN 10,000.00 each, payable by 5 October of each year. The repayment of the last instalment falls on 1 July 2002. The interest accrues and is payable on the repayment dates of the instalments on the loan. The following constitute the security on the credit: a blank promissory note together with a security note and – at the request of the bank – a mortgage on the real estate designated by the bank. The balance outstanding is PLN 60,000.00.

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

The guaranties to which ORBIS RESOR AB, having its registered office in Stockholm, is a party.

1. Guaranty (No. 5212-53-009-66) issued by Skandinaviska Enskilda Banken on 19 February 1987 for the benefit of Kammarkollegiet (Central Management of Public Property), as a security required from tour operators and sellers of tours offered by a foreign tour operator. The guaranty was issued pursuant to the Act on Guaranties When Purchasing Tours. The guaranty amount is SEK 100,000.00. The guaranty was issued for an unlimited term.
2. Guaranty (No. 5212-53-019-03) issued by Skandinaviska Enskilda Banken on 17 January 1991 for the benefit of Kammarkollegiet (Central Management of Public Property), as a security required from tour operators and sellers of tours offered by a foreign tour operator. The guaranty was issued pursuant to the Act on Guaranties When Purchasing Tours. The guaranty amount is SEK 100,000.00. The guaranty was issued for an unlimited term.

The Issuer and its subsidiaries are repaying the liabilities under the agreements described above in a timely manner.

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

There have been no material changes in the scope of the business operations of the Company since the day of the preparation of the audited financial statement

3. METHODS OF VALUATION OF ASSETS AND LIABILITIES AND OF MEASUREMENT OF FINANCIAL RESULT USED WHEN PREPARING FINANCIAL STATEMENTS

The principles of valuation of the assets and liabilities and of the measurement of the financial result are in compliance with the applicable provisions, i.e. with the Act on Accounting.

Prior to the date of the enactment, as well as since such a date, ORBIS S.A. has used the same principles of valuation of the components of the assets and of the measurement of the financial result, although the manner of showing the data in the financial statements has changed.

These changes are discussed in the subsequent part of the Prospectus.

3.1. Intangible and Legal Assets

The intangible and legal assets are valued at net book value

Depreciation is charged on the straight line basis using the rates specified in the Ordinance of the Minister of Finance of 20 January 1995, regarding Depreciation of Fixed Assets and Intangible and Legal Assets, as well as the Revaluation of Fixed Assets (Government Laws and Regulations Gazette No. 7, item 34, as amended).

With respect to 1994, the depreciation rates used resulted from the then applicable Ordinance of the Minister of Finance of 27 March 1992, on Components of Assets Deemed as Fixed Assets and Intangible and Legal Assets, on Principles and Rates of Depreciation Thereof and the Procedure and Time-Limits for Revaluation of Fixed Assets (Government Laws and Regulations Gazette No. 30, item 130, as amended).

3.2. Tangible Fixed Assets

The fixed assets taken over from the transformed state-owned enterprise Polskie Biuro Podróży Orbis and those purchased by the Company were valued at the purchase price (including the costs of development and modernisation) corrected by the depreciation charged.

The opening value of the fixed assets and the accumulated depreciation were subject to revaluation as at 1 January 1994 and 1 January 1995. The differences in the net value resulting from revaluation of the fixed assets were transferred in 1994 to the surplus capital, and in 1995 – to the provisions resulting from revaluation.

In 1995, as a business entity established as a result of the transformation of a state-owned enterprise into a one-man Company of the State Treasury, pursuant to letter of the Ministry of Finance No. POH/469/95 of 26 September 1995, ORBIS S.A. expressed the value of the fixed assets in net values upon the prior revaluation thereof.

The fixed assets valued in this manner were subject to depreciation at the individual rates with the then existing depreciation period thereof preserved and only extended by the effects resulting from limitation on depreciation in the years 1995-1997.

In 1996, pursuant to letter of the Minister of Finance Ref. PO H/225/96 of 9 September 1996, ORBIS S.A.:

- expressed the fixed assets taken over from the state-owned enterprise in gross values showing them in the books at the gross value;
- charged depreciation on the revalued opening value of the fixed assets;
- corrected the depreciation for 1995 and 1996.

The expression of the fixed assets in gross terms effected in 1996 corrected the financial result by an amount of PLN 3.4 thousand.

The fixed assets are depreciated at the straight line method using the depreciation rates specified in the Ordinances referred to in Section 3.1., accordingly.

ORBIS S.A. does not use collective depreciation deductions with respect to groups of the fixed assets similar in their type and intended use.

The annual depreciation rates used by the Company with respect to the individual type groups are as follows:

- | | | |
|----------------------------|-----------|------------|
| – buildings and structures | from 2.5% | up to 4%; |
| – machinery and equipment | from 5% | up to 30%; |
| – means of transport | from 17% | up to 20%; |
| – other fixed assets | from 17% | up to 20%. |

ORBIS S.A. entered into two leasing agreement with WARIMPEX, an Austrian company, for the construction and leasing of two hotels:

- the "Holiday Inn" Hotel in Warsaw;
- the "Jelenia Góra" Hotel in Jelenia Góra.

This is operational leasing. Leasing charges constitute the cost of the Company

Pursuant to the relevant decisions of the Tax Chamber in Warsaw and of the First Tax Office in Warsaw, in the years 1993-1998, the charges due to Warimpex were exempted from tax on goods and services

The last leasing charges will be paid:

- with respect to the "Holiday Inn" Hotel - on 30.10.1997;
- with respect to the "Jelenia Góra" Hotel - on 30.04.1998.

The investments in progress are valued at the purchase prices or the costs of manufacture of future fixed assets. The value of the investments increase the exchange rate differences and interest on the investment credits for the period of their implementation.

3.3. Financial Fixed Assets

The shares in other entities and long-term securities are valued at the purchase prices, less the provision in respect of the permanent loss of the value thereof.

3.4. Inventory

Inventory of the tangible components of the current assets are valued at the purchase costs or the costs of manufacture, but no higher than the net sales prices.

Materials, goods, food products and packaging are valued at the evidenced price established an the amount of the actual weighted purchase price.

Food products at the catering service points are valued at the sales prices corrected by the catering margin.

Provision was established for the outdated inventory and the inventory that is difficult to sell.

3.5. Accounts Receivable; Claims

The accounts receivable and claims are shown in the amount requiring payment. In the presented financial statements, the accounts receivable were decreased by the amount of the provisions established for doubtful debts.

Transactions in foreign currencies are valued at the rate of exchange applicable on the day of the execution of a given transaction.

The exchange rate gains or losses occurring on the day of the payment are posted to the revenues or financial costs.

Accounts receivable in foreign currencies occurring as at the balance sheet day are converted into Polish zlotys in accordance with the median rates of exchange of foreign currencies applicable on a given day, as specified by the President of the National Bank of Poland. The exchange rate gains and losses resulting from the valuation as at 31 December 1994 - pursuant to the then applicable Ordinance of the Minister of Finance of 15 January 1991, on the Principles of Keeping Accounts (Government Laws and Regulations Gazette No. 10, item 35, as amended) - were settled: the exchange rate losses were charged to the costs of financial operations and the exchange rate gains were credited to the deferred income.

Pursuant to the Act of 29 September 1994 on Accounting (Government Laws and Regulations Gazette No. 121, item 591), the exchange rate gains or losses as at 31 December 1995 and as at 31 December 1996 in connection with the valuation as at the balance sheet date were settled: the surplus of the exchange rate losses over the exchange rate gains relating only to one currency were charged to the costs of financial operations, while the surplus of the exchange rate gains over the exchange rate losses were credited to the deferred income.

3.6. Accrued Expenses

Accrued expenses are accounted for in accordance with the provisions of Art. 39 of the Act on Accounting.

The principles has been adopted that the financial costs resulting from revaluation of long-term liabilities are accounted for in proportion to the duration till the end of the repayment of the liability.

The costs of repairs are accounted for during a period of 12 to 60 months.

3.7. Credits and Loans

Credits and loans are included under the amounts that require payment to be made.

3.8. Liabilities

Liabilities are shown under the amounts that require payment to be made.

Liabilities in foreign currencies are valued in accordance with the same principles which are applied with respect to accounts receivable.

3.9. Provisions

Provisions are established for the envisaged losses in respect of doubtful debts and disputable claims.

No temporary differences justifying the establishment of the obligatory provision for income tax has occurred at ORBIS S.A.

3.10. Net Revenues on Sales of Goods and Services, and Costs

Sales revenues were established on the basis of the amounts invoiced (with no VAT and excise tax included).

The revenues on the sales of services mainly include the hotel services and services based on leasing of premises and means of transport, while the revenues from the sales of goods relate to the commercial activities conducted at hotels.

The revenues and the costs within the scope of activities including the exchange of foreign currencies (sales-purchase at bureau de change and currency cash desks) are shown in the profit and loss account in gross values.

The revenues and costs are recorded in the relevant reporting periods which they relate regardless of the date of the receipt or the making of the payment.

3.11. Other Revenues and Costs on Operational Activities

The revenues and costs that are not directly connected with the primary activities of ORBIS S.A. are included under the other revenues and costs on operational activities. In particular, they include the revenues and costs in respect of the sales and liquidation of fixed assets, compensation, penalties and fines.

3.12. Financial Revenues and Costs

The interest on the bank credits raised and the realised exchange rate gains and losses, in particular, are included in the financial revenues and costs.

3.13. Financial Result

The financial result is established in compliance with the principle of conservative evaluation and the revenues and costs accrual principle.

The revenues generated and the costs of the generation thereof, regardless of the payment date thereof, are included in the financial result.

The income tax established pursuant to the provisions of the Act on Legal Persons' Income Tax was charged to the financial result.

There was no obligation to establish a provision for deferred taxed at ORBIS S.A.

The possibility to capitalise the income tax surplus was waived which is not in contradiction to the provisions of the Act on Accounting.

8. METHODS OF VALUATION OF ASSETS AND LIABILITIES AND OF MEASUREMENT OF FINANCIAL RESULT, AS WELL AS CONSOLIDATION

The principles of valuation of the assets and liabilities and of the measurement of the financial result are in compliance with the Act on Accounting.

8.1. METHODS OF VALUATION

Intangible and Legal Assets

The intangible and legal assets are valued at net book value

Depreciation is charged on the straight line basis using the rates specified in the Ordinance of the Minister of Finance of 20 January 1995, regarding Depreciation of Fixed Assets and Intangible and Legal Assets, as well as the Revaluation of Fixed Assets (Government Laws and Regulations Gazette No. 7, item 34, as amended).

Goodwill

The goodwill resulting from consolidation was established as the difference between the purchase price and the book value of the subsidiary. A five-year depreciation period was adopted. The goodwill resulting from consolidation presented in the financial statement was created as a result of consolidation at the level of PBP Orbis Sp. z o.o.

Capital Reserve from Consolidation

The capital reserve from consolidation was created in proportion to the share held in the capital of the subsidiary, i.e. PBP Orbis Sp. z o.o. and of the affiliated company, i.e. ORBIS CASINO Sp. z o.o. In both cases the book value was adopted for the purpose of calculating the provision. A five-year period for the writing down of the capital reserve from consolidation.

Tangible Fixed Assets

The fixed assets taken over from the transformed state-owned enterprise Polskie Biuro Podróży Orbis and those purchased by the Company were valued at the purchase price (including the costs of development and modernisation) corrected by the depreciation charged.

The opening value of the fixed assets and the accumulated depreciation were subject to revaluation as at 1 January 1994 and 1 January 1995. The differences in the net value resulting from revaluation of the fixed assets were transferred in 1994 to the surplus capital, and in 1995 – to the capital provisions resulting from revaluation.

In 1995, as a business entity established as a result of the transformation of a state-owned enterprise into a one-man Company of the State Treasury, pursuant to letter of the Ministry of Finance No. POH/469/95 of 26 September 1995, ORBIS S.A. expressed the value of the fixed assets in net values upon the prior revaluation thereof.

The fixed assets valued in this manner were subject to depreciation at the individual rates with the then existing depreciation period thereof preserved and only extended by the effects resulting from limitation on depreciation in the years 1995-1997.

The expression of the fixed assets in gross terms in 1996 was effected by ORBIS S.A. in accordance with the principles set forth in Section 3.2. This obligation did not apply to the remaining entities subject to consolidation.

The fixed assets are depreciated at the straight line method using the depreciation rates specified in the Ordinance referred to above.

The entities subject to consolidation do not use collective depreciation write-downs with respect to groups of the fixed assets similar in their type and intended use.

The annual depreciation rates used by the Company with respect to the individual type groups are as follows:

– buildings and structures	from 2.5%	up to 4%;
– machinery and equipment	from 5%	up to 30%;
– means of transport	from 17%	up to 20%;
– other fixed assets	from 17%	up to 20%.

ORBIS S.A. entered into two leasing agreement with WARIMPEX, an Austrian company, for the construction and leasing of two hotels.

- the "Holiday Inn" Hotel in Warsaw;
- the "Jelenia Góra" Hotel in Jelenia Góra.

This is operational leasing. Leasing charges constitute the cost of the Company.

Pursuant to the relevant decisions of the Tax Chamber in Warsaw and of the First Tax Office in Warsaw, in the years 1993-1998, the charges due to Warimpex were exempted from tax on goods and services.

The last leasing charges will be paid:

- with respect to the "Holiday Inn" Hotel – on 30.10.1997;
- with respect to the "Jelenia Góra" Hotel – on 30.04.1998.

The investments in progress are valued at the purchase prices or the costs of manufacture of future fixed assets. The value of the investments increase the exchange rate differences and interest on the investment credits for the period of their implementation.

Financial Fixed Assets

The shares in other entities and long-term securities are valued at the purchase prices, less the provision in respect of the permanent loss of the value thereof.

Inventory

Inventory of the tangible components of the current assets are valued at the purchase costs or the costs of manufacture, but no higher than the net sales prices.

Materials, goods, food products and packaging are valued at the evidenced price established at the amount of the actual weighted purchase price.

Food products at the catering service points are valued at the sales prices corrected by the catering margin.

Provision was established for the outdated inventory and the inventory that is difficult to sell

Accounts Receivable; Claims

The accounts receivable and claims are shown in the amount requiring payment. In the presented financial statements, the accounts receivable were decreased by the amount of the provisions established for doubtful debts.

Transactions in foreign currencies are valued at the rate of exchange applicable on the day of the execution of a given transaction.

The exchange rate gains or losses occurring on the day of the payment are posted to the revenues or financial costs.

Accounts receivable in foreign currencies occurring as at the balance sheet day are converted into Polish zlotys in accordance with the median rates of exchange of foreign currencies applicable on a given day, as specified by the President of the National Bank of Poland.

Pursuant to the Act of 29 September 1994 on Accounting (Government Laws and Regulations Gazette No. 121, item 591), the exchange rate gains or losses as at 31 December 1995 and as at 31 December 1996 in connection with the valuation as at the balance sheet date were settled: the surplus of the exchange rate losses over the exchange rate gains relating only to one currency were charged to the costs of financial operations, while the surplus of the exchange rate gains over the exchange rate losses were credited to the deferred income.

Accrued Expenses

Accrued expenses are accounted for in accordance with the provisions of Art. 39 of the Act on Accounting.

The principles has been adopted that the financial costs resulting from revaluation of long-term liabilities are accounted for in proportion to the duration till the end of the repayment of the liability.

The costs of repairs are accounted for during a period of 12 to 60 months.

Credits and Loans

Credits and loans are included under the amounts that require payment to be made.

Liabilities

Liabilities are shown under the amounts that require payment to be made.

Liabilities in foreign currencies are valued in accordance with the same principles which are applied with respect to accounts receivable.

Provisions

Provisions are established for the envisaged losses in respect of doubtful debts and disputable claims. Provision for deferred taxes is created by PBP Orbis Spółka z o.o.

Net Revenues on Sales of Goods and Services, and Costs

Sales revenues were established on the basis of the amounts invoiced (with no VAT and excise tax included).

The revenues on the sales of services mainly include the hotel services and services based on leasing of premises and means of transport, while the revenues from the sales of goods relate to the commercial activities conducted at hotels.

The revenues and the costs within the scope of activities including the exchange of foreign currencies (sales-purchase at bureau de change and currency cash desks) are shown in the profit and loss account in gross values.

The revenues and costs are recorded in the relevant reporting periods which they relate regardless of the date of the receipt or the making of the payment.

Other Revenues and Costs on Operational Activities

The revenues and costs that are not directly connected with the primary activities of the entities subject to consolidation are included under the other revenues and costs on operational activities. In particular, they include the revenues and costs in respect of the sales and liquidation of fixed assets, compensation, penalties and fines.

Financial Revenues and Costs

The interest on the bank credits raised and the realised exchange rate gains and losses, in particular, are included in the financial revenues and costs.

Financial Result

The financial result is established in compliance with the principle of conservative evaluation and the revenues and costs accrual principle.

The revenues generated and the costs of the generation thereof, regardless of the payment date thereof, are included in the financial result

The income tax shown in the profit and loss account includes the provision for the temporary difference in such tax established by PBP Orbis Spółka z o.o. in respect of the depreciation of the fixed assets under the investment tax allowance.

8.2. Methods of Consolidation

For the purpose of the preparation of the financial statement for 1995, the following financial statements were adopted:

- of ORBIS S.A. in Warsaw – as the dominant entity;
- of Polskie Biuro Podróży Orbis Spółka z o.o. in Warsaw – as the affiliated entity.

As the dominant entity of a lower level, PBP Orbis Spółka z o.o. in Warsaw also prepared consolidated financial statement as at 31 December 1995, which was audited by FINANS-SERVIS Zespół Doradców Finansowo-Księgowych Spółka z o.o. in Warsaw, and received an opinion with no objections or reservations.

The remaining entities in the ORBIS Capital Group were excluded from consolidation.

List of Subsidiaries Not Subject to Consolidation (in PLN '000)

Name	Seat	Purpose of Activities	Share in capital	Net Revenues	Financial Result
1. "Silnowa" Spółka z o.o.	Wilkasy	hotel services, tourism	100.0%	837.9	0.0
2. Orbis Transport Sp. z o.o.	Warsaw	transport services	64.15%	25,329.1	1,252.4
3. Polorbis GmbH	Köln	tourist services	100.0%	11,602.5	(687.6)
4. Polorbis Travel Ltd	New York	tourist services	72.0%	2,141.0	16.5
5. ORBIS RESOR AB	Stockholm	tourist services	100.0%	7,319.3	50.9
6. Polorbis Travel Ltd	London	tourist services	100.0%	13,578.6	0.0
7. Polorbis SPTOV	Paris	tourist services	99.0%	3,416.3	65.9
8. Polorbis Benelux	Brussels	tourist services	90.0%	3,170.3	(353.0)

List of Affiliates Not Subject to Consolidation (in PLN '000)

Name	Seat	Purpose of Activities	Share in capital	Net Revenues	Financial Result
1. Orbis Budapest	Budapest	tourist services	50.0%	1,298.9	14.6
2. PH MAJEWICZ	Bydgoszcz	hotel services	49.0%	5,999.3	(512.2)
3. Austro-Orbis	Vienna	tourist services	49.0%	2,202.3	(15.2)
4. ORBIS ITALIA	Rome	tourist services	49.0%	877.8	(43.2)
5. ORBIS CAS KU Sp. z o.o.	Warsaw	gaming	33.3%	42,707.3	843.1

List of Entities in Which the Entities in the Capital Group Hold Less Than 20% of Stocks (Shares) (in PLN '000)

Name	Seat	Amount of Share Capital	Share in Capital
1. TUT "ATU" SA	Warsaw	4,300.0	9.29%
2. Bank Wsch.-Eur. S.A.	Warsaw	52,762.1	0.8%
3. PolCard Sp. z o.o.	Warsaw	200.0	10.0%
4. Polskie Hotele Sp. z o.o.	Warsaw	22.0	0.08%
5. TARPAN Sp. z o.o.	Poznań	45,984.5	4.5%

The entities in the ORBIS S.A. Capital Group listed above were excluded from consolidation as the balance sheet totals and the net sales revenues on goods and products as well as on financial operations of the entities are insignificant in relation to the data included in the financial statement of the dominant entity, i.e. they are less than 10% of the balance

sheet total. The aggregate amount of the balance sheet totals and the revenues of the entities set out above does not exceed 20% of the relevant values of the consolidated financial statement.

The Financial Statement of the Following Entities were Adopted for the Purpose of the Preparation of the Consolidated Financial Statement for 1996:

- ORBIS S.A. in Warsaw – as the dominant entity;
- Polskie Biuro Podróży ORBIS Sp. z o.o. in Warsaw – as the subsidiary – by the use of the full method – ORBIS CASINO Sp. z o.o.

ORBIS S.A. holds 51% of the shares, 68% of the votes at the General Assembly in PBP Orbis Sp. z o.o. and has a strong influence on the financial policy through the ORBIS trademark made available subject to the terms and conditions of a franchise agreement.

ORBIS S.A. holds 33.3% of the shares in ORBIS CASINO Sp. z o.o. and 33.3% of the votes at the General Assembly of the Shareholders.

The tables below contain the characteristics of the remaining entities in the ORBIS Capital Group:

List of Subsidiaries Not Subject to Consolidation (in PLN '000)

Name	Seat	Purpose of Activities	Share in capital	Net Revenues	Financial Result
1 "Silhwa" Spółka z o.o.	Wilkasy	hotel services, tourism	100.0%	1,060.3	(235.1)
2 Orbis Transport Sp. z o.o.	Warsaw	transport services	65.2%	33,356.4	1,367.3
3 Polorbis GmbH	Köln	tourist services	100.0%	9,921.2	(122.8)
4. Polorbis Travel Ltd	New York	tourist services	72.0%	2,190.6	12.8
5 ORBIS RESOR AB	Stockholm	tourist services	100.0%	1,818.8	16.0
6 Polorbis Travel Ltd	London	tourist services	100.0%	15,473.7	17.6
7. Polorbis SPTOV	Paris	tourist services	99.9%	2,395.9	12.5
8 Polorbis Benelux	Brussels	tourist services	90.0%	3,421.0	(124.0)

List of Affiliates Not Subject to Consolidation (in PLN '000)

Name	Seat	Purpose of Activities	Share in capital	Net Revenues	Financial Result
1. Orbis Budapest	Budapest	tourist services	50.0%	1,313.3	15.2
2. PH MAJEWICZ	Bydgoszcz	hotel services	49.0%	7,861.8	(328.6)
3. Austro-Orbis	Vienna	tourist services	49.0%	2,063.3	10.8
4. ORBIS ITALIA	Rome	tourist services	49.0%	618.1	56.0

List of Entities in Which the Entities in the Capital Group Hold Less Than 20% of Stocks (Shares) (in PLN '000)

Name	Seat	Amount of Share Capital	Share in Capital
1. TUT "ATU" SA	Warsaw	4,300.0	9.29%
2. Bank Wsch.-Eur. S.A.	Warsaw	72,762.1	0.85%
3. PolCard Sp. z o.o.	Warsaw	2,720.0	11.0%
4. "SANA" Sp. z o.o.	Polanica Zdrój	1,475.1	9.7%
5. Polskie Hotele Sp. z o.o.	Warsaw	22.0	4.5%

Methods of Consolidation

In 1995, the financial statement of PBP Sp. z o.o. was subject to consolidation by use of the ownership title method.

The consolidated financial statement for 1996 includes the financial statements of: ORBIS S.A. and the financial statement of Polskie Biuro Podróży Orbis Sp. z o.o., in which ORBIS S.A. holds 51% of the shares, as well as of ORBIS CASINO Sp. z o.o., in which ORBIS S.A. holds 33.3% of the shares.

The financial statement of Polskie Biuro Podróży Orbis Sp. z o.o. was subject to consolidation by the use of the full method, while the financial statement of ORBIS CASINO Sp. z o.o. was subject to consolidation using the ownership title method.

The financial statements of the remaining subsidiaries and affiliates in which ORBIS S.A. holds in excess of 20% of the shares as at 31 December 1995 and as at 31 December 1996, were not subject to consolidation pursuant to Art. 56 Section 2 of the Act on Accounting.

Abbreviated financial statements of these entities for 1995 and 1996 were presented pursuant to the provisions of the Instruction of the Chairman of the Securities Commission of 14 February 1995 on More Stringent Criteria than those set forth in Art. 56 Sections 1-3 of the Act Accounting (Monitor Polski No. 12, item 150).

UNIFIED TEXT OF THE BY-LAWS OF ORBIS S.A. – FOR THE PURPOSES OF THE PROSPECTUS

(Excerpt from the Notarial Deed of 11 August 1997 – Repertory A No. 14833/97, including the amendments to the By-Laws contained in the Notarial Deed of 4 September 1997 – Repertory A No. 16306/97)

“ ...

Resolution No. 2

The Extraordinary General Assembly of the Shareholders of ORBIS S.A. resolves to adopt the unified text of the By-Laws of the ORBIS S.A. contained in the Notarial Deed of the transformation of Państwowe Przedsiębiorstwo “Orbis” into a joint stock company (Notarial Deed – Repertory A No. 1882/1990, drawn up on 17 December by Paweł Błaszczak, a Notary - independent notarial office No. 18 in Warsaw at ul. Długa 29), including the new numbering of Articles and Sections and the following amendments resolved and adopted by the General Assembly of the Shareholders.

1. Notarial Deed Repertory No. 2152/91 of 17 April 1991;
2. Notarial Deed Repertory No. 2842/91 of 8 May 1991;
3. Notarial Deed Repertory No. 6947/93 of 14 July 1993;
4. Notarial Deed Repertory No. 9366/93 of 22 September 1993;
5. Notarial Deed Repertory No. 14498/93 of 28 December 1993;
6. Notarial Deed Repertory No. 11642/94 of 7 June 1994;
7. Notarial Deed Repertory No. 7536/95 of 31 May 1995;
8. Notarial Deed Repertory No. 12197/97 of 27 June 1997;
9. Resolution No. 1 hereunder;

with the following wording:

BY-LAWS

I GENERAL PROVISIONS

§ 1

The name of the company is: “ORBIS” Spółka Akcyjna. The Company may use the name: “Orbis” with the letters S.A. added and the equivalent of this abbreviation in foreign languages.

§ 2

The registered office of the Company is the capital town of Warsaw.

1. The State Treasury is the founder of the Company.
2. The Company is established as a result of transformation of a state-owned enterprise under the name: Państwowe Przedsiębiorstwo “ORBIS”.

§ 3

1. The Company shall conduct its business pursuant to the Commercial Code and the Act of 30 August 1996, on Commercialisation and Privatisation of State-Owned Enterprises (Government Laws and Regulations Gazette No. 118, item 561, as amended).
2. In matters not regulated by the By-Laws, the provisions set out in Section 1 shall apply.

§ 4

The Company shall conduct its activities within the territory of the Republic of Poland and abroad.

II PURPOSE OF COMPANY'S ENTERPRISE

§ 5

The purpose of the Company's enterprise includes:

- 1) organisation and servicing of domestic and foreign tourism;
- 2) co-ordination, organisation and servicing of congresses, meetings, symposia, conferences, exhibitions and other specialist events, together with related events;
- 3) provisions of hotel and catering services, together with related services;
- 4) agency services in the scope of reservations and sales of travel documents of Polish and foreign carriers in domestic and foreign communication as well as organisation of transportation using any means of transport;
- 5) conduct of transport activities, together with hire of transport stock, organisation of forwarding using own transport stock, and provisions of repair services with respect to means of transport;
- 6) running points of sale and purchase of foreign currencies;
- 7) provision of advertising publishing services domestically and abroad;
- 8) conduct of activities in the scope of foreign trade, in particular in connection with the purpose of the Company's enterprise;
- 9) sales of domestic and foreign goods and services;
- 10) conduct of service-business activities in the scope of training and information technology;
- 11) provision of banking services in compliance with the authorisations obtained;
- 12) organisation and conduct of gaming and lotteries;
- 13) provision of insurance services in the scope of the concessions and permits obtained;
- 14) conduct of service activities in the form of customs agency within the limits of the permits obtained;
- 15) rental of premises;
- 16) management of foreign hotels in the scope of the management systems at the disposal of the Company.

III EQUITY CAPITAL

§ 7

The foundation fund and the fund of the enterprise referred to in § 3 Sections 2 jointly make up the equity capital of the Company

§ 8

The share capital of the Company is PLN 75,000,000 (in words: seventy five million zlotys) and is divided into 37,500,000 (in words: thirty seven million five hundred thousand) shares with a nominal value of PLN 2.00 (in words: two zlotys) each. The remaining portion of the equity capital makes up surplus capital.

§ 9

1. The Company's shares are registered shares and bearer shares. Bearer shares are not subject to conversion into registered shares.
2. The first issue is composed of 37,500,000 series A ordinary bearer shares numbered from 1 up to 37,500,000.

§ 10

The shares may be redeemed pursuant to a resolution of the General Assembly.

IV COMPANY'S AUTHORITIES

§ 11

The following are the company's authorities:

1. Company's Management Board;
2. Supervisory Board;
3. General Assembly.

A. COMPANY'S MANAGEMENT BOARD

§ 12

1. The Management Board of the Company shall be composed of 3 to 7 persons. The tenure of the Management Board is three consecutive years, with the exception of the tenure of the first Management Board.
2. The Supervisory Board shall appoint the President of the Management Board, and on his/her application – the remaining members of the Management Board, with the exception of the first Management Board.
3. 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 lapse of the tenure.

§ 13

1. Under the leadership of the President thereof, the Management Board manages the Company and represents it outside.
2. Any matters in connection with the running of the Company which are not reserved by the Act or by these By-Laws as the powers of the General Assembly or of the Supervisory Board, shall be included in the powers of the Management Board.
3. The rules of the Management Board shall set forth in detail the procedure of the functioning of the Management Board. The rules shall be adopted by the Management Board and approved by the Supervisory Board.

§14

A joint action of the President of the Management Board and a member thereof, or of two members of the Management Board, or of one member of the Management Board and a proxy shall be required to make representations of will and to sign on behalf of the Company.

§ 15

A representative of the Supervisory Board delegated from among its members shall sign employment contracts on behalf of the Company with members of the Management Board. Other actions in connection with the employment relationship of a member of the Management Board shall be effected pursuant to the same procedure.

B. SUPERVISORY BOARD

§ 16

1. The Supervisory Board shall be composed of 9 members. The tenure of the Supervisory Board is three years, with the exception of the tenure of the first Supervisory Board.
2. Two thirds of the number of members of the Supervisory Board shall be elected by the General Assembly, while one third of members of the Supervisory Board shall be elected by the employees employed at the Company's enterprise.
3. Members of the Supervisory Board to be elected by the employees shall be elected by direct general vote by ballot. The result of the election shall be binding on the General Assembly.

§ 17

1. The Supervisory Board shall elect the Chairman of the Supervisory Board and his/her deputy, as well as the Secretary, if needed, from among its members.
2. The Chairman of the Supervisory Board shall convene meetings of the Supervisory Board and shall chair them. The Chairman of the Supervisory Board of the preceding tenure shall convene and open the first meeting of the newly elected Supervisory Board, and he/she shall chair it until the election of the new Chairman.
3. The Supervisory Board may recall the Chairman, his/her deputy and the Secretary of the Supervisory Board.

§ 18

1. The Supervisory Board shall hold its meetings at least once every quarter.
2. The Chairman of the Supervisory Board or his/her deputy shall also be obliged to convene a meeting of the Supervisory Board on a written application of the Management Board or at least one third of members of the Supervisory Board. The meeting should be held within two weeks following the submission of the application.

§ 19

1. It shall be required that all members of the Supervisory Board be invited to the meeting of the Supervisory Board for resolutions to be valid.
2. The Supervisory Board shall adopt resolutions by an absolute majority of votes with at least half of the composition thereof present.
3. The Supervisory Board shall adopt its rules which shall set forth in detail the procedure of the functioning of the Supervisory Board.

§ 20

1. The Supervisory Board shall supervise the activities of the Company on an on-going basis.
2. In addition to the matters reserved pursuant to the provisions hereof, the particular powers of the Supervisory Board shall include:
 - 1) examination of the balance sheet and of the profit and loss account;
 - 2) examination of the report of the Management Board and applications of the Management Board regarding the distribution of profits or covering of losses;
 - 3) submission to the General Assembly of a written report from the results of the actions referred to in Clauses 1 and 2;
 - 4) suspending a member of the Management Board or the entire Management Board in their functions for important reasons;
 - 5) delegating a member or members of the Supervisory Board to temporarily fulfil the functions of a member of the Management Board in the event of the suspension of members of the Management Board or of the entire Management Board or when, for other reasons, the Management Board cannot fulfil its duties,
 - 6) approval of the rules of the Company's Management Board;
 - 7) adoption, in the form of a resolution, of the unified text of the By-Laws of the Company for the internal needs of the Company;
 - 8) appointment of person auditing the financial statement.

§ 21

1. Members of the Supervisory Board shall fulfil their duties in person.
2. The General Assembly shall determine the remuneration for members of the Supervisory Board.
3. The Supervisory Board shall determine, by way of a resolution, the remuneration for the members of the Supervisory Board delegated to temporarily fulfil the functions of a member of the Management Board.

C. GENERAL ASSEMBLY

§ 22

1. The General Assembly shall holds its meeting either as an ordinary General Assembly or as an extraordinary General Assembly.
2. An Ordinary General Assembly shall be convened by the Management Board within six months following the lapse of an accounting year.
3. An Extraordinary General Assembly shall be convened by the Management Board on its own initiative or on a written application of the Supervisory Board, of the members of the Supervisory Board elected by the employees or on an application of the shareholders representing at least 1/10 of the share capital.
4. The convention of an Extraordinary General Assembly on application of the Supervisory Board, of the members of the Supervisory Board elected by the employees or of the shareholders should take place within two weeks following the date of the submission of the application.
5. The Supervisory Board shall convene the General Assembly:
 - 1) if the Management Board fails to convene an Ordinary General Assembly within the prescribed time-limit;
 - 2) if, regardless of the filing of an application referred to in Section 3, the Management Board fails to convene the General Assembly within the time-limit referred to in Section 4
6. The right set forth in Section 5 Clause 2 shall also be vested in the members of the Supervisory Board elected by the employees.
7. The members of the Supervisory Board elected by the employees shall exercise the right referred to in Sections 3 and 6 and in § 23 Section 3, in the following manner: the written application shall be signed by the majority of the members elected by the employees.

§ 23

1. The General Assembly may adopt resolutions solely in the matters included on the agenda
2. The agenda shall be adopted by the Management Board.
3. The Supervisory Board, the members of the Supervisory Board elected by the employees and the shareholders representing at least 1/10 of the share capital may demand that the particular matters be included on the agenda for the next General Assembly.
4. If such a demand is filed following the first announcement of the convention of the General Assembly, then it shall be treated as an application for the General Assembly to be convened.

§ 24

General Assemblies shall take place at the registered office of the Company.

§ 25

1. The General Assembly may adopt resolutions regardless of the number of the shareholders present and the number of the shares represented.
2. Unless otherwise provided for by these By-Laws or the Act, each share represents one vote at the General Assembly.

§ 26

1. Resolutions of the General Assembly shall be adopted by the majority of the votes cast, unless otherwise provided for by the provisions of the Act or by these By-Laws.
2. In the event provided for in Art. 430 of the Commercial Code, the majority of 3/4 of the votes cast shall be required for the resolution on dissolution of the Company to be adopted.

§ 27

1. Voting shall be open. Voting by ballot shall be ordered with respect to elections and when voting on applications for members of the authorities or liquidators to be recalled or for holding them liable, as well as in personal matters. In addition, voting by ballot shall be ordered on application filed by even one of the persons present and authorised to vote.
2. Resolutions regarding an amendment to the purpose of the Company's enterprise shall always be adopted in an open vote by roll call.

§ 28

1. The Chairman of the Supervisory Board or a person designated by him/her shall open the General Assembly; subsequently, a chairman shall be elected from among the persons authorised to vote.
2. The General Assembly shall adopt its rules which set forth in detail the procedure with respect to holding meetings.

§ 29

1. The powers of the General Assembly shall include:
 - 1) examination and approval of the report of the Management Board, the balance sheet and the profit and loss account for the preceding year;
 - 2) of a resolution regarding the distribution of profits or covering of losses;
 - 3) acknowledgement of the fulfilment of duties by the Company's authorities;
 - 4) amendment to the purpose of the Company's enterprise;
 - 5) amendment to the Company's By-Laws;
 - 6) increase or decrease of the share capital;
 - 7) merger of the Company and Company's transformation;
 - 8) dissolution and liquidation of the Company;
 - 9) issue of bonds;
 - 10) expressing the consent for the purchase for the Company of real estate or equipment for durable use at a price exceeding one fifth part of the share capital paid in if such a purchase were to take place prior to the lapse of two years from the registration of the Company;
 - 11) any decisions regarding claims for repair of damage caused at the time of the establishment of the Company or when carrying out its management or supervision.
2. In addition to the matters set out in Section 1, the matters specified in the Commercial Code shall require a resolution of the General Assembly to be adopted.
3. The powers specified in Section 1 Clauses 2, 4, 5, 6, 7, 9, 10, shall be exercised by the General Assembly on application of the Management Board submitted together with a written opinion of the Supervisory Board. An application of the shareholders in these matters should be accompanied by an opinion of the Management Board and the Supervisory Board.

§ 30

The purpose of the Company's enterprise may be amended in compliance with the relevant provisions of law without the obligation to redeemed shares.

V COMPANY'S ECONOMY

§ 31

The organisational structure of the Company's enterprise shall be set forth by the organisational rules adopted by the Management Board of the Company.

§ 32

1. The Company shall keep the books in a reliable manner in accordance with the applicable provisions of law.
2. An accounting year of the Company shall correspond with a calendar year.
3. The first accounting year of the Company shall start on the day of the registration of the Company and it shall end on 31 December 1991.

§ 33

1. The Company shall establish the following capitals and funds:
 - 1) share capital;
 - 2) surplus capital;
 - 3) provisions;
 - 4) enterprise's social benefits fund.
2. The Company may establish and cancel, pursuant to a resolution of the General Assembly, other special purpose funds at the beginning of and during an accounting year.

§ 34

The Management Board of the Company shall be obliged to prepare and submit to the supervisory authorities, within four months following the lapse of an accounting year, the balance sheet as at the last day of the year, the profit and loss account and the detailed report in writing from the activities of the Company in such a period.

§ 35

1. The net profit may be appropriated, in particular, for:
 - 1) write-downs to the surplus capital;
 - 2) investments;
 - 3) write-downs for the purpose of replenishing the capital established in the Company;
 - 4) dividends for the shareholders;
 - 5) other purposes specified by a resolution of the relevant authority of the Company.
2. The manner of the allocation of the net profit of the Company shall be specified by a resolution of the General Assembly.
3. The date for the acquisition of the rights to dividends and the date for the payment of dividends shall be determined by the General Assembly and announced by the Management Board of the Company. The payments should start being made no later than within two months following the date of the adoption of the resolution regarding the distribution of profit.

VI FINAL PROVISIONS

§ 36

1. The Company shall place its announcements in the "Monitor Sądowy i Gospodarczy" daily newspaper. The Company may also place its announcements in the "Rzeczpospolita" daily newspaper.
 2. Each announcement of the Company should additionally be posted at the registered office of the Company's enterprise in places accessible to all employees
- (...)"