Orbis Group

REPORT FOR THE FIRST QUARTER OF 2016

Warsaw, April 28, 2016

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1 MAJOR EVENTS OF THE FIRST QUARTER OF 2016 – PRESIDENT'S COMMENT

- Solid **growth of the operating EBITDA by PLN 8.3 million** up to PLN 26.6 million
- Positive operating indicators in all the countries of the EE region **(+8.1% RevPAR like-for-like growth in total)**
- **5 new management agreements** signed
- **2 buy-back hotels** in Budapest finalized
- PLN 1.5 **dividend per share** recommendation
- Orbis engagement in "HeForShe" campaign

Following a very successful 2015 year, we continue achieving solid operational and financial results in 1Q 2016. Orbis revenue increased up to PLN 247.2 million, by 7.9% comparing to previous year figures. The Group's EBITDAR totaled PLN 51.4 million and operating income (EBITDA) amounted to PLN 26.5 million, which represents a significant growth by PLN 8.3 million in the 1Q.

In 1Q 2016 very positive operational results of the Orbis Group are confirmed by 8.1% RevPAR growth like-for-like which amounted to PLN 114.3. This result was achieved mainly due to increase of the average room rate (ARR) which stood at PLN 204.9 like-for-like (up by 4.1% in 1Q 2016). The occupancy rate amounted to 55.8% (up by 2.1 p.p. compared to last year results). Increasing operating indicators were observed in all the countries of Eastern Europe where Orbis operates hotels.

Positive results are driven by Orbis strategy put in place in favorable economic results in the region. The Group remains focused on three main pillars: **People** – building organization based on our employee's talents and putting a hotel guest in the center of each of our actions; **Performance** – moving towards operating excellence and best quality of services; and **Portfolio** – expanding hotel network in the region and further balance sheet optimization.

Portfolio

In the 1Q Orbis Group was very active in developing its network. The Company signed 5 new management agreements for new hotels to be located in Warsaw, Budapest and Sofia. The total of 705 hotel rooms will be added to our network in the near future. Furthermore, in 2016, 7 new hotels (702 rooms in total) will join the group based on already signed franchise agreements. Apart from franchise & management expansion Orbis plans to complete its own development projects, i.e. Mercure Kraków Old Town (200 rooms) and ibis Gdańsk (120 rooms), which will be opened in the second half of 2016.

In line with asset management plan in 1Q 2016 Orbis finalized a buy-back transaction of its two leased hotels: Mercure Budapest City Center and ibis Budapest Heroes' Square. This step allows reducing leasing costs and more effective hotel management. Some further potential buy-back transactions can occur in the future. With the objective of optimizing its asset portfolio the Company has also signed preliminary sale and franchise-back agreements for its non-strategic hotel Mercure Mrągowo Resort & Spa. The hotel is already operated by the new investor.

Total CAPEX amounting to PLN 144 million was spent during the quarter to finance buy-back transactions, development projects and modernization works of which PLN 14 million was spent on financing hotel modernization and new development projects.

Performance

In 1Q 2016 marketing and operating actions were dedicated to all hotel segments and aimed at enhancing recognition of various brands, intensifying guests' activity and boosting their satisfaction. In upscale segment, new visual identity guidelines for Sofitel brand were launched in January and would soon be followed by a new advertising campaign. In order to satisfy our business guests, following the success of Meeting@Novotel project, the Mercure brand has also developed its tailor-made meeting offer – Mercure MICE Excellence, targeted at increasing guest satisfaction and hotel revenue by understanding and anticipating customer needs. In the economy segment, in line with pricing strategy in ibis budget "a price from PLN 39" throughout the year, a new communication code was developed in order to strengthen the visibility of the early rate and to encourage people to book on ibis.com website directly.

People

Orbis attracts talents and supports employees' passion to best serve our guests. That is why training programs in 1Q2016 were focused not only on technical skills but also on modern leadership and empowering employees' relational skills in the "Happy Guest Come Back" program – 1 650 persons were trained in 1Q2016 in the region. As the leading hospitality employer in Eastern Europe, since 1Q2016 Orbis has been engaged in the HeForShe campaign with the objective to involve more men in the process of improving the situation of women at work. Detailed objectives to be attained by 2017 have been set: understanding and championing male employees' involvement in the HeForShe campaign, driving towards parity in pay and better representation of women in Orbis Group top management.

In order to ensure transparency of Orbis operations, the Company decided to apply the rules set out in the Code of Best Practices for WSE Listed Companies. Following this approach, in 1Q2016 we issued and deployed 2 biding documents: the Orbis Hotel Group Sponsorship Policy and the Orbis Hotel Group Diversity Charter to promote workplace equality and prevent discrimination so that everyone is given an unrestricted opportunity to professionally grow within the Company.

Solid operating performance and good cash flow supported by stable positive forecasts for the near future enabled the Management Board to give recommendation to the Supervisory Board on the dividend payment at PLN 1.5 per share.

We believe that the Company's very good performance in 1Q will be continued in the course of the year and we will deliver solid results that will translate into added value for our shareholders.

2 SELECTED FINANCIAL AND OPERATING FIGURES

2.1 Orbis Group

Consolidated income statement	PLN `000		EUR `000	
	1st quarter of 2016	1st quarter of 2015	1st quarter of 2016	1st quarter of 2015
Net sales	247 214	229 201	56 754	55 244
Operating loss	(9 192)	(18 511)	(2 110)	(4 462)
Net loss for the period	(13 444)	(22 332)	(3 086)	(5 383)
Net loss for the period attributable to owners of the parent	(13 437)	(22 318)	(3 085)	(5 379)
Basic and diluted loss per share attributable to owners of the parent (in PLN)	(0,29)	(0,48)	(0,07)	(0,12)

Consolidated statement of cash flows	PLN `000		EUR `000	
	1st quarter of 2016	1st quarter of 2015	1st quarter of 2016	1st quarter of 2015
Net cash generated by/(used in) operating activities	5 272	(702)	1 210	(169)
Net cash used in investing activities	(136 156)	(588 263)	(31 258)	(141 788)
Net cash generated by financing activities	18 893	471 587	4 337	113 666
Net cash flow, total	(111 991)	(117 378)	(25 710)	(28 291)

Consolidated statement of financial position	PLN `000		EUR `000	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Non-current assets	2 194 010	2 088 391	514 012	490 060
Current assets	262 408	372 448	61 477	87 398
Assets classified as held for sale	22 813	23 057	5 345	5 411
Equity	1 784 124	1 783 288	417 984	418 465
Equity attributable to owners of the parent	1 783 998	1 783 155	417 955	418 434
Non-current liabilities	457 252	454 837	107 125	106 732
Current liabilities	237 855	245 771	55 725	57 672

Selected operating figures	1st quarter of 2016	1st quarter of 2015
Number of hotels (at the end of period)	108	106
Number of rooms (at the end of period)	18 837	18 585
Occupancy rate (%)	55,8	53,5
Revenue per Available Room in PLN	114,3	105,0

2.2 Orbis S.A.

Income statement	PLN `000		EUR `000	
	1st quarter of 2016	1st quarter of 2015	1st quarter of 2016	1st quarter of 2015
Net sales	123 232	110 158	28 291	26 551
Operating loss	(4 758)	(7 429)	(1 092)	(1 791)
Net profit/(loss) for the period	(7 203)	32 371	(1 654)	7 802
Basic and diluted earnings/(loss) per share (in PLN)	(0,16)	0,70	(0,04)	0,17

Statement of cash flows	PLN `000		EUR `000	
	1st quarter of 2016	1st quarter of 2015	1st quarter of 2016	1st quarter of 2015
Net cash generated by/(used in) operating activities	476	(624)	109	(150)
Net cash used in investing activities	(22 718)	(578 881)	(5 215)	(139 526)
Net cash generated by financing activities	15 913	471 587	3 653	113 666
Net cash flow, total	(6 329)	(107 918)	(1 453)	(26 011)

Statement of financial position	PLN `000		EUR `000	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Non-current assets	2 388 723	2 393 760	559 630	561 718
Current assets	104 158	98 457	24 402	23 104
Assets classified as held for sale	31 956	32 200	7 487	7 556
Equity	1 931 325	1 924 883	452 470	451 691
Non-current liabilities	454 251	453 349	106 422	106 382
Current liabilities	139 261	146 185	32 626	34 304

The following exchange rates were used to translate the presented figures into EUR:

- For items of the income statement and the statement of cash flows:
  - 4.3559 – the exchange rate calculated as the average of exchange rates quoted by the National Bank of Poland on the last day of each month of the first quarter of 2016,
  - 4.1489 – the exchange rate calculated as the average of exchange rates quoted by the National Bank of Poland on the last day of each month of the first quarter of 2015.
- For items of the statement of financial position:
  - 4.2684 – the exchange rate quoted by the National Bank of Poland on March 31, 2016,
  - 4.2615 – the exchange rate quoted by the National Bank of Poland on December 31, 2015.

3 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE ORBIS GROUP

3.1 Consolidated income statement

	3 months ended March 31, 2016	3 months ended March 31, 2015
Net sales	**247 214**	**229 201**
Outsourced services	(58 481)	(53 653)
Employee benefit expense	(80 979)	(76 868)
Raw materials and energy used	(44 218)	(42 645)
Taxes and charges	(9 741)	(10 128)
Other expenses by nature	(3 492)	(3 939)
Net other operating income/(expenses)	1 120	928
EBITDAR	**51 423**	**42 896**
Rental expense	(24 875)	(24 622)
Operating EBITDA	**26 548**	**18 274**
Depreciation and amortisation	(35 597)	(34 329)
Operating loss without the effects of one-off events	**(9 049)**	**(16 055)**
Result on sale of real property	88	0
Restructuring costs	(231)	(909)
Result of other one-off events	0	(1 547)
Operating loss	**(9 192)**	**(18 511)**
Finance income	336	398
Finance costs	(6 487)	(3 991)
Share of net losses of associates	(167)	(129)
Loss before tax	**(15 510)**	**(22 233)**
Income tax expense	2 066	(99)
Net loss for the period	**(13 444)**	**(22 332)**
- attributable to owners of the parent	(13 437)	(22 318)
- attributable to non-controlling interests	(7)	(14)
Loss per ordinary share		
Basic and diluted loss attributable to owners of the parent for the period (in PLN)	(0,29)	(0,48)

3.2 Consolidated statement of comprehensive income

	3 months ended March 31, 2016	3 months ended March 31, 2015
Net loss for the period	**(13 444)**	**(22 332)**
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains/losses arising from the defined benefit plan	62	0
Income tax relating to items that will not be reclassified subsequently	(12)	0
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	635	(4 049)
The effective portion of the gain or loss on the hedging instrument entered into for cash flow hedges	(502)	0
Income tax relating to items that may be reclassified subsequently	95	0
Other comprehensive income/(loss) after tax	**278**	**(4 049)**
Total comprehensive loss for the period	**(13 166)**	**(26 381)**
- attributable to owners of the parent	(13 159)	(26 369)
- attributable to non-controlling interests	(7)	(12)

3.3 Consolidated statement of financial position

Assets	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Non-current assets	**2 194 010**	**2 088 391**	**2 092 526**
Property, plant and equipment	2 028 060	1 923 863	1 941 254
Investment property	10 184	10 287	11 004
Intangible assets, of which:	113 600	114 189	114 152
- goodwill	107 252	107 252	107 252
Investments in associates	9 977	10 151	10 154
Other financial assets	7 888	7 888	7 889
Other long-term investments	464	464	464
Deferred tax assets	23 448	21 128	7 359
Other long-term assets	389	421	250
Current assets	**262 408**	**372 448**	**217 755**
Inventories	6 300	6 763	6 105
Trade receivables	48 883	50 555	49 763
Income tax receivables	1 656	368	149
Other short-term receivables	45 877	34 502	42 676
Short-term financial assets	0	8 577	0
Cash and cash equivalents	159 692	271 683	119 062
Assets classified as held for sale	**22 813**	**23 057**	**11 046**
TOTAL ASSETS	**2 479 231**	**2 483 896**	**2 321 327**

Equity and Liabilities	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Equity	**1 784 124**	**1 783 288**	**1 642 838**
Equity attributable to owners of the parent	**1 783 998**	**1 783 155**	**1 642 747**
Share capital	517 754	517 754	517 754
Reserves	132 282	132 689	133 333
Retained earnings	1 130 514	1 129 899	995 593
Foreign currency translation reserve	3 448	2 813	(3 933)
Non-controlling interests	**126**	**133**	**91**
Non-current liabilities	**457 252**	**454 837**	**475 636**
Borrowings	122 616	122 466	447 815
Bonds	301 338	299 229	0
Deferred tax liabilities	837	620	1 757
Deferred revenue	5 225	5 300	5 428
Other non-current liabilities	3 591	3 072	548
Provision for retirement benefits and similar obligations	22 125	22 823	19 724
Provisions for liabilities	1 520	1 327	364
Current liabilities	**237 855**	**245 771**	**202 853**
Borrowings	39 544	36 646	26 896
Other financial liabilities	1 297	795	0
Trade payables	82 235	77 874	82 417
Liabilities associated with tangible assets	14 435	34 734	8 151
Current tax liabilities	5 725	4 874	4 031
Deferred revenue	35 334	20 585	24 654
Other current liabilities	55 954	66 456	53 798
Provision for retirement benefits and similar obligations	2 553	2 693	1 784
Provisions for liabilities	778	1 114	1 122
TOTAL EQUITY AND LIABILITIES	**2 479 231**	**2 483 896**	**2 321 327**

3.4 Consolidated statement of changes in equity

	Equity attributable to owners of the parent				Non-controlling interests	Total
	Share capital	Reserves	Retained earnings	Foreign currency translation reserve		
Twelve months ended December 31, 2015						
Balance as at January 1, 2015	**517 754**	**133 333**	**1 301 117**	**118**	**0**	**1 952 322**
- net profit for the period	0	0	181 553	0	29	181 582
- other comprehensive income/(loss)	0	(644)	(448)	2 695	1	1 604
Total comprehensive income/(loss) for the period	**0**	**(644)**	**181 105**	**2 695**	**30**	**183 186**
- accounting for business combination under common control	0	0	(283 207)	0	103	(283 104)
- dividends	0	0	(69 116)	0	0	(69 116)
Balance as at December 31, 2015	**517 754**	**132 689**	**1 129 899**	**2 813**	**133**	**1 783 288**
of which: three months ended March 31, 2015						
Balance as at January 1, 2015	**517 754**	**133 333**	**1 301 117**	**118**	0	**1 952 322**
- net loss for the period	0	0	(22 318)	0	(14)	(22 332)
- other comprehensive income/(loss)	0	0	0	(4 051)	2	(4 049)
Total comprehensive loss for the period	**0**	**0**	**(22 318)**	**(4 051)**	**(12)**	**(26 381)**
- accounting for business combination under common control	0	0	(283 206)	0	103	(283 103)
Balance as at March 31, 2015	**517 754**	**133 333**	**995 593**	**(3 933)**	**91**	**1 642 838**
Three months ended March 31, 2016						
Balance as at January 1, 2016	**517 754**	**132 689**	**1 129 899**	**2 813**	**133**	**1 783 288**
- net loss for the period	0	0	(13 437)	0	(7)	(13 444)
- other comprehensive income/(loss)	0	(407)	50	635	0	278
Total comprehensive income/(loss) for the period	**0**	**(407)**	**(13 387)**	**635**	**(7)**	**(13 166)**
- transaction with a related party	0	0	17 286	0	0	17 286
- income tax relating to transaction with a related party	0	0	(3 284)	0	0	(3 284)
Balance as at March 31, 2016	**517 754**	**132 282**	**1 130 514**	**3 448**	**126**	**1 784 124**

3.5 Consolidated statement of cash flows

	3 months ended March 31, 2016	3 months ended March 31, 2015
OPERATING ACTIVITIES		
Loss before tax	**(15 510)**	**(22 233)**
Adjustments:	**24 561**	**25 682**
Share of net losses of associates	167	129
Depreciation and amortisation	35 597	34 329
Foreign exchange (gains)/losses	1 673	(3 085)
Interest and other borrowing costs	3 323	5 770
(Gain)/loss from investing activities	(70)	15
Change in receivables	(18 538)	(4 329)
Change in liabilities, excluding borrowings	(9 980)	(18 666)
Change in deferred revenue	11 178	8 170
Change in provisions	(918)	(178)
Change in inventories	463	796
Other adjustments	1 666	2 731
Cash generated from operations	**9 051**	**3 449**
Income taxes paid	(3 779)	(4 151)
Net cash generated by/(used in) operating activities	**5 272**	**(702)**
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment and intangible assets	408	12
Interest received	319	300
Other investing cash inflows	6 877	0
Payments for property, plant and equipment, investment property and intangible assets	(143 760)	(24 935)
Net cash outflow to acquire subsidiaries	0	(563 640)
Net cash used in investing activities	**(136 156)**	**(588 263)**
FINANCING ACTIVITIES		
Proceeds from borrowings	4 030	476 445
Proceeds from related parties	17 286	0
Repayment of borrowings	(1 050)	0
Interest paid and other financing cash outflows resulting from received borrowings	(1 373)	(4 858)
Net cash generated by financing activities	**18 893**	**471 587**
Change in cash and cash equivalents	**(111 991)**	**(117 378)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	0	(3 063)
Cash and cash equivalents at the beginning of the period	**271 683**	**239 503**
Cash and cash equivalents at the end of the period	**159 692**	**119 062**

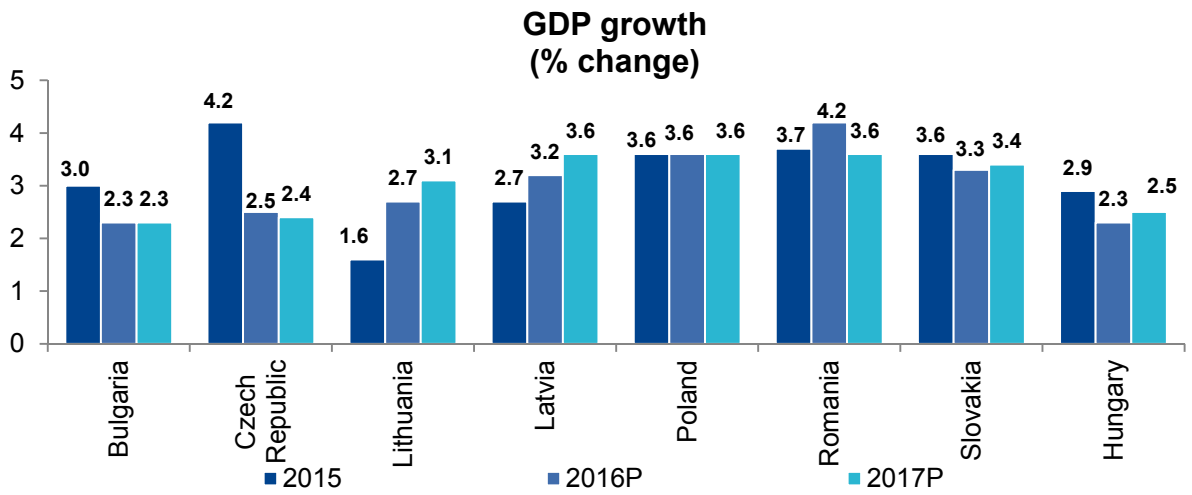
4 COMMENTS ON THE RESULTS OF THE FIRST QUARTER OF 2016

4.1 External environment

Continued recovery in the mood of anxiety on global markets

At the start of 2016, global markets were enveloped by anxiety triggered not only by concerns about the emerging markets and the general condition of the global economy, but additionally by the condition of the financial sector. In the light of weak market sentiment, the central banks (including the ECB) and the revised expectations for any action by the Fed in the whole of 2016 again played a major stabilizing role.

Continued economic recovery fueled largely by the strengthening domestic demand, particularly private consumption, was seen in the first quarter of 2016 in the region of the Central and Eastern Europe. Fiscal policy easing and maintaining an easy bias of the monetary policy in the countries of the region should contribute to continued economic growth. In some countries, such as Poland, the Czech Republic, Slovakia or the Baltic states, investment expenditure and borrowings were rising rapidly.



Source: Eurostat, International Monetary Fund, World Economic Outlook, April 2016 (2016-2017 projection)

High turnover of the manufacturing sector in Poland and in the region

High turnover of Poland's manufacturing in Q1 2016 was in principle confirmed by almost all economic ratios. March was the second month of PMI index rise in a row thanks to rapid growth of new orders, output and employment. The index reached the level of 53.8 points in March, rising to its peak value in 8 months.

Likewise, the PMI index remained well above 50 points in the first quarter of the year in the Czech Republic and Hungary, which reveals a rise in industrial turnover. The March reading of the index for the Czech Republic was 54.3 points, and for Hungary it was 51.7 points.

Further improvement in the labour market

The labour market situation continued to improve. In most countries of the region, a steep decline in the unemployment rate was observable in the first quarter of the year as compared to the corresponding period of the past year.

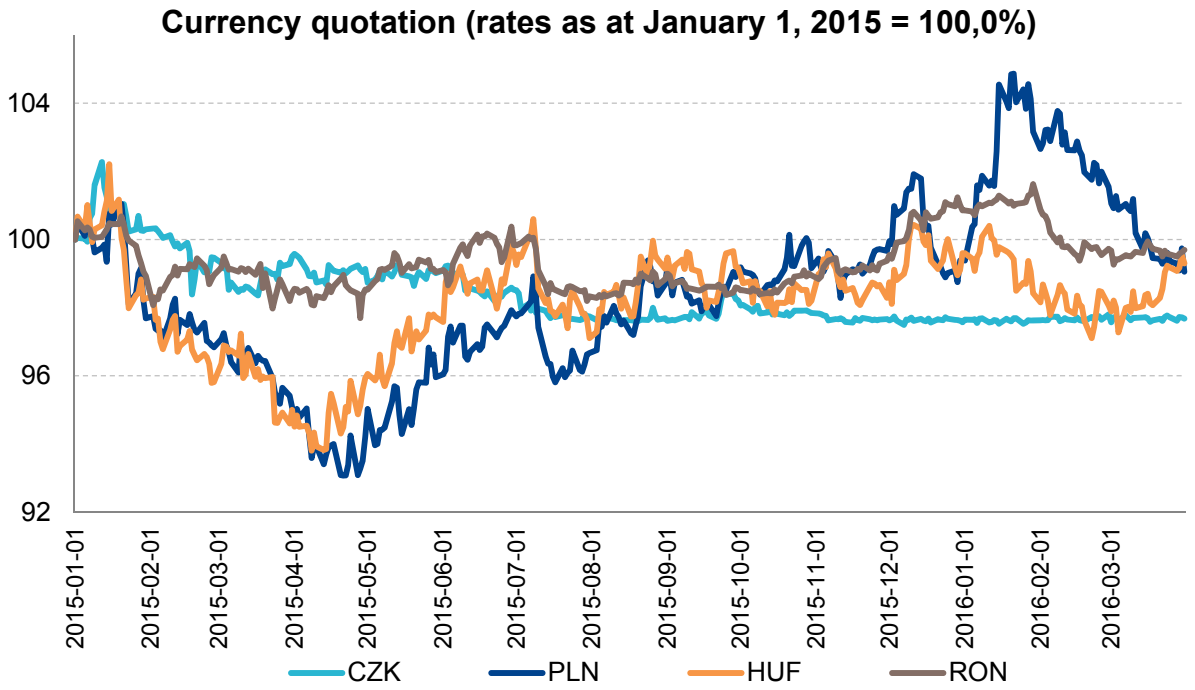
An upward employment trend prevailed on the Polish market. The first quarter of 2016 saw an improvement of ratios in the corporate sector (growth in the number of FTEs by of 8.2 thousand in February was the best result since February 2011). The improving condition of the labour market was accompanied by only a moderate wage pressure.

Greater deflation at the start of the year

In most countries of the region, deflation was primarily the result of lower prices of fuels on world markets, which translated into a drop in energy prices. In Poland, the CPI was at minus 0.9% in March and it was the twenty-first month of this indicator being negative. The biggest decline in prices in the region was reported in Romania, where the CPI remained well below -2% for the first three months of 2016, reaching -3% in March.

Weak start of the year for Poland's currency, low volatility in the region

A weak start of the year was caused by, amongst others, foreign currency loans and the government's fiscal plans which triggered a wave of risk aversion that pushed the EUR/PLN exchange rate above 4.40 in February. Therefore, the Polish Zloty did not do as well as other currencies in the region. In March, however, the Polish Zloty grew in strength against the major currencies and was the strongest this year against the Euro, the Dollar and the Pound. In addition, supported by the release of domestic macro data that revealed the continuation of economic growth, the EUR/PLN exchange rate dropped temporarily below 4.23, its lowest level since November 2015. The volatility of other currencies in the region in the first quarter of the year was not high.



Source: Thomson Reuters

Forecasts indicate a stabilized momentum and structure of the economic recovery

The rise in price competitiveness of countries of the Central and Eastern Europe and the expected further gradual improvement of market trends in the Eurozone should contribute to continued relatively high exports dynamics. Household consumption will be increasingly propped by wages&salaries growth and rising borrowing availability. The "500+" family allowance program launched in April may give an additional impulse to consumption growth on the Polish market. It is estimated that this program may boost consumer demand by approx. PLN 8.5 billion in 2016, pushing the consumption up to almost 5% y/y (from approx. 3%).

Forecasts of international institutions point that the momentum and structure of economic recovery has stabilised. According to IMF forecasts, the GDP growth in 2016 is expected to be 3.5% in Poland, 2.5% in the Czech Republic, and 2.3% in Hungary and Romania.

Hotel market

In the first three months of 2016 operating ratios of hotels from major cities of Central and Eastern Europe improved. Both the occupancy rate and average room rate rose in most capitals of countries where the Orbis Group operates.

From among the cities where Orbis Group hotels are located the highest increase in occupancy rate was reported in Tri-City (over 8 p.p. on 1Q 2015). The main factor boosting the results of Tri-City hotels was the perception of the agglomeration as an attractive tourist destination by foreigners, especially from Scandinavia, due to the lower prices, and from the Kaliningrad Region. Moreover Tri-City has for a few years been experiencing recovery on the market of office properties, as well as intensive growth of business service centres. Considerable increases in occupancy rates were also reported in hotels in Wrocław, Bucharest and Bratislava (over 5 p.p.) and in Prague (rise by more than 4 p.p. on the same period of last year). A slight decrease in occupancy rate was seen in Budapest and Kraków. The highest occupancy levels in the 1st quarter of 2016 were achieved in Warsaw, Kraków and Bucharest (ca. 60.0%).

In 1Q 2016 average room rates rose too. The sharpest increase was observed in Budapest and Wrocław (over 9% on the same period of 2015). Numerous artistic events held in Wrocław as the European Capital of Culture translates into positive operating ratios in this city. Increases in the average room rate per day were also reported in hotels in Kraków, Vilnius, Budapest, Prague and Bucharest (more than 4.5%).

Figures for the first three months of 2016 confirm the persistent considerable differences in revenue per available room (RevPAR) on the hotel market of Eastern Europe. The steepest increase in RevPAR of approx. 20.0% was reported in Tri-City and Wrocław (a result of relatively high price and occupancy). Among the CEE cities where the Group operates, high RevPAR was reported in hotels in Prague, Bratislava and Bucharest.

4.2 Operating activities

4.2.1 Hotel portfolio of the Orbis Group

The Orbis Group is the largest hotel operator in Poland and in Central & Eastern Europe. As at the end of March 2016, the Group's network comprised a total of 108 hotels with nearly 18.8 thousand rooms. The majority of these hotels (64 establishments) operate in Poland.

Hotel portfolio	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016 / March 31, 2015
Number of hotels, of which:	**108**	**108**	**106**	**1,9%**
Owned and leased hotels	78	79	81	-3,7%
Managed hotels	10	10	10	0,0%
Franchised hotels	20	19	15	33,3%
Number of rooms, of which in:	**18 837**	**18 824**	**18 585**	**1,4%**
Owned and leased hotels	15 083	15 298	15 460	-2,4%
Managed hotels	1 570	1 570	1 570	0,0%
Franchised hotels	2 184	1 956	1 555	40,5%

4.2.2 Operating ratios

Owned hotels[1]

In the first quarter of 2016 the Revenue per Available Room (RevPAR) in owned hotels stood at PLN 114.3, i.e. was by 8.1% higher compared to the as reported figures for the first quarter of 2015. The average Revenue per Available Room ranged from PLN 82.3 in economy hotels to PLN 129.6 in Up & Midscale hotels during 3 months of 2016 and, respectively, from PLN 79.2 to PLN 118.4 during the corresponding period of the past year. Growth of RevPAR is above all attributable to a higher Average Room Rate, and in the case of Up&Midscale hotels, also an increased occupancy rate as compared to the first quarter of 2015.

RevPAR figures of owned hotels differed also across geographical segments. During the first 3 months of the year RevPAR was the highest in hotels operating in other countries (Lithuania, Romania and Slovakia) and stood at PLN 175.9. Lower RevPAR was reported in hotels operating in Hungary (PLN 106.1). The RevPAR of hotels in Poland and in the Czech Republic was at a similar level. The Revenue per Available Room in Poland equalled PLN 112.8 and was by 5.7% higher compared to the corresponding period of the past year. The greatest RevPAR growth was reported in the Czech Republic. The Revenue per Available Room increased by 24.5% from PLN 90.5 in Q1 2015 up to PLN 112.7 in Q1 2016

Increase of foreign currency average exchange rates in the first quarter of 2016 also had a positive impact upon the level of the reported RevPAR of hotels located abroad as compared to the first quarter of 2015 (please refer to Section 5.8).

Operating ratios of owned hotels by main category	1st quarter of 2016	1st quarter of 2015	change (%)	1st quarter of 2016	1st quarter of 2015	change (%)
	As reported			like-for-like		
Orbis Hotel Group						
Occupancy rate (%)	55.8	53.5	2.3 p.p.	55.8	53.7	2.1 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	204.9	196.3	4.4%	204.9	196.8	4.1%
Revenue per Available Room (RevPAR) in PLN	114.3	105.0	8.9%	114.3	105.7	8.1%
Economy Hotels						
Occupancy rate (%)	56.8	58.1	-1.3 p.p.	57.4	58.1	-0.7 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	142.3	136.3	4.4%	143.2	136.3	5.1%
Revenue per Available Room (RevPAR) in PLN	80.9	79.2	2.1%	82.3	79.2	3.9%
Up & Midscale Hotels (3 stars and more)						
Occupancy rate (%)	55.3	51.5	3.8 p.p.	55.3	52.1	3.2 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	234.2	225.5	3.9%	234.2	227.3	3.0%
Revenue per Available Room (RevPAR) in PLN	129.6	116.1	11.6%	129.6	118.4	9.5%

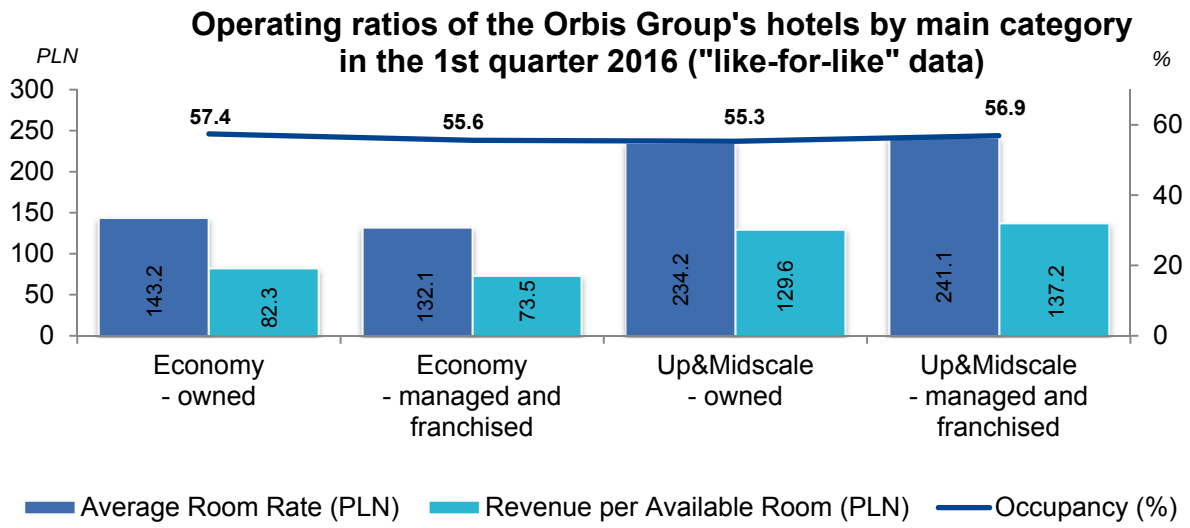
[1] Include results of owned and leased hotels of the following companies: Orbis S.A., Hekon – Hotele Ekonomiczne S.A., UAB Hekon, Katerinska Hotel s.r.o., Accor Pannonia Hotels Zrt., Accor Pannonia Slovakia, Accor Hotels Romania S.R.L.

Operating ratios of owned hotels by geographical segment	1st quarter of 2016	1st quarter of 2015	change (%)	1st quarter of 2016	1st quarter of 2015	change (%)
	As reported			like-for-like		
Poland						
Occupancy rate (%)	56.7	54.8	1.9 p.p.	56.7	55.2	1.5 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	198.9	192.9	3.1%	198.9	193.4	2.8%
Revenue per Available Room (RevPAR) in PLN	112.8	105.7	6.7%	112.8	106.7	5.7%
Hungary						
Occupancy rate (%)	48.9	46.5	2.4 p.p.	48.9	46.5	2.4 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	217.1	209.1	3.8%	217.1	209.1	3.8%
Revenue per Available Room (RevPAR) in PLN	106.1	97.2	9.2%	106.1	97.2	9.2%
Czech Republic						
Occupancy rate (%)	57.5	54.1	3.4 p.p.	57.5	54.1	3.4 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	196.0	167.4	17.1%	196.0	167.4	17.1%
Revenue per Available Room (RevPAR) in PLN	112.7	90.5	24.5%	112.7	90.5	24.5%
Other countries						
Occupancy rate (%)	71.1	65.2	5.9 p.p.	71.1	65.2	5.9 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	247.4	239.2	3.4%	247.4	239.2	3.4%
Revenue per Available Room (RevPAR) in PLN	175.9	156.0	12.8%	175.9	156.0	12.8%

The following factors contributed to the growth in Revenue per Available Room reported in the first quarter of 2016:

- **Increase in the occupancy rate.**
  In hotels owned by the Group, the Occupancy Rate equalled 55.8% in the first quarter of 2016 and went up by 2.1 p.p. as compared with the corresponding period in 2015 (like-for-like). When broken down to geographical segments, the highest room occupancy was reported in hotels operating in Lithuania, Romania and Slovakia (71.1%). The highest increase of the room Occupancy Rate at 5.9 p.p. was also reported in hotels operating in other countries. Lower occupancy was reported in hotels in Hungary (48.9%). In the first quarter of 2016, room occupancy in the Group's hotels in Poland was 56.7%, i.e. rose by 1.5 p.p. as compared to the figures for the first quarter of 2015. The Occupancy Rate increased in nearly all identified geographical segments as compared with the first quarter of 2015. In terms of business segments, the Occupancy Rate in economy hotels was higher (at 57.4%) than in hotels with 3 or more stars (55.3%). In Up&Midscale hotels the average Occupancy Rate rose by 3.2 p.p. during the first three months, while in economy hotels the average Occupancy Rate fell slightly (by 0.7 p.p.).

- **Increase in the Average Room Rate (ARR)**
  In the first quarter of 2016 the ARR stood at PLN 204.9, i.e. went up by 4.1% in comparison to like-for-like data for the first quarter of 2015. The lowest average rate per room was paid by clients of the Group's hotels in the Czech Republic (PLN 196.0 per night), however, the Czech hotels reported the highest growth dynamics (by 17.1%). The highest rates were charged in hotels operating in other countries (PLN 247.4, i.e. growth by 3.4%). Customers of hotels located in Hungary paid on average PLN 217.1 per night, while the Average Room Rate paid by customers of Orbis Group hotels located in Poland totalled PLN 198.9 (which represents a growth by 2,8% as compared to the figures for the first quarter of 2015). In the economy hotels segment the Average Room Rate equalled PLN 143.2, which is a 5.1% growth as compared to the first quarter of 2015. On the other hand, the Average Room Rate in the Up&Midscale hotels was at PLN 234.2 (growth by 3.0% versus Q1 2015.



Managed and franchised hotels

As at the end of March 2016, the Orbis Group network comprised a total of 30 hotels operating on the basis of franchise or management agreements. At the end of March 2015, the Group's portfolio comprised in aggregate 25 managed or franchised hotels.

In the first quarter of 2016, the Revenue per Available Room in managed or franchised hotels stood at PLN 105.3 i.e. was by 17.7% higher compared to like-for-like figures for the first quarter of 2015. Revenue per Available Room ranged from PLN 73.5 in economy hotels to PLN 137.2 in Up & Midscale hotels.

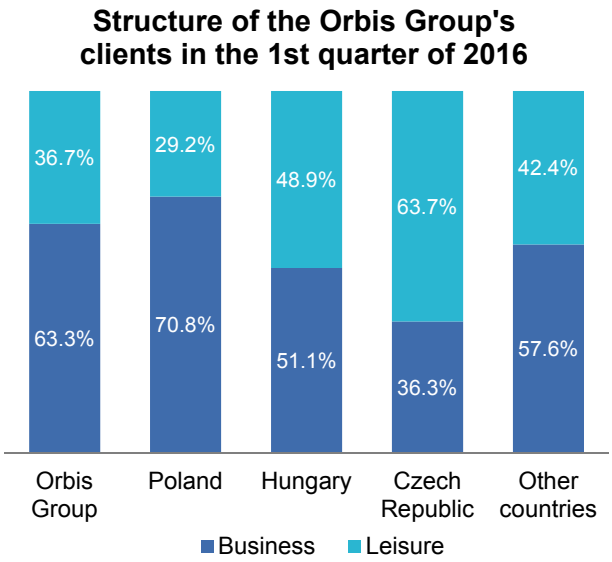
The Average RevPAR generated by managed or franchised hotels differed substantially across geographical segments. Hotels operating in Hungary reported the highest RevPAR of PLN 127.4 (like-for-like figures). The lowest RevPAR was reported in hotels operating in the Czech Republic (PLN 53.7). Hotels located in other countries slightly outdid the Group's Average RevPAR (PLN 109.4). On the other hand, Polish hotels of the Orbis Group generated Revenue per Available Room at the level of PLN 101.4, i.e. by 7.6% higher than in the corresponding period of past year.

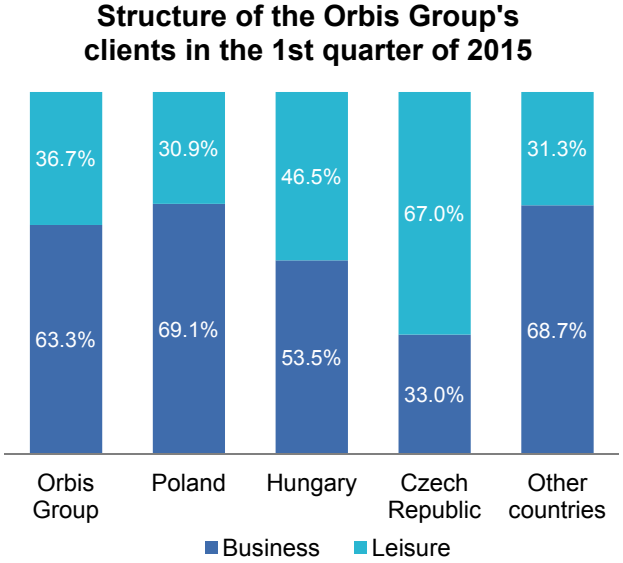
Operating ratios of managed and franchised hotels by main category	1st quarter of 2016	1st quarter of 2015	change (%)	1st quarter of 2016	1st quarter of 2015	change (%)
	As reported			like-for-like		
Orbis Hotel Group						
Occupancy rate (%)	52.9	49.0	3.9 p.p.	56.2	49.1	7.1 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	183.8	182.3	0.8%	187.2	182.4	2.6%
Revenue per Available Room (RevPAR) in PLN	97.3	89.2	9.1%	105.3	89.5	17.7%
Economy Hotels						
Occupancy rate (%)	51.6	46.4	5.2 p.p.	55.6	46.4	9.2 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	132.8	128.0	3.8%	132.1	128.0	3.2%
Revenue per Available Room (RevPAR) in PLN	68.5	59.4	15.3%	73.5	59.4	23.7%
Up & Midscale Hotels (3 stars and more)						
Occupancy rate (%)	54.3	51.4	2.9 p.p.	56.9	51.7	5.2 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	234.4	229.8	2.0%	241.1	231.0	4.4%
Revenue per Available Room (RevPAR) in PLN	127.3	118.2	7.7%	137.2	119.4	14.9%

Operating ratios of managed and franchised hotels by geographical segment	1st quarter of 2016	1st quarter of 2015	change (%)	1st quarter of 2016	1st quarter of 2015	change (%)
	As reported			like-for-like		
Poland						
Occupancy rate (%)	46.0	45.4	0.6 p.p.	47.7	45.4	2.3 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	206.2	207.6	-0.7%	212.5	207.6	2.4%
Revenue per Available Room (RevPAR) in PLN	94.8	94.2	0.6%	101.4	94.2	7.6%
Hungary						
Occupancy rate (%)	55.9	52.4	3.5 p.p.	55.9	57.6	-1.7 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	227.9	195.4	16.6%	227.9	204.6	11.4%
Revenue per Available Room (RevPAR) in PLN	127.4	102.4	24.4%	127.4	117.8	8.1%
Czech Republic						
Occupancy rate (%)	38.8	36.5	2.3 p.p.	38.8	36.5	2.3 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	138.4	145.7	-5.0%	138.4	145.7	-5.0%
Revenue per Available Room (RevPAR) in PLN	53.7	53.1	1.1%	53.7	53.1	1.1%
Other countries						
Occupancy rate (%)	58.0	51.7	6.3 p.p.	62.6	51.7	10.9 p.p.
Average Room Rate (ARR) in PLN (net of VAT)	171.8	168.7	1.8%	174.7	168.7	3.6%
Revenue per Available Room (RevPAR) in PLN	99.7	87.1	14.5%	109.4	87.1	25.6%

4.2.3 Clients

Business clients accounted for over 63% of customers of the Orbis Group hotels. They formed the dominant group in the Group's hotels in Poland and in other countries (70.8% and 57.6% of all customers respectively). Conversely, in the Czech Republic it was tourists who formed the most numerous group of hotel customers, accounting for 63.7% of all customers.





4.3 Financial results

In the first quarter of 2016, the Orbis Group incurred loss before tax amounting to PLN 15.5 million, while in the first quarter of 2015 loss stood at PLN 22.2 million (result improved by 30.2%).

Income statement – analytical approach	1st quarter of 2016	1st quarter of 2015	change (%)
	As reported		
Net sales	247 214	229 201	7,9%
Net sales „like-for-like"	*247 214*	*226 867*	*9,0%*
EBITDAR	51 423	42 896	19,9%
Operating EBITDA	26 548	18 274	45,3%
EBITDA „like-for-like"	*26 548*	*18 743*	*41,6%*
Operating loss (EBIT) without the effects of one-off events	(9 049)	(16 055)	43,6%
Operating loss (EBIT)	(9 192)	(18 511)	50,3%
Net result from financing activities	(6 151)	(3 593)	-71,2%
Loss before tax	(15 510)	(22 233)	30,2%

Revenue

In the first quarter of 2016, the Group's net sales were at the level of PLN 247.2 million, i.e. rose by 7.9% as compared to figures for the first quarter of 2015.

Positive business trends in the countries of the Central & Eastern Europe where the Orbis Group presently operates, increased demand for hospitality services as well as numerous actions taken by the Group to support its sales contributed to an increase in the Occupancy Rate and the Average Room Rate and, consequently, the Revenue per Available Room (RevPAR) in the Group's hotels.

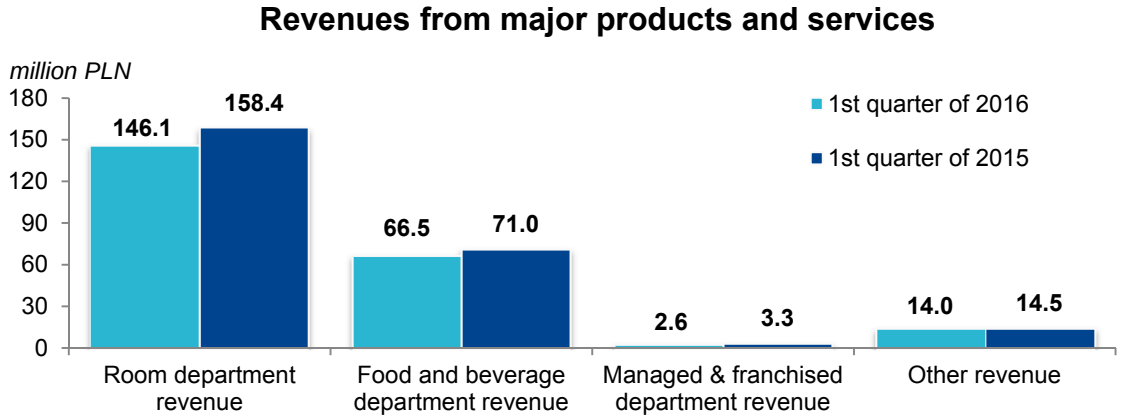
There were no significant changes in the structure of Group's revenue from major products and services versus the first quarter of 2015. In the first quarter of 2016, room revenue totalled PLN 158.4 million, which accounted for 64.1% of all the Group's revenues. The room revenue increased by 8.4% as compared to the figures for the first quarter of the past year.

Growth in the number of guests in Orbis Group hotels had a positive impact on F&B revenue, which stood at PLN 71.0 million across the entire Group, accounting for 28.7% of consolidated revenues. As compared to the data for the first quarter of 2015, the F&B revenue increased by 6.8%.

Revenue from franchise and management contributed 1.3% to the Group's. As compared to the figures for the first quarter of the past year, revenues from franchise and management grew by 26.8%. In is particularly attributable to the expansion of the Group's hotel portfolio from 15 franchised hotels as at March 31, 2015 to 20 hotels at the end of the first quarter of 2016.

The other revenue, which is mainly derived from lease of property and car park spaces, accounted for 5.9% of consolidated revenue and increased by 3.5% as compared to the corresponding period of the past year.

The structure of Orbis Group sales broken down by products/services in the 1st quarter of 2016 and 2015 was as follows:



In geographic terms, the highest share to the Group's net sales was contributed by hotels located in Poland (65.3%) and in Hungary (19.9%). Net sales generated by hotels in the Czech Republic and in other countries accounted for, respectively, 7.5% and 7.3% of consolidated sales.

Hotels operating in Poland generated net sales of PLN 161.4 million, which constitutes 65.3% of the Orbis Group's sales for the first quarter of 2016. Polish hotels reported a 5% sales growth as compared to the past year. Room revenue grew thanks to a higher number of rooms sold and higher average room rate. The increase in the number of guests contributed to the growth of the food & beverage revenue.

The most substantial rise in the number of rooms sold was reported in the segment of individual guests who stayed at hotels for business purposes. This was primarily an effect of a flexible pricing strategy. The positive effect was also produced by a special business offer of the ibis brand (ibis Comfort Package) as well as a medical congress held in February in Katowice, greater interest in the Poznań Fairs as well as events accompanying the celebrations of the European Capital of Culture in Wrocław. Hotels located in the capital city of Warsaw and in Kraków were equally active in the segment of individual guests.

The second best segment in terms of the growth in the number of rooms sold was the segment of tourist groups. Increases were reported by hotels on the Warsaw, Poznań, Kraków and Wrocław markets, predominantly thanks to tourists from Japan and Israel.

The increase in the MICE segment was brought about by cultural and sports events held in major cities, of which the European Men's Handball Championship held in January this year had the greatest impact. Other key events included a medical congress, world championships in computer games (Intel Extreme Master) in Katowice, a medical conference (Top Medical Trends) in Poznań and the Auchan project in Łódź, Katowice and Szczecin.

A slight drop was reported in the segment of corporate guests. The slowdown in business activity in March was attributable to the Easter season at the end of the first quarter (in April last year).

As regards the food&beverage department, revenue from breakfasts increased thanks to a greater volume of hotel guests. Mercure hotels reported an increase in revenue from WineStone restaurants and Novotels from NOVO[2] restaurants. Revenue from banquets and conferences also contributed to the growth in food & beverage revenue.

Hotels in Hungary generated operating revenues of PLN 49.3 million, accounting for 19.9% of consolidated revenues. Higher-than-last-year's results (by 11.2%) were achieved thanks to higher Occupancy Rate and Average Room Rate. A major growth in the number of rooms sold was possible thanks to a higher demand for accommodation services in Budapest, both in the segment of individual guests and groups. All hotels located on this market improved their performance, with the highest growth reported by the Mercure brand in March, followed by the Novotel, Ibis and Sofitel brands.

The positive trend in Hungary is observed in all the segments. The highest growth was reported in the segment of individual guests travelling both for business and leisure. The increase in the tourist group segment was achieved predominantly owing to the so-called last minute groups, which had a positive effect on the average rate. The growth in the MICE segment was fuelled by a larger number of business groups, mostly one-off. In addition, the circus festival in January, the European Shooting Championships in February and the OECD Congress in March also had a positive impact.

A positive impact of the corporate guests segment was also reported in the first quarter mainly thanks to long-term projects implemented by international companies.

In the first quarter of 2016, revenues generated by hotels located in the Czech Republic amounted to PLN 18.5 million (7.5% of the total revenues of the Group). These hotels reported the highest growth in sales of 22.0% thanks to solid room and F&B performance. All the brands, except for the Mercure brand, achieved higher Occupancy Rates and higher Average Room Rates. Hotels in Prague and Ostrava reported an increase in the number of rooms sold.

In the Czech Republic the highest growth dynamics was achieved in the segment of individual guests travelling both for business and leisure as well as high demand throughout the entire first quarter of 2016. A positive trend was also recorded in the MICE segment thanks to a greater number of business groups. Growth was reported also in the segment of corporate guests.

Revenues for the period of the first 3 months of 2016 generated in other countries where the hotels of the Group are located reached the level of PLN 18.0 million, i.e. 7.3% of consolidated revenues.

The Novotel in Vilnius achieved higher operating revenues as compared to the corresponding period of the past year. This minor growth was attained thanks to room revenue generated in the conditions of a higher Occupancy Rate accompanied by a stable Average Room Rate. The number of guests rose in the individual guest segment primarily thanks to promotional offers. The corporate guests segment was at the past year's level, while a decline was reported in the MICE segment in January and February. F&B revenue were slightly lower than in the past year.

Slovakia is represented by two hotels located in Bratislava: Mercure and ibis. Both these hotels generated higher operating revenues thanks to increased Occupancy Rate and Average Room Rate. F&B revenue in Mercure grew significantly, while ibis reported a decline in F&B sales as compared with the first quarter of 2015.The growth in the number of rooms sold during the reporting period occurred chiefly in the segments of individual guests travelling both for business and leisure and a greater interest in promotional offers. In addition, the of the European Figure Skating Championships in January had a positive impact.The business group segment also grew in the first quarter of 2016 as compared with the past year. The growth in the corporate segment was attributable to the recovery of the automotive industry and key customer stays in hotels of the Mercure brand.

The Novotel in Bucharest achieved a growth in operating revenues thanks to higher occupancy accompanied by an average rate slightly below the level recorded last year. F&B revenues also rose, partially thanks to the opening of the WineStone restaurant in February.The most substantial rise in the number of rooms sold was reported in the segment of individual guests, mainly tourists. Beneficial impact was exerted by the alteration of the pricing policy and a special winter promotional offer. A minor growth was also reported in the tourist group segment, particularly thanks to series of groups. A major drop in the corporate segment caused by completion of large projects implemented in 2015 was offset by a greater volume of individual guests traveling for leisure.

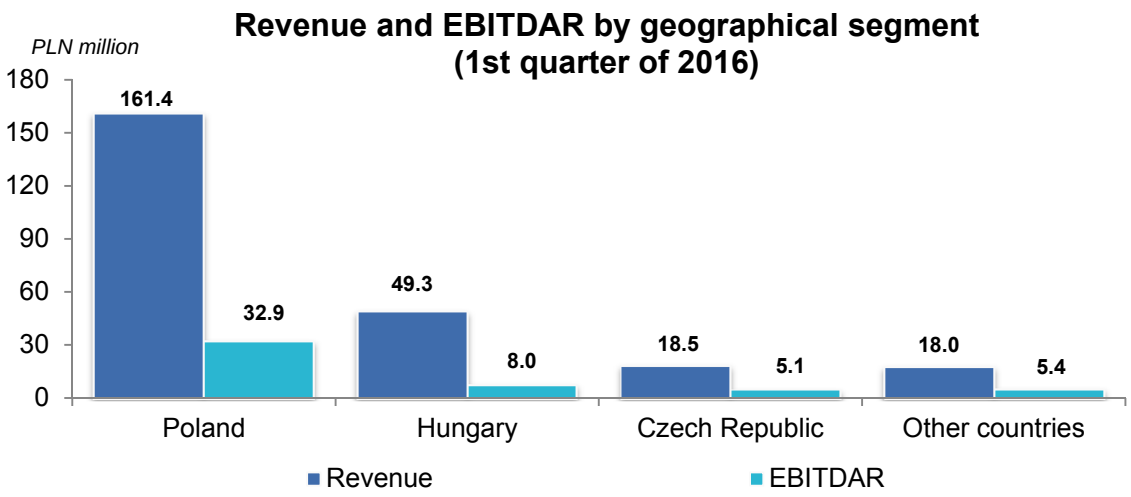
Operating result

The growing occupancy rate in the Group's hotels in 1Q 2016 resulted in an increase in direct operating costs, including commissions for sales agents, product consumption in the food & beverage department, outsourcing costs associated with conference and banquet services. Compared to 1Q 2015, also the costs of employee benefits and costs of maintenance and repair services were higher. However, the rate of growth in expenses was lower than the revenue dynamics. Consequently the Group generated the EBITDAR of PLN 51.4 million, which translates into an increase by 19.9% versus the first quarter of 2015.

In the 1st quarter of 2016 both property rental expense and depreciation/amortization were close to those reported last year. As a result, operating EBITDA grew by 45.3% up to PLN 26.5 million, while the operating result excluding one-off events amounted to PLN -9.0 million, i.e. improved by 43.6% against 1Q 2015.

The earnings of the three months of 2016 were negatively impacted by higher financial costs than last year. The increase in these costs was caused by foreign exchange loss on valuation of balances and transactions in foreign currencies amounting to PLN 2.8 million.

The Orbis Group ended the 1st quarter of 2016 with a net loss of PLN 13.4 million, so the result was by 39.8% higher compared to figures for the 1st quarter of 2015.



4.4 Seasonality or cyclicality of operations

Sales of the Orbis Group throughout the year are marked by seasonality. Usually, major value of sales is generated during the third quarter of the year. The second quarter of the year is the second best in terms of contribution to sales volume. The first quarter is the last, in terms of sales.

Net sales	2014		2015		2016	
	PLN `000	% share of annual revenue	PLN `000	% share of annual revenue	PLN `000	% share of annual revenue
1st quarter	128 494	18.2%	229 201	18.2%	247 214	-
2nd quarter	198 290	28.0%	362 425	28.7%		
3rd quarter	204 160	28.8%	362 903	28.7%		
4th quarter	176 841	25.0%	308 197	24.4%		
Total	**707 785**	**100.0%**	**1 262 726**	**100.0%**	**247 214**	-

4.5 Segment reporting

The Orbis Group distinguishes two reportable operating segments:

- Up & Midscale Hotels that comprise hotels of the Sofitel, Pullman, MGallery, Novotel, Mercure and Orbis Hotels brands,
- Economy Hotels that include ibis, ibis budget and ibis Styles hotels.

Unallocated operations comprise revenue and expense of the Head Office (including franchised and managed fees, as well as revenue and expense of investment property rentals) as well as non-recurring and one-off events, such as revaluation of non-financial non-current assets, result on disposal of real property and restructuring costs. Also, current and deferred income tax expense is recognised in unallocated operations (the Group does not calculate income tax for the respective operating segments).

Segment performance is evaluated based on, first and foremost, revenue as well as results at the level of EBIT (operating profit/loss) and EBITDA (operating profit/loss before depreciation & amortisation), with the exclusion of non-recurring and one-off events. Also, incurred capital expenditure is analysed on a regular basis.

Tables below present figures pertaining to revenue, results as well as capital expenditure of the operating segments of the Orbis Group. The figures presented below include the results of owned hotels as well as leased hotels.

1st quarter of 2016	Operating segments			Consolidated value
	Up & Midscale Hotels	Economy Hotels	Unallocated operations and consolidation adjustments	
Segment revenue, of which:	**194 683**	**46 310**	**6 221**	**247 214**
Sale to external clients	194 683	46 310	6 221	247 214
EBITDAR	**52 396**	**17 516**	**(18 489)**	**51 423**
EBITDA	**30 985**	**14 425**	**(18 862)**	**26 548**
Depreciation and amortisation	(25 484)	(9 163)	(950)	(35 597)
Operating profit/(loss) without the effects of one-off events	**5 501**	**5 262**	**(19 812)**	**(9 049)**
Result of one-off events	0	0	(143)	(143)
Operating profit/(loss) (EBIT)	**5 501**	**5 262**	**(19 955)**	**(9 192)**
Share of net losses of associates	0	0	(167)	(167)
Finance income/costs	(253)	(206)	(5 692)	(6 151)
Income tax expense	0	0	2 066	2 066
Net profit (loss)	**5 248**	**5 056**	**(23 748)**	**(13 444)**
Capital expenditure	124 474	19 741	167	**144 382**

1st quarter of 2015	Operating segments			Consolidated value
	Up & Midscale Hotels	Economy Hotels	Unallocated operations and consolidation adjustments	
Segment revenue, of which:	**179 838**	**43 993**	**5 370**	**229 201**
Sale to external clients	179 838	43 993	5 370	229 201
EBITDAR	**44 181**	**16 434**	**(17 719)**	**42 896**
EBITDA	**22 892**	**13 455**	**(18 073)**	**18 274**
Depreciation and amortisation	(24 821)	(8 866)	(642)	(34 329)
Operating profit/(loss) without the effects of one-off events	**(1 929)**	**4 589**	**(18 715)**	**(16 055)**
Result of one-off events	0	0	(2 456)	(2 456)
Operating profit/(loss) (EBIT)	**(1 929)**	**4 589**	**(21 171)**	**(18 511)**
Share of net losses of associates	0	0	(129)	(129)
Finance income/costs	(115)	(171)	(3 307)	(3 593)
Income tax expense	0	0	(99)	(99)
Net profit/(loss)	**(2 044)**	**4 418**	**(24 706)**	**(22 332)**
Capital expenditure	9 320	837	175	**10 332**

In the first quarter of 2016, revenue of the Up & Midscale segment was by 8.3% higher as compared to revenue for the first quarter of 2015. This growth was driven predominantly by higher occupancy rate (up by 3.8 p.p.) in combination with higher average room rates (by 3,9%).

Revenue of the economy hotel segment rose by 5.3%. The reported rate of growth was attributable to an increase in average room rates (by 4.4%) accompanied by a slight decrease in the occupancy rate (by 1.3 p.p.).

4.6 Statement of financial position

On March 31, 2016, the Group's assets totalled PLN 2 479.2 million, i.e. were at the level close to that as at December 31, 2015.

The major components of the Group's assets are non-current assets, out of which the predominant item are property, plant and equipment valued at PLN 2 028.1 million, accounting for 81.8% of assets. Due to the type of business pursued, the major item of property, plant and equipment are buildings and structures as well as land and rights to perpetual usufruct of land. Property, plant and equipment increased by 5.4% as compared with its value as at December 31, 2015. It is above all the result of a buyback of two hotels so far leased (the ibis Budapest Heroes Square and the Mercure Budapest City Center) by a subsidiary, Accor-Pannonia Hotels Zrt. The capital expenditure for the buyback of these hotels totalled PLN 121.2 million.

Intangible assets (mainly goodwill) valued at PLN 113.6 million also make a major item of non-current assets. Their contribution to the Group's assets runs to 4.6%.

As regards current assets, the most significant changes in the first quarter 2016 occurred with regard to cash and cash equivalents, short-term receivables and short-term financial assets.

At the end of March 2016, the Orbis Group reported total cash and cash equivalents of PLN 159.7 million (6.4% of assets). The decline in the balance of cash and cash equivalents in Q1 is above all the result of capital expenditure incurred.

The other short-term receivables item comprises predominantly VAT receivables and prepayments. Increase in the balance of this item from PLN 34.5 million at the end of 2015 up to PLN 45.9 million as at March 31, 2016, (change by 33.0%) is attributable to the seasonal higher level of prepayments in Q1, mainly fees for perpetual usufruct of land and property lease costs. Moreover, a prepayment of PLN 5.5 million under the hotel buyback transaction, receivable by the Group as at December 31, 2015 was posted to the accounts.

Short-term financial assets as at December 31, 2015 included a loan granted by Accor-Pannonia Hotels Zrt. to external companies, namely City Budapest Zrt. and Hotel Liget. Zrt. This receivable was received in Q1 2016 as part of the buyback transaction of two hotels located in Budapest.

The Group financed its operating activities predominantly with its own funds. On March 31, 2016, equity amounted to PLN 1 784.1 million (72.0% of equity and liabilities).

As at March 31, 2016, Orbis S.A. had the following non-current liabilities bearing interest:

- liabilities under the bond issue of PLN 301.3 million (12.2% of liabilities),
- borrowings of PLN 122.6 million (4.9% of the balance sheet total),

and current liabilities (borrowings) of PLN 35.3 million.

Other companies belonging to the Group had current liabilities resulting from overdrafts totalling PLN 4.2 million. In aggregate, at the end of March 2016, current liabilities of the Orbis Group under borrowing equalled PLN 39.5 million (1.6% of the balance sheet total).

On March 31, 2016, the Group's net debt stood at PLN 303.8 million, i.e. accounted for 17.0% of equity.

A significant item of current liabilities are other current liabilities, including mainly tax and social security liabilities and accrued expenses of employee benefits (also for bonus payments and unused holiday leaves). Lower level of these liabilities as at March 31, 2016 as compared to end of December 2015 results in particular from the decline in the balance of provision for retirement benefits and similar obligations due to payments made in Q1 2016

A much higher level of deferred revenue as at March 31, 2016 results predominantly from prepayments received for accommodation services to be provided during spring and summer. Moreover, growth of non-current deferred revenue results from prepayment (PLN 3.1 million) received against the purchase price of the Mercure Mrągowo Resort & SPA Hotel.

Decline of liabilities associated with tangible assets in Q 1 2016 results in particular from posting of expenditure incurred for the rebranding of the Orbis Wrocław Hotel into the ibis brand as well as completion of modernisation works in the following hotels: Mercure Częstochowa Centrum, Mercure Poznań Centrum and Novotel Warszawa Victoria.

4.7 Statement of changes in equity

On March 31, 2016, equity amounted to PLN 1 784.1 million against PLN 1 783.3 million at the end of 2015.

In 1Q, a payment of EUR 4 million (equivalent to PLN 17.3 million) received from Accor S.A. was posted directly to retained earnings. The payment was made due to the agreement signed on January 15, 2016 (description in Section 5.16). Also the income tax resulting from this transaction was posted to equity. In addition, retained earnings reflected the Group's loss for 1Q 2016 amounting to PLN 13.4 million.

The change in the Group's other reserves in the three months of 2016 resulted from valuation of the derivative instrument hedging against the risk of interest rate change.

4.8 Statement of cash flows

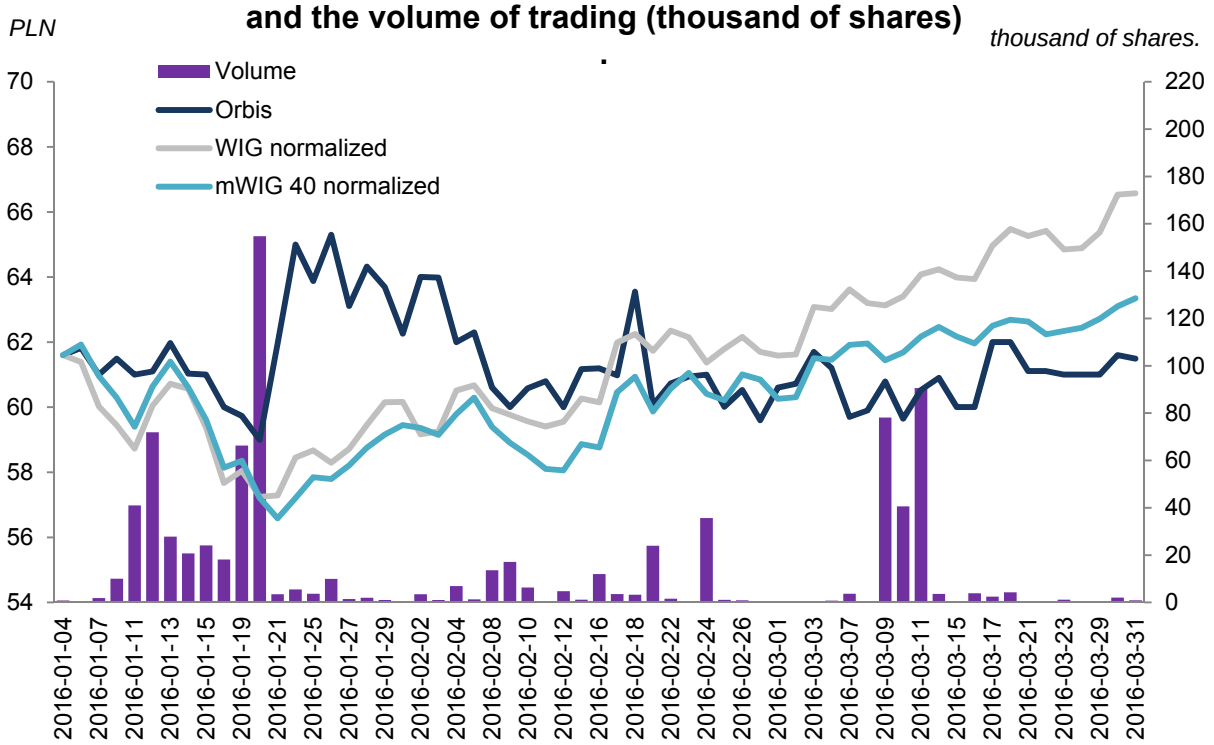
During the first three months of 2016, net cash flows of the Orbis Group amounted to - PLN 112,0 million (- PLN 117.4 million in the first quarter of 2015). Cash flows comprised:

- Operating activities – a considerable rise in sales in 1Q 2016, achieved both thanks to higher prices and increase in occupancy rate, resulted in an improvement of pre-tax earnings and directly in higher operating cash flows compared to last year,
- Investing activities – the main reason for the cash outflow of PLN 136.2 million was the expenses incurred on property, plant and equipment of PLN 143.8 million. The highest part of the funds were used to for the buyback of two leased hotels. Within this transaction the Hungarian subsidiary made a payment of EUR 24.2 million (some PLN 107 million), which resulted from the fixed price of EUR 27.5 million less the amount due under the granted loans of EUR 2 million and the prepayment of EUR 1.3 million made in December.
  Expenditures on investing activities were partially offset with the prepayment received for the sale of the Mercure Mrągowo Resort & SPA hotel (PLN 3.1 million) and the receipt of yet another instalment of the amount (PLN 3.4 million) due for sale of the Mercure Kasprowy hotel in Zakopane.
- Financing activities – funds received from Accor S.A. and the overdraft taken out by the Hungarian subsidiary Accor-Pannonia Hotels Zrt. were the proceeds from financing activities of the Orbis Group in 1Q 2016. In turn, expenses in the first three months of 2016 were incurred to decrease the overdraft balance of the subsidiary Katerinska Hotels s.r.o. and to pay the costs of borrowings (interest, fees and other costs) of Orbis S.A. Consequently the Orbis Group generated in 1Q 2016 cash inflow from financing activities equal to PLN 18.9 million.

4.9 Share price

In the first quarter of 2016, the price of Orbis S.A. shares ranged from PLN 59.00 to PLN 65.30. The spread between the highest and the lowest quotations was PLN 6.30, which accounted for 11% of the lowest price. The Orbis share closing price at the end of the first quarter of 2016 stood 3% below the mWIG40 index, and by 8% below the WIG index. The shares reached the highest price of PLN 65.30 on January 26, 2016. During the first quarter of 2016, the average trading volume in Orbis securities equalled 13,734 shares. On March 31, 2016, Orbis S.A. shares achieved the level of PLN 61.49 and the price remained close to that quoted at the start of the year.

Orbis S.A. share price in the 1st quarter 2016 (31.12.2015=100,0%) and the volume of trading (thousand of shares)



4.10 Capital expenditure

In the first quarter of 2016, capital expenditure of the Orbis Group amounted to PLN 144.4 million (PLN 10.3 million in the corresponding period of past year).

Capital expenditure of the Group	1st quarter of 2016	1st quarter of 2015
Development projects	14 121	7 843
Leased hotels buyback	121 164	0
Other expenditure	9 097	2 489
Total	**144 382**	**10 332**

A major portion of capital expenditure in Q1 2016 was appropriated for buyback of two hotels so far leased by Accor-Pannonia Hotels Zrt. The transaction involved the ibis Budapest Heroes Square Hotel (139 rooms) and the Mercure Budapest City Center Hotel (227 rooms). The purpose of leased hotels buyback is to optimise the hotel business of the Orbis Group, in particular to eliminate lease costs. The total net price paid by Accor-Pannonia Hotels Zrt. for the acquisition of the above-mentioned hotels totalled EUR 27.5 million, of which EUR 16.0 million was financed from a loan granted to the Hungarian company by Hekon-Hotele Ekonomiczne S.A.

Expenditure incurred during Q1 2016 was also allocated for Orbis S.A. development projects. A total sum of PLN 14.1 million was appropriated for the following investment projects:

- Mercure Kraków Stare Miasto. Works related to the construction of a new hotel located in the city centre launched in 2015 were continued in Q1 2016. The shell of the building, the facade and the installation of the utility systems have been completed. The construction project entered the phase of FF&E procurement for hotel rooms, the public areas and the hotel back office. Completion of construction project is scheduled for the end of Q3 2016.
- ibis Gdańsk Stare Miasto. The construction of the shell of the hotel building reached its final phase. The roof structure and the utility systems installations have been completed. The construction of the outdoor car park will begin soon. Furniture, fixtures and fittings for the hotel are being ordered. Completion of work is scheduled for the turn of the Q3 and Q4 2016.
- Orbis Wrocław. As part of the modernisation works of the former Orbis Wrocław Hotel launched in 2015, the ibis-branded section of the hotel was opened for guests on April 1, 2016. The next phase of modernisation works is pending on four floors of the Novotel Hotel and in the Novotel public areas, also in the conference rooms, the lobby, the restaurant and in the hotel back office. Completion of the modernisation works in the Novotel section is scheduled for the turn of Q2 and Q 3 of 2016.
- Novotel Poznań Centrum. Modernisation of the hotel planned for 2016-2017 and involving the partition of the hotel and partial rebranding into ibis has started. Works related to preparation of mock-up rooms and design works were pending in Q1 2016.

Other expenditure incurred in the first quarter of 2016 (PLN 9.1 million) was earmarked for upgrading the standard of hotels operating in the Group and improving security, fire safety and IT expenditure.

4.11 Human resources

In the first quarter of 2016, the average employment in the Orbis Group stood at 3 818 full time equivalents, having risen by nearly 2% compared to the same period of last year.

Average employment (in full-time equivalents)	1st quarter of 2016	1st quarter of 2015	% change
Poland	2 490	2 451	1.6%
Hungary	865	857	0.9%
Czech Republic	207	195	6.2%
Other countries	256	243	5.3%
Total	**3 818**	**3 746**	**1.9%**

In the 1st quarter of 2016 the Orbis Hotel group completed, in the form of both traditional and e-learning training courses, over 2 100 training days for nearly 1 650 employees (2 720 participants).

4.12 Social Responsibility (CSR)

In order to ensure transparency of Orbis activities, Orbis decided to apply the rules set out in the Code of Best Practices for WSE Listed Companies and to notify the market in case we do not comply with any of the rules. Following this approach, in 1Q2016 we have issued and deployed 2 biding documents: the Orbis Hotel Group Diversity Charter in order to promote workplace equality and prevent discrimination so that everyone is given an unrestricted opportunity to professionally grow within the Company and the Orbis Hotel Group Sponsorship Policy.

On the People side, in an increasingly competitive global marketplace, Orbis is focused on attracting and retaining the best talents and supporting its employees in reflecting the diversity of our hotel guests. That is why, employees trainings programs in 1Q2016 were focused not only on technical skills but also on modern leadership and on empowering employees' relational skills through the "Happy Guest Come Back" program. Moreover, in scope of its F&B strategy, Orbis is also investing in making professional perspective of young Chefs more broaden throughout the "Culinary Excellence" program, a series of workshops mixing altogether between January and March 2016 50 beneficiaries - Chefs, external experts and young talents from vocational schools across Poland. Taking into account the popularity and business success of this program, "Culinary Excellence" will be soon deployed abroad Poland.

As the leading employer having detailed impacts on social issues in Eastern Europe, starting 1Q2016, Orbis is engaged in the "HeForShe" campaign with the objective to involve more men in the process of improving the situation of women in its region. Detailed objectives to be attained by 2017 were set: understanding and championing male employees' involvement in the HeForShe campaign, driving towards parity in pay, better representation of women in Orbis Group top management and advancing knowledge of the evolving "ideal worker" and the changing hospitality industry. Also, throughout the Women At AccorHotels Generation network that is today comprising more than 200 members in Orbis Group, en dof March 2016 we have started an empowerment and mentoring program for employees in Romania and Bulgaria while in Poland almost 100 beneficiaries profited from "Happiness at Work" workshops focused on developing soft skill techniques that are fuelling further WAAG members professional success.

Committed to child protection policy, Orbis Group - with the support of Nobody's Children Foundation, extended its prevention policy to its business partners by offering trainings to almost 100 employees of security firms supplying professional daily services to hotels.

On the environmental side, Orbis followed the intensification of Plant for the Planet program in Romania (reforestation program in Transylvania) and in Poland (development of Polish traditional eco-fruit orchards). The first 3 months of 2016, were also an intensive preparatory time for the implementation of the new "Planet 21" program set for 2016-2020.

4.13 Position of the Management Board as regards viability of previously published forecasts

The Orbis Group has not made public any forecasts of its 2016 results.

4.14 Factors to affect the Orbis Hotel Group's operations in subsequent quarters

The hospitality market is strongly correlated with economic situation. Projections for 2016 indicate that economic recovery in Central & Eastern Europe will continue. Economic upturn will be fostered by strong growth in investments, driven among others by the utilization by EU funds. Also, forecasts provide for a continued decline in the unemployment rate and prevailing pressure for further salary increases in the entire region, which should be reflected in rising household expenditure. Not only relatively low prices but improving infrastructure, i.e. new roads, railway connections and cheap flights, as well will encourage tourists to come to Poland.

Continued economic revival in the region may be threatened by, among others, tensions in the euro area, migration crisis, limited solidarity between countries, escalation of the Ukrainian conflict (affecting negatively the sentiment to travel to Central & Eastern Europe).

Demand for hotel services is, to a large extent, driven by prestigious sporting and cultural events. In subsequent quarters of 2016, Poland will host such events as: the World Youth Day in Kraków, the 27th NATO Summit in Warsaw and numerous artistic events in Wrocław – the city that serves as the European Capital of Culture 2016.

The hotel portfolio is expected to develop intensively in 2016, which will have a bearing on growing competition, particularly in terms of prices. Numerous new hotel establishments are being erected in Poland, including the ones to operate under international brands. Hotels belonging to local operators are also being constructed. Hotels will face increasing competition from service apartments and new style hostels.

Basic risks and threats viewed as factors of significance for the development of the Group are described in Note 34 to the Consolidated Financial Statements for 2015.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Basic information about the Issuer

The Group's parent company is Orbis Spółka Akcyjna with its corporate seat in Warsaw, ul. Bracka 16, 00-028 Warsaw, Poland. The parent company of the Group is entered in the Register of Business Operators maintained by the District Court in Warsaw, XII Commercial Division of the National Court Register under the number KRS 0000022622. According to the Polish Classification of Business Activity [PKD], the Company's business operations are classified under section I, item 5510Z.

5.2 Business operations

The scope of core business operations of Orbis S.A. includes mainly:

- hotels and other lodging units,
- food and beverage services,
- activities related to organisation of fairs, exhibitions and congresses,
- lease and management of own or leased real estate,
- management of real estate on mandate basis.

The term of Orbis S.A. and the companies forming the Group is unlimited

Orbis' strategic partner is Accor, the world's leading hotel operator and the European market leader. Accor is present in 92 countries.

The Orbis Group is the largest hotel operator in Poland and Central & Eastern Europe. As at the end of March, the Group's structure comprised 108 hotels located in 9 countries. The Orbis Group hotels operate under Accor brands: Sofitel, Pullman, MGallery, Novotel, Mercure, ibis, ibis Styles, ibis budget and under the own brand Orbis Hotels.

5.3 The Issuer's shareholders

As at the day of publication, the shareholders who hold at least 5% of the total number of votes at the General Meeting of Orbis S.A. Shareholders included:

Shareholder	Number of shares and votes	% of the total number of shares and votes at the GM
Accor S.A.	24 276 415	52.69
of which: subsidiary Accor S.A.- Accor Polska Sp. z o.o.	*2 303 849*	*4.99*
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	4 577 880	9.94
Nationale-Nederlanden Otwarty Fundusz Emerytalny (formerly: ING Otwarty Fundusz Emerytalny)	2 391 368	5.19
Amplico Otwarty Fundusz Emerytalny and Metalife Amplico Dobrowolny Fundusz Emerytalny managed by Amplico Powszechne Towarzystwo Emerytalne	2 357 156	5.12

The ownership structure of major blocks of Company shares did not change in the first quarter of 2016.

5.4 The holding of Orbis S.A. shares by members of the Supervisory Board and the Management Board

As at the day of publication of the report, Vice-President of the Management Board, Mr. Ireneusz Andrzej Węgłowski, held 3 000 Orbis S.A. shares. Other members of the Management Board did not hold any Company shares.

Among the members of the Supervisory Board, solely Mr. Jacek Kseń held 2 010 Orbis S.A. shares.

No changes occurred in respect of the holding of Orbis S.A. shares by managing and supervising persons in the first quarter of 2016.

5.5 Share capital and dividends paid

As at March 31, 2016, the share capital of Orbis S.A. comprised the share capital disclosed in the amount set out in the Statutes and entered in the court register, adjusted for effects of hyperinflation, i.e.:

- Number of shares – 46 077 008,
- Par value per share - PLN 2,
- Share capital set out in the Statutes of Orbis S.A. – PLN 92 154 thousand,
- Hyperinflation restatement of share capital – PLN 425 600 thousand,
- Carrying amount of share capital – PLN 517 754 thousand.

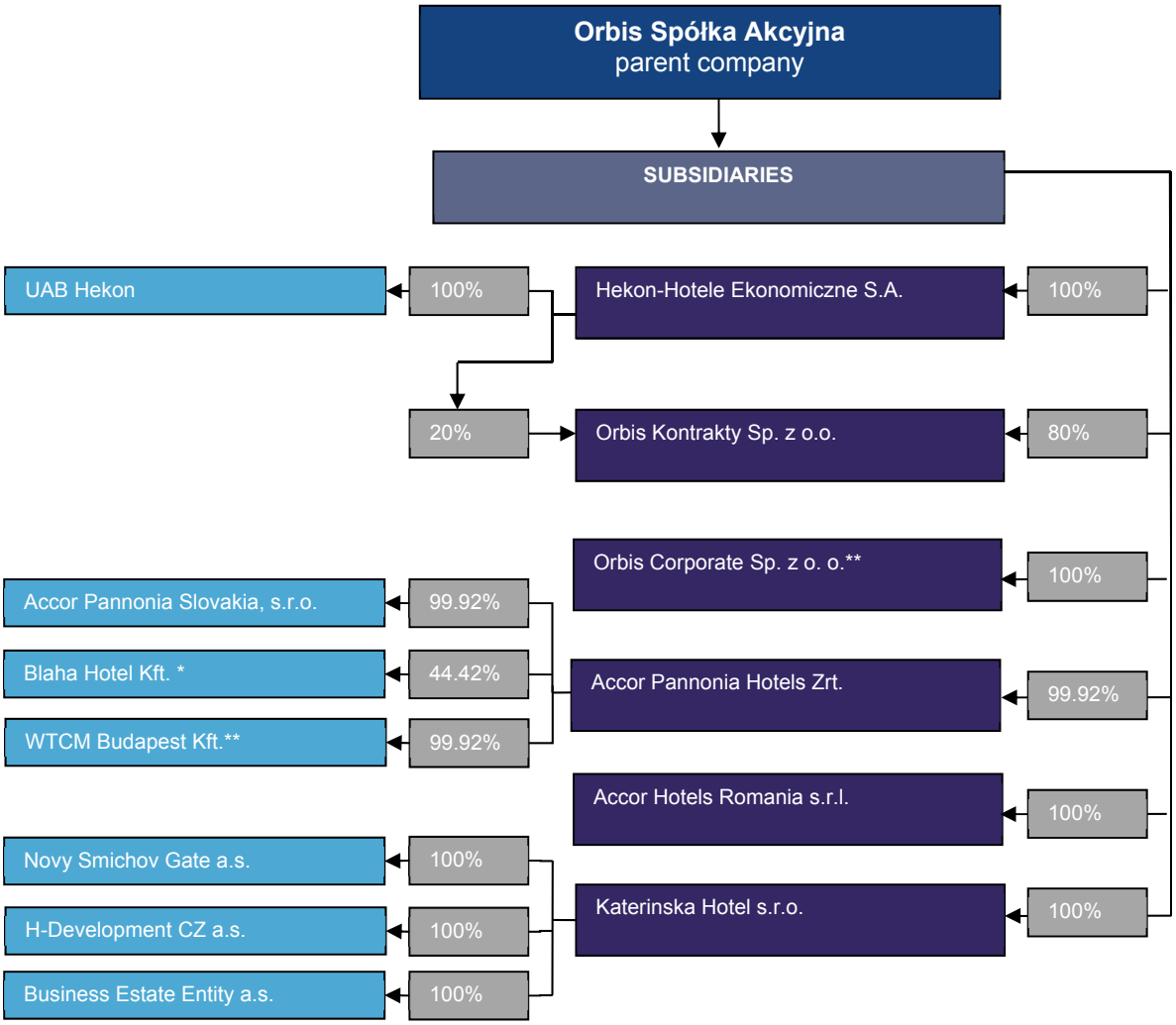
During the first quarter of 2016 the value of share capital did not change.

By the date of publication of this report, the decision concerning the distribution of Orbis S.A.'s net profit for 2015 has not been approved. The Management Board of Orbis S.A. decided to submit to the General Meeting of Orbis S.A. Shareholders for approval the motion for distribution of the net profit for the financial year 2015 in the amount of PLN 109 203 thousand as follows:

- Allocation of the amount of PLN 69 116 thousand for payment of dividend to shareholders – that is PLN 1.50 per share,
- Allocation of the amount of PLN 40 087 thousand in the retained earnings of the Company for statutory goals.

5.6 The structure of the Group

As at March 31, 2016 the Orbis Group comprised the following companies:



** An associate accounted for in the consolidated financial statements using the equity method*

*** Companies excluded from consolidation, they do not pursue business activities*

5.7 Description of principal accounting policies

The presented condensed interim consolidated financial statements are in compliance with the International Financial Reporting Standards approved by the European Union, issued and valid on the date of these financial statements, including the International Accounting Standard 34 *Interim Financial Reporting*.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out in Note 2.3 to the annual consolidated financial statements for 2015. The accounting policies have been consistently applied to all the years presented in the financial statements.

The consolidated financial statements have been prepared on the assumption that the Parent Company and the Orbis Group companies will continue as a going concern in the foreseeable future.

The financial statements of the companies forming the Group have been prepared in the currency of the primary economic environment in which the respective companies operate (in "the functional currency"). The consolidated financial statements are prepared in the Polish zloty (PLN), which is the presentation and functional currency of the parent company.

All financial figures are quoted in PLN thousand, unless otherwise stated.

5.8 Currency exchange rates

Items of statements of financial position of foreign subsidiary companies were translated into the Polish currency at the average exchange rate quoted by the National Bank of Poland as at March 31, 2016. Items of the income statement, statement of comprehensive income and statements of cash flows of foreign subsidiary companies were translated into the Polish currency at the exchange rates being the arithmetic mean of average exchange rates quoted by the National Bank of Poland at the day ending each month of the first quarter of 2016 and the first quarter of 2015. Exchange rates used to translate statements of foreign subsidiary companies are presented in the table below:

Currency	Average exchange rate in the reporting period		Exchange rate at the end of the reporting period		
	3 months ended March 31, 2016	3 months ended March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2015
EUR/PLN	4.3559	4.1489	4.2684	4.2615	4.0890
HUF/PLN	0.0139	0.0136	0.0136	0.0136	0.0137
CZK/PLN	0.1611	0.1502	0.1578	0.1577	0.1486
RON/PLN	0.9697	0.9368	0.9538	0.9421	0.9277

5.9 Borrowings

On December 19, 2014, Orbis S.A. (as the borrower) together with the subsidiary Hekon – Hotele Ekonomiczne S.A. (as the guarantor) executed a credit facility agreement with Bank Polska Kasa Opieki S.A. and Société Générale S.A. by virtue of which the Banks granted to Orbis S.A. a credit facility of up to the sum of PLN 480 000 thousand. According to the executed agreement, the credit facility was allocated for:

- financing 80% of the price payable for interests in companies in Eastern Europe purchased by Orbis S.A.;
- corporate purposes of Orbis S.A., up to the sum not higher than PLN 50 000 thousand.

The interest rate on the credit facility was determined according to a variable interest rate equal to WIBOR for three-month deposits (WIBOR 3M) plus the banks' margin. Interest will be paid at the end of each quarter, while capital instalments at the end of June and December. Pursuant to the current payment schedule, the date of payment of the last instalment falls on June 26, 2020.

As at March 31, 2016, Orbis S.A. had liabilities under a credit facility of PLN 157 905 thousand.

During 3 months of 2016, Orbis S.A. paid PLN 1 176 thousand as interest on credit facilities and PLN 194 thousand as commissions and other borrowing costs resulting from credit facilities.

Borrowings	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Liabilities arising from credit facilities (outstanding capital)	158 801	158 801	476 780
Credit facilities valued at amortised cost	(896)	(1 046)	(2 069)
Overdrafts	4 255	1 357	0
Total borrowings	**162 160**	**159 112**	**474 711**

As at March 31, 2016, a subsidiary Accor Pannonia Hotels Zrt. had liabilities under an overdraft facility of PLN 3 926 thousand (EUR 920 thousand), while subsidiary Katerinska Hotel s.r.o. had an overdraft facility of PLN 329 thousand (CZK 2 088 thousand).

The amount of undrawn credit lines under overdrafts of the Orbis Group as at March 31, 2016, was PLN 50.2 million, of which the credit lines undrawn by Orbis S.A. amounted to PLN 20.0 million, those of Hekon-Hotele Ekonomiczne S.A.: PLN 0.1 million, those of Accor Pannonia Hotels Zrt.: PLN 6.8 million (i.e. EUR 1.6 million) and those of Katerinska Hotel s.r.o.: PLN 23.3 million (i.e. CZK 147.9 million). The remaining Group companies did not have undrawn credit lines under overdrafts.

5.10 Issue, redemption and repayment of debt and equity securities

On June 26, 2015, Orbis S.A. issued 300 thousand ordinary bearer bonds of the ORB A 260620 series, of a nominal value of PLN 1 000 each and a total nominal value of PLN 300 000 thousand. The issue price of the bonds is equal to their nominal value. The funds raised from this bond issue were used for partial repayment of a credit facility.

The bonds bear interest per annum at a variable interest rate at WIBOR for six-month deposits (WIBOR 6M) plus interest rate margin of 0.97%. Interest will be payable in 6-month interest periods.

The bonds will be redeemed on June 26, 2020 at their nominal value. Prior to the redemption date, on June 26, 2018, Orbis may redeem all the issued bonds or 50% of the issued bonds by paying to bondholders the nominal value of the bonds plus premium of 1% of the nominal value of the bonds and the amount of interest due for the interest period ending on the date on which the early bond redemption takes place.

On September 17, 2015, Orbis bonds were launched in the BondSpot alternative trading system operating on the Catalyst market.

In 1Q 2016 Orbis S.A. did not incur any expenses due to the issued bonds.

Bonds	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Proceeds from the bond issue	300 000	300 000	0
Valuation of bonds at amortised cost	1 338	(771)	0
Total bonds	**301 338**	**299 229**	**0**

5.11 Financial instruments

5.11.1 Fair value of financial instruments

As at March 31, 2016 and December 31, 2015, the only financial instruments that were subject to measurement at fair value following their initial recognition and were recognised at fair value in the statement of financial position were derivative instruments, i.e. interest rate swap.

The table below presents fair values and carrying amounts of financial assets and liabilities (including items that are not measured at fair value, but in respect of which fair value disclosures are required):

	As at March 31, 2016		As at December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	159 692	159 692	271 683	271 683
Other financial assets (long-term)	7 888	7 888	7 888	7 888
Short-term financial assets (loans granted)	0	0	8 577	8 577
Trade receivables and other short-term receivables	53 162	53 162	62 668	62 668
Financial liabilities				
Borrowings	162 160	164 774	159 112	160 551
Debt securities - bonds issued	301 338	304 500	299 229	303 000
Derivative instruments (liabilities)	1 297	1 297	795	795
Trade payables and other current and non-current liabilities	108 225	108 225	122 042	122 042

As at March 31, 2016 and December 31, 2015, the carrying amount of financial instruments of the Group, except for liabilities arising from credit facilities and issued bonds, approximated their fair value.

The fair value of liabilities arising from credit facilities was determined as the present value of future cash flows, discounted at a current interest rate

The fair value of bonds was determined based on their price on the Catalyst bond market as at the end of the reporting period (or a date close to that day).

The fair value of a derivative instrument was determined as the present value of estimated future cash flows on the basis of monitoring of yield curves.

In terms of applied measurement procedures, issued bonds are classified to Level 1 of fair value hierarchy (fair value determined on the basis of prices quoted on an active market). Liabilities under credit facilities and derivative instruments are classified to Level 2 of fair value hierarchy (fair value determined on the basis of observable market data, other than direct market quotations).

The Group did not perform any reclassifications between fair value levels in the current period.

5.11.2 Hedge accounting

To reduce the risk of changing interest rates and hedge future cash flows, on September 15, 2015 Orbis S.A. entered into a pay-floating receive-fixed Interest Rate Swap with the bank Société Générale S.A. The amount of the hedging instrument is PLN 150 million, which accounts for 50% of the issued bonds. The swap matures on June 26, 2018. Interest payment dates fall every six months, starting from June 27, 2016, and have been correlated with dates of payment of interest on bonds.
As at March 31, 2016 and December 31, 2015, the swap's fair value was disclosed in the Group's equity through other comprehensive income. In 2016, no ineffectiveness arising from cash flow hedges occurred that would require to be disclosed in the financial result of the Group.

5.12 Changes in estimates of amounts

5.12.1 Impairment of assets

Movements in impairment loss in 1Q 2016	Impairment loss on:				
	property, plant & equipment	investment property	assets held for sale	receivables	financial assets
As at January 1, 2016	**(122 645)**	**(375)**	**(9 055)**	**(6 245)**	**(1 031)**
Recognised impairment loss	0	0	0	(694)	0
Utilised impairment loss	0	0	0	16	
Reversed impairment loss	0	0	0	693	0
Impairment loss on tangible assets not subject to reversal *	1 703	10	0	0	0
Exchange differences on translation	(27)	0	0	(8)	2
As at March 31, 2016	**(120 969)**	**(365)**	**(9 055)**	**(6 238)**	**(1 029)**

** The value of impairment recognised in the previous periods, which cannot be reversed (due to IAS 36, according to which the net book value of property, plant and equipment and investment property arising from the reversal of an impairment should not exceed the amount that would have been determined if no impairment had been recognised).This value of impairment is recognised as accumulated depreciation. As a result, the balance of impairment as at the end of the period equals the amount reversible in the event of expiry of circumstances underlying the impairment.*

In the first quarter of 2016 and in 2015, no circumstances occurred in the Group that would indicate a need to recognise impairment losses on inventories.

5.12.2 Provisions for liabilities

Movements in provisions in the first quarter of 2016	Provision for:				
	Jubilee awards	Retirement & disability benefits	litigations	restructuring	other liabilities
As at January 1, 2016	**18 367**	**7 149**	**777**	**336**	**1 328**
Provision recognised in the period	350	110	0	0	199
Provision utilised in the period	(350)	(110)	0	(343)	0
Provision released in the period	(637)	(200)	0	0	0
Exchange differences on translation	0	(1)	0	7	(6)
As at March 31, 2016, of which:	**17 730**	**6 948**	**777**	**0**	**1 521**
Short-term provisions	1 942	611	777	0	1
Long-term provisions	15 788	6 337	0	0	1 520

The release of provisions for jubilee awards and retirement and disability benefits results from the sale, on February 29, 2016, of an organized part of the enterprise in the form of the Mercure Mrągowo Resort & SPA hotel.

5.13 Deferred tax assets and liabilities

Deferred tax	As at:		Impact on statement of comprehensive income
	March 31, 2016	December 31, 2015	
Deferred tax assets	23 448	21 128	2 320
Deferred tax liabilities	837	620	(217)
Change in deferred tax assets and liabilities, of which:			**2 103**
impact on profit or loss			2 064
impact on other comprehensive income (incl. exchange differences on translation)			39

5.14 Contingent assets and liabilities

5.14.1 Liabilities arising from credit facility agreements

On December 19, 2014, Orbis S.A. (as the borrower) together with the subsidiary Hekon – Hotele Ekonomiczne S.A. (as the guarantor) executed a credit facility agreement with Bank Polska Kasa Opieki S.A. and Société Générale S.A. by virtue of which the Banks granted to Orbis S.A. a credit facility of up to the sum of PLN 480 000 thousand, used in the amount of PLN 476 445 thousand.

Orbis S.A.' s liabilities under the credit facility agreement have been secured by way of:

- a surety granted by Hekon-Hotele Ekonomiczne S.A.;
- mortgages established on the following real properties (hotels) owned by Orbis S.A.: Mercure Warszawa Centrum (land and mortgage register no. WA4M/0097244/3), Sofitel Warsaw Victoria (land and mortgage registers no. WA4M/00193711/1 and no. WA4M/00193710/4), ("the Real Properties")
- assignment as a collateral security of Orbis S.A.'s rights under the insurance policies of the Real Properties;
- commitment made by Orbis S.A. to each of the Banks to submit itself to voluntary debt enforcement procedure;
- financial pledge on cash deposited on bank accounts kept by Bank Polska Kasa Opieki S.A.;
- granting a power of attorney to all the bank accounts of Orbis S.A. to Bank Polska Kasa Opieki S.A. (credit agent and collateral agent).

To secure the claims under the credit facility agreement, a joint contractual mortgage for up to the amount of PLN 720 000 thousand has been established for the benefit of Bank Polska Kasa Opieki S.A. (Mortgage Administrator) on the rights to perpetual usufruct of the Real Properties and on ownership titles to buildings developed thereon.

The market value of the two real properties encumbered with mortgages due to the credit facility taken out, i.e. Mercure Warszawa Centrum and Sofitel Warsaw Victoria, determined by independent property valuers as at December 1, 2015, amounted to PLN 381 260 thousand. The book value of the real properties is PLN 182 227 thousand as at March 31, 2016.

The issued bonds have been secured by a joint contractual mortgage established on the Mercure Warszawa Grand hotel and the Novotel Warszawa Centrum hotel up to the sum of PLN 625 000 thousand. The mortgage was established for the benefit of the mortgage administrator, that is Bank Polska Kasa Opieki S.A. with its corporate seat in Warsaw, which will act in its own name, but for the account of bondholders. The total market value of the real properties encumbered by mortgage, determined by independent property valuers as at May 29, 2015, was PLN 468 476 thousand. The book value of the real properties as at March 31, 2016 is PLN 203 640 thousand.

To secure the claims under the bank credit facility taken by Blaha Hotel Szállodaüzemeltető Kft., a pledge has been established on interests held by Accor Pannonia Hotels Zrt. (subsidiary of Orbis S.A. that holds 44.46% interest in Blaha Hotel Kft). As at the end of March 2016, the value of debt totalled PLN 3 197 thousand. The credit facility repayment date has been set for December 31, 2020.

In order to secure the claims under the agreement for the lease of the Novotel hotel in Vilnius, concluded on July 12, 2002 by UAB Hekon and UAB Pinus Proprius, a bank guarantee has been issued by Société Générale S.A. Branch in Poland for the benefit of UAB Pinus Proprius (Beneficiary of the Guarantee) for the liabilities of UAB Hekon (Applicant of the Guarantee) that may arise under the executed agreement The amount of the bank guarantee is EUR 250 thousand, the guarantee remains valid till March 31, 2019.

5.14.2 Liabilities arising from agreements for the sale of assets

Under the agreement for the sale of interests in Wioska Turystyczna Wilkasy Sp. z o.o., entered into on May 26, 2014 by and between Orbis S.A. and three natural persons, Orbis S.A. (as the seller) submitted surety for breach of representations and warranties made to the buyers in connection with the concluded agreement, up to the amount of PLN 1 750 thousand.

Orbis S.A. will be released from its liability for representations relating to tax issues and public law liabilities after the lapse of 5 full financial years, and from its liability for other representations after the lapse of 12 months from the date of the agreement.

5.15 Legal claims

Legal claims	Description and the Company's stance
Litigation - description Proceedings for handing over of real property located in Warsaw, in the district of Wilanów, at ul. St.Kostki Potockiego 27, marked as the plot of land no. 21/1 with an area of 4 397 sq.m. **Value of the litigation** The Plaintiff determined the value of litigation at PLN 5 million, as the value of real property or, alternatively, at PLN 377 thousand which corresponds to the 3-month lease/tenancy rent due for this type of real property **Date of launching the legal proceedings** Statement of claim dated September 29, 2005 **Parties to the proceedings** Plaintiff: State Treasury, represented by the Municipal Office of the Capital City of Warsaw, Defendant: Orbis S.A.	Orbis S.A. motions that the claim be dismissed in its entirety. Presently, the case is being examined by the Court of Appeals in Warsaw (court of second instance). Proceedings have been suspended until final resolution of the issue concerning the ownership title to the real property in administrative proceedings. Administrative proceedings initiated by heirs of the former owner, Adam Branicki, for restitution of the real property "Kolonia Adamówka Wilanowska dz. 15" are currently pending before the Head of Mazowieckie Voivodship, i.e. the authority of first instance. No action is being taken on that case as at the date of publication of this report. During these proceedings, at a hearing on January 5, 2010 the applicants' attorney filed a written declaration, informing that the party he represents would not seek compensation from Orbis S.A. for the use of the real property. The declaration forms an appendix to the record of the hearing. However, the declaration was not supported by a relevant power of attorney granted by the heirs of Adam Branicki authorizing the attorney to renounce claims on their behalf.
Litigation - description Proceedings for declaration of invalidity of an administrative decision of the President of the City of Warsaw dated April 11, 1950, No. L dz. WPB/3116/49/P concerning refusal to reinstate a time limit for filing an application for a temporary ownership title to the land located at ul. Wspólna 19, land and mortgage reg. no. 1651/2 letter C (the area of a former real property with land and mortgage reg. no. 1651/2 letter C, corresponds partially to the current plot of land no. 133/2 administered by Orbis S.A., on which a driveway to the building of the Grand Warszawa hotel is situated, and to the plot of land no. 133/1 that is held by Orbis S.A. in perpetual usufruct, on which a part of the Hotel building is situated). **Value of the litigation** Unknown **Date of launching the legal proceedings** Application dated March 2, 2000 **Parties to the proceedings** Applicant: J. Ostrowska - Bazgier (heirs of Abracham Juda vel Adam Kaltman) Participant: "Parking- Wspólnota" Sp. z o.o in liquidation Participant: Orbis S.A.	On August 10, 2010, the Minister of Infrastructure issued a decision (served on Orbis S.A. on August 19, 2010) declaring invalidity of the administrative decision of the President of the City of Warsaw of 1950 refusing to grant to the applicants the temporary ownership title to the land concerned. On September 1, 2010, Orbis S.A. applied for re-consideration of the case. The Law Office "Domański, Zakrzewski. Palinka" [DZP] was appointed to defend the case on behalf of Orbis S.A. In subsequent pleadings, DZP challenged the timely filing of the decree motion by former owners. The proceedings have been suspended. On August 25, 2012, the Applicant filed a motion with the Ministry of Transport, Construction and Maritime Economy for revocation of decision No. 755/93 of the Head of Mazowieckie Voivodship concerning the acquisition by Orbis S.A. of the right to perpetual usufruct of the land built-up with the Grand Hotel at ul. Krucza 28 in Warsaw. Orbis S.A. motioned for refusal to initiate proceedings on this case. The Minister of Transport, Construction and Maritime Economy suspended proceedings on this case. Orbis S.A. filed petition for ascertainment of acquisition of the estate of the deceased persons with unknown place of residence. The Court resumed proceedings on this case and in first instance issued decision dismissing the application of Orbis S.A. Orbis S.A. filed an appeal against this decision. The Regional Court revoked the decision of the District Court for Warszawa – Śródmieście dated March 14, 2014 concerning dismissal of the application of Orbis S.A. for ascertainment of acquisition of the estate of Bajli Arager and Icie Frajdli Sadowska and referred the case to the District Court for reconsideration. The case is pending.
Litigation - description Request to reimburse aid received from the Polish Agency for Enterprise Development PARP **Value of the litigation** PLN 616 thousand plus interest **Date of launching the legal proceedings** July 21, 2014 **Parties to the proceedings** Requesting party: Polish Agency for Enterprise Development [PARP] Requested party: Orbis S.A.	As a beneficiary under the Human Capital Operational Programme 2007-2013, Orbis S.A. received aid for a training programme, co-financed by the European Union. As a result of a control of programme implementation, PARP claimed that Orbis S.A. had violated the terms of the programme by applying discriminating criteria and assessments in drawing up the offer. Hence, PARP requested Orbis S.A., under the sanction of issuing a decision, to pay a penalty of 25% of eligible expenditure under the programme, which is equivalent to an amount of PLN 616 thousand. Orbis S.A. challenged PARP's position in its entirety. Despite absence of an administrative decision on the reimbursement, in 2014 PARP used the bank guarantee and drew an amount of approx. PLN 504 thousand. Orbis S.A. will claim this amount by means of civil proceedings. On April 11, 2016, a decision reaffirming PARP's position was delivered. In this decision, PARP demands reimbursement of PLN 200 thousand with interest accruing from different payment deadlines specified in the decision.
Litigation - description Statement of claim for determining that the contractual penalty for the delay in constructing a hotel in Elbląg was not due, or was invalidly reserved. **Value of the litigation** PLN 350 thousand **Date of launching the legal proceedings** Statement of claim dated April 19, 2014 **Parties to the proceedings** Plaintiff: Hekon-Hotele Ekonomiczne S.A. Defendant: Municipality of the town of Elbląg	Hekon Hotele-Ekonomiczne S.A. lost its case in proceedings before the court of first instance and subsequently, as a result of the filed appeal, the court of second instance held that the provision concerning the contractual penalty had been invalid from the beginning, and the court held that the contractual penalties paid by Hekon Hotele-Ekonomiczne S.A. should be reimbursed. The municipality of the town of Elbląg filed a last-resort (cassation) appeal and Hekon S.A. filed for dismissal of the appeal. The Supreme Court decided to consider the case at a hearing in camera on October 22, 2015. The Court revoked the decision of the Court of Appeal and referred the case to be reconsidered. On March 1 the Appellate Court issued a ruling on this case and statement of reasons was issued in April. The Court ruled that only the contractual penalty of PLN 100 thousand for the year 2010 is due to the town of Elbląg. According to the statement of reasons for this judgement, contractual penalties for subsequent years are not due, since according to the position of the Supreme Court contained in the last-resort (cassation) appeal, the contractual penalty so imposed would have to be paid indefinitely. The Court dismissed the remaining claims of Hekon-Hotele Ekonomiczne S.A. and ruled on the value of costs.

Furthermore, as at March 31, 2016, 12 proceedings were pending before the Self-Government Appellate Board concerning revaluation of annual rates of fees for perpetual usufruct of land located in the following cities:

- Warsaw (ibis & ibis budget Reduta, ibis Warszawa Centrum, plot of land in Łopuszańska street);
- Kraków (ibis i ibis budget Stare Miasto);
- Poznań (Novotel Malta);
- Sopot (Sofitel Grand);
- Gdańsk (Novotel Centrum, Mercure Gdańsk Stare Miasto and adjacent area Mercure Posejdon, Novotel Marina);
- Zegrze (built-up plot of land).

In the Group's opinion, fee revaluations made by Presidents of respective cities are either unjustified or calculations should be based on different rates. As at the end of the reporting period, accumulated value of the fees challenged by the Group totals PLN 7 918 thousand and is disclosed in other current liabilities.

Tax audit was conducted in Accor Pannonia Hotels Zrt. concerning the settlement of VAT and CIT taxes for the years 2011-2012. By the date of publication of these financial statements, the Company has not received any final decision concerning the audit.

5.16 Related party transactions

Within the meaning of IAS 24, parties related to the Group include members of the managing and supervising staff and close members of their families, non-consolidated subsidiaries and associates, as well as Accor S.A. (significant shareholder) and its related parties.

Revenues from related parties comprise revenues for sales support, promotion of the Accor network and development of the Le Club Accorhotels program in Poland and in the Baltic States.

Purchases of services from related parties comprise mainly:

- franchise fees;
- reservation fees;
- fees for using IT applications;
- costs connected with the Le Club Accorhotels loyalty program.

Within the framework of the agreement signed by Accor SA and Orbis SA on January 15, 2016, Orbis S.A. received a sum of EUR 4 million (equivalent to PLN 17.3 million).The payment of this sum concerned directly the release of Accor S.A. from the guarantee it granted to Orbis S.A. as part of the agreement to purchase shares in subsidiaries and was connected with the operations of specified assets (the ibis Budapest Heroes Square hotel and the Mercure Budapest City Center hotel) in Hungary, which assets were purchased in 2016 by a subsidiary Accor-Pannonia Hotels Zrt. The transaction with the shareholder and, consequently, the sum received does not constitute income of Orbis S.A. according to the International Financial Reporting Standards, because it is no way connected with the operations of the Company or the Group, which is why it was recognized directly in Orbis S.A. equity (in the "retained earnings" item).

Figures presented below concern other transactions with the Accor Group companies.

Sales and purchases	1st quarter of 2016	1st quarter of 2015
Net sales of services	**1 776**	**1 635**
- from the parent company	1 639	1 553
- from other Accor Group companies	91	17
- from associates	46	65
Purchases of goods and services	**11 696**	**9 117**
- from the parent company	8 481	6 405
- from other Accor Group companies	3 215	2 712

Receivables and payables	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Trade receivables	**4 059**	**5 253**	**4 335**
- from the parent company	3 408	4 752	3 646
- from other Accor Group companies	478	276	333
- from associates	173	225	356
Trade payables	**15 009**	**11 915**	**14 269**
- from the parent company	12 189	9 956	7 410
- from other Accor Group companies	2 800	1 916	6 850
- from associates	20	43	9

No impairment loss was recognised on the presented receivables.

Balances arising from related party transactions will be settled by way of payments.

Pursuant to the agreement concluded on September 24, 2015, Orbis S.A. and Hekon - Hotele Ekonomiczne S.A. form the Tax Group. The Agreement was signed for the term of three tax years, i.e. from January 1, 2016 till December 31, 2018. The agreement was registered in the competent tax office (decision dated October 21, 2015).

Benefits (including wages and salaries, awards, post-employment benefits and retirement benefits) paid in accordance with contractual obligations to the Members of the Management Board and the Supervisory Board of Orbis S.A. in 3-month periods ended March 31, 2016 and March 31, 2015, amounted to PLN 766 thousand and PLN 680 thousand, respectively.

No transactions involving transfer of rights or obligations, either free of charge or against consideration, were executed between the Group and related parties:

- members of the Management Board and the Supervisory Board of Orbis S.A.,
- spouses, next-of-kin or relatives of the first and second degree of members of the Management Board and the Supervisory Board of Orbis S.A., Orbis S.A. subsidiaries and associates,
- persons linked by a relation of guardianship, adoption or custody with members of the Management Board and the Supervisory Board of Orbis S.A., Orbis S.A. subsidiaries and associates.

5.17 Important events after the reporting period

On April 7, 2016 a decision concerning an intention of merger of “Orbis” S.A. (the “Merging Company”) with its subsidiary Hekon - Hotele Ekonomiczne S.A. (the “Merged Company”) was made. The objective of the planned Merger is to streamline the organisational structure of the Orbis Group. The Merger will also allow optimizing and centralizing tasks and functions, and in consequence improving the Group’s management process.

The operations of both the merging Companies will be continued within the range of businesses so far pursued. The merger shall take place pursuant to Article 492 § 1 point 1) of the Code of Commercial Companies and Partnerships, that is by way of transferring all the assets of Hekon – Hotele Ekonomiczne S.A. to Orbis S.A. More information about the merger of Orbis S.A. with Hekon-Hotele Ekonomiczne S.A. is provided in current report no. 14/2016, 16/2016 and 17/2016.

CONDENSED INTERIM FINANCIAL STATEMENTS OF ORBIS S.A.

ibis Wrocław Centrum

6 CONDENSED INTERIM FINANCIAL STATEMENTS OF ORBIS S.A.

6.1 Income statement

	3 months ended March 31, 2016	3 months ended March 31, 2015
Net sales	**123 232**	**110 158**
Outsourced services	(29 493)	(25 976)
Employee benefit expense	(41 519)	(37 819)
Raw materials and energy used	(23 004)	(22 112)
Taxes and charges	(6 645)	(7 242)
Other expenses by nature	(1 760)	(1 313)
Net other operating income/(expenses)	2	(146)
EBITDAR	**20 813**	**15 550**
Rental expense	(1 943)	0
Operating EBITDA	**18 870**	**15 550**
Depreciation and amortisation	(23 485)	(22 729)
Operating loss without the effects of one-off events	**(4 615)**	**(7 179)**
Result on sale of real property	88	0
Restructuring cost	(231)	(250)
Operating loss	**(4 758)**	**(7 429)**
Finance income	175	42 827
Finance costs	(3 775)	(3 902)
Profit/(loss) before tax	**(8 358)**	**31 496**
Income tax expense	1 155	875
Net profit/(loss) for the period	**(7 203)**	**32 371**
Earnings/(loss) per ordinary share		
Basic and diluted earnings/(loss) per share (in PLN)	(0,16)	0,70

6.2 Statement of comprehensive income

	3 months ended March 31, 2016	3 months ended March 31, 2015
Net profit/(loss) for the period	**(7 203)**	**32 371**
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain/losses arising from the defined benefit plan	62	0
Income tax relating to items that will not be reclassified subsequently	(12)	0
Items that may be reclassified subsequently to profit or loss:		
The effective portion of the of the gain or loss on the hedging instrument entered into for cash flow hedges	(502)	0
Income tax relating to items that may be reclassified subsequently	95	0
Other comprehensive income/(loss) after tax	**(357)**	**0**
Total comprehensive income/(loss) for the period	**(7 560)**	**32 371**

6.3 Statement of financial position

Assets	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Non-current assets	**2 388 723**	**2 393 760**	**2 430 601**
Property, plant and equipment	1 048 009	1 048 402	1 048 922
Investment property	302 463	306 708	317 578
Intangible assets	3 941	4 308	4 335
Investments in subsidiaries	1 025 569	1 025 569	1 051 163
Other financial assets	7 888	7 888	7 889
Other long-term investments	464	464	464
Other long-term assets	389	421	250
Current assets	**104 158**	**98 457**	**70 569**
Inventories	2 852	3 259	2 991
Trade receivables	30 146	27 155	29 802
Other short-term receivables	15 548	6 102	16 740
Cash and cash equivalents	55 612	61 941	21 036
Assets classified as held for sale	**31 956**	**32 200**	**20 189**
TOTAL ASSETS	**2 524 837**	**2 524 417**	**2 521 359**

Equity and Liabilities	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Equity	**1 931 325**	**1 924 883**	**1 936 957**
Share capital	517 754	517 754	517 754
Reserves	132 282	132 689	133 333
Retained earnings	1 281 289	1 274 440	1 285 870
Non-current liabilities	**454 251**	**453 349**	**477 119**
Borrowings	122 616	122 466	447 815
Bonds	301 338	299 229	0
Deferred tax liabilities	2 346	3 450	4 929
Deferred revenue	5 225	5 300	5 428
Other non-current liabilities	3 591	3 072	548
Provision for retirement benefits and similar obligations	19 135	19 832	18 399
Current liabilities	**139 261**	**146 185**	**107 283**
Borrowings	35 289	35 289	26 561
Other financial liabilities	1 297	795	0
Trade payables	27 580	30 484	25 929
Liabilities associated with tangible assets	13 040	27 877	7 048
Current tax liabilities	4 387	3 066	1 343
Deferred revenue	21 926	10 766	14 409
Other current liabilities	32 752	34 705	29 154
Provision for retirement benefits and similar obligations	2 213	2 353	1 776
Provisions for liabilities	777	850	1 063
TOTAL EQUITY AND LIABILITIES	**2 524 837**	**2 524 417**	**2 521 359**

6.4 Statement of changes in equity

	Share capital	Reserves	Retained earnings	Total
Twelve months ended December 31, 2015				
Balance as at January 1, 2015	**517 754**	**133 333**	**1 253 499**	**1 904 586**
- net profit for the period	0	0	109 203	109 203
- other comprehensive income/(loss)	0	(644)	(887)	(1 531)
Total comprehensive income/(loss) for the period	**0**	**(644)**	**108 316**	**107 672**
- settlement of the merger with subsidiary	0	0	(18 259)	(18 259)
- dividends	0	0	(69 116)	(69 116)
Balance as at December 31, 2015	**517 754**	**132 689**	**1 274 440**	**1 924 883**
of which: three months ended March 31, 2015				
Balance as at January 1, 2015	**517 754**	**133 333**	**1 253 499**	**1 904 586**
- net profit for the period	0	0	32 371	32 371
- other comprehensive income/(loss)	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**32 371**	**32 371**
- dividends	0	0	0	0
Balance as at March 31, 2015	**517 754**	**133 333**	**1 285 870**	**1 936 957**
Three months ended March 31, 2016				
Balance as at January 1, 2016	**517 754**	**132 689**	**1 274 440**	**1 924 883**
- net loss for the period	0	0	(7 203)	(7 203)
- other comprehensive income/(loss)	0	(407)	50	(357)
Total comprehensive loss for the period	**0**	**(407)**	**(7 153)**	**(7 560)**
- transaction with a related party	0	0	17 286	17 286
- income tax relating to transaction with a related party	0	0	(3 284)	(3 284)
Balance as at March 31, 2016	**517 754**	**132 282**	**1 281 289**	**1 931 325**

6.5 Statement of cash flows

	3 months ended March 31, 2016	3 months ended March 31, 2015
OPERATING ACTIVITIES		
Profit/(loss) before tax	**(8 358)**	**31 496**
Adjustments:	**10 663**	**(30 268)**
Depreciation and amortisation	23 485	22 729
Foreign exchange gains/(losses)	0	(5 085)
Interest, borrowing costs and dividends	3 457	(34 055)
(Gain)/loss from investing activities	(73)	4
Change in receivables	(15 787)	(10 059)
Change in liabilities, excluding borrowings	(7 745)	(10 716)
Change in deferred revenue	7 767	6 246
Change in provisions	(848)	(127)
Change in inventories	407	395
Other adjustments	0	400
Cash generated from operations	**2 305**	**1 228**
Income taxes paid	(1 829)	(1 852)
Net cash generated by/(used in) operating activities	**476**	**(624)**
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment and intangible assets	408	12
Dividends and share of profits	0	37 505
Interest received	175	48
Other investing cash inflows	6 699	0
Payments for property, plant and equipment, investment property and intangible assets	(30 000)	(19 865)
Net cash outflow to acquire interest in related parties	0	(596 581)
Net cash used in investing activities	**(22 718)**	**(578 881)**
FINANCING ACTIVITIES		
Proceeds from borrowings	0	476 445
Proceeds from related parties	17 286	0
Interest paid and other financing cash outflows resulting from received borrowings	(1 373)	(4 858)
Net cash generated by financing activities	**15 913**	**471 587**
Change in cash and cash equivalents	**(6 329)**	**(107 918)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	0	(2 887)
Cash at the beginning of the period	**61 941**	**131 841**
Cash at the end of the period	**55 612**	**21 036**

7 COMMENTS ON ORBIS S.A. RESULTS IN THE FIRST QUARTER OF 2016

7.1 External environment

Information on the macroeconomic landscape and the situation of the hotel industry is provided in Section 4.1 of the Consolidated Financial Statements of the Orbis Group.

7.2 Income statement

In the first quarter of 2016, Orbis S.A. generated net loss of PLN 7.2 million as compared to the net profit at the level of PLN 32.4 million in the first quarter of 2015.

Income statement – analytical approach	1st quarter of 2016	1st quarter of 2015	Change	
			PLN `000	%
Net sales	**123 232**	**110 158**	**13 074**	**11.9**
of which:				
Room department revenue	68 217	59 093	9 124	15.4
Food & beverage department revenue	35 960	32 763	3 197	9.8
Franchise and management department revenue	2 709	2 615	94	3.6
Other revenue	16 346	15 687	659	4.2
EBITDAR	**20 813**	**15 550**	**5 263**	**33.8**
Operating EBITDA	**18 870**	**15 550**	**3 320**	**21.4**
Operating profit/(loss) (EBIT)	**(4 758)**	**(7 429)**	**2 671**	**36.0**
Net result from financing activities	(3 600)	38 925	(42 525)	-
Profit/(loss) before tax	**(8 358)**	**31 496**	**(39 854)**	**-**
Net profit/(loss)	**(7 203)**	**32 371**	**(39 574)**	**-**

The following factors impacted the generated result:

- **Substantial growth in sales**. Sales amounted to PLN 123.2 million, i.e. were by 11.9% higher than in the corresponding period of past year. This resulted both from the merger with Hotek Polska Sp. z o.o. (on October 1, 2015) and from an improvement in operating results in most hotels of the Company. Compared to the 1st quarter of 201, both the occupancy rate and the average room rate were higher, which translated into higher Revenue per Available Room. The high demand for accommodation services boosted the food & beverage department revenue. Positive effects in the form of revenue from higher food & beverage services were also owed to the concept of WineStone restaurant in Mercure brand hotels and the combination of a bar and a restaurant (NOVO^2 project) in Novotel hotels.
- **Maintaining a tight cost discipline**. Operating expenses (including rental expense and depreciation/amortisation) totalled PLN 127.8 million, i.e. were by 9.0% higher than in the first quarter of 2015. Major increases were reported in the costs of outsourced services and costs of employee benefits (among others due to higher hotel occupancy). In 1Q 2016 the Company also paid the property rental costs of PLN 1.9 million. These are the costs of lease of the building where the Sofitel Wrocław Old Town hotel is operated (taken over by Orbis S.A. due to merger with Hotek Polska Sp. z o.o.).
- **A significant change in the net finance income.** The high finance income obtained by the Company in 1Q 2015 resulted mainly from the dividends it received from subsidiaries (Hekon-Hotele Ekonomiczne S.A. and Orbis Kontrakty Sp. z o.o.), which totalled PLN 37.5 million. This year the relevant bodies of both companies will adopt the resolutions in the matter of dividing the earnings in the second quarter.

7.3 Statement of financial position

On March 31, 2016, Orbis S.A.'s assets totalled PLN 2 524.8 million, i.e. were at the level close to that as at December 31, 2015.

The major components of the Group's assets are non-current assets, out of which the predominant item are property, plant and equipment valued at PLN 1 048.0 million, accounting for 41.5% of total assets. Due to the type of business pursued, the major item of property, plant and equipment are buildings and structures as well as land and rights to perpetual usufruct of land. Property, plant and equipment decreased by PLN 393 thousand as compared with its value as at December 31, 2015 due to depreciation charge, which was higher than the value of capital expenditure.

The second biggest item of the statement of financial position of Orbis S.A. in terms of share in balance sheet total is investments in subsidiaries, valued at PLN 1 025.6 million (40.6% of assets). More detailed information about Orbis investments in subsidiaries is contained in Section 8.4.

Investment property (i.e. property to be rented out) are also a significant item of non-current assets. Their value at the end of March 2016 was PLN 302.5 million (12.0% of assets). The drop in value of investment property in the first three months of 2016 was caused by depreciation charges.

As regards current assets, the most significant changes in the first quarter 2016 occurred with regard to cash and cash equivalents and other short-term receivables.

At the end of March 2016, Orbis S.A. reported total cash and cash equivalents of PLN 55,6 million (2.2% of assets). The decline in the balance of cash and cash equivalents in Q1 is above all the result of capital expenditure incurred.

The other short-term receivables item comprises predominantly VAT receivables and prepayments. Increase in the balance of this item from PLN 6.1 million at the end of 2015 up to PLN 15.5 million as at March 31, 2016, is attributable to the seasonal higher level of prepayments in Q1, mainly fees for perpetual usufruct of land.

Another significant item of Orbis S.A. assets is assets classified as held for sale, comprising:

- right of perpetual usufruct of land with a building at ul. Łopuszańska in Warsaw; and
- right of perpetual usufruct of land with a building and other PP&E of the Mercure Mrągowo Resort & SPA hotel in Mrągowo.

Orbis S.A. financed its operating activities predominantly with its own funds. On March 31, 2016, equity amounted to PLN 1 931.3 million (76.5% of equity and liabilities).

As at March 31, 2016, Orbis S.A. had the following non-current liabilities bearing interest:

- liabilities under the bond issue of PLN 301.3 million (11.9% of liabilities),
- borrowings of PLN 122.6 million (4.9% of the balance sheet total),

and current liabilities (borrowings) of PLN 35.3 million.

As at March 31, 2016, the Company's net debt totalled PLN 403.6m, which accounted for 20.9% of equity.

A significant item of current liabilities are other current liabilities, including mainly tax and social security liabilities and accrued expenses of employee benefits (also for bonus payments and unused holiday leaves). Lower level of these liabilities as at March 31, 2016 as compared to end of December 2015 results in particular from the decline in the balance of provision for retirement benefits and similar obligations due to payments made in Q1 2016.

A much higher level of deferred revenue as at March 31, 2016 results predominantly from prepayments received for accommodation services to be provided during spring and summer. Moreover, growth of non-current deferred revenue results from prepayment (PLN 3.1 million) received against the purchase price of the Mercure Mrągowo Resort & SPA Hotel.

Decline of liabilities associated with tangible assets in Q1 2016 results in particular from posting of expenditure incurred for the rebranding of the Orbis Wrocław Hotel into the ibis brand as well as completion of modernisation works in the following hotels: Mercure Częstochowa Centrum, Mercure Poznań Centrum and Novotel Warszawa Victoria.

7.4 Statement of changes in equity

On March 31, 2016, equity amounted to PLN 1 931.3 million against PLN 1 924.9 million at the end of 2015.

In 1Q, a payment of EUR 4 million (equivalent to PLN 17.3 million) received from Accor S.A. was posted directly to retained earnings. The payment was made due to the agreement signed on January 15, 2016 (description in Section 5.16). Also the income tax resulting from this transaction was posted to equity. In addition, retained earnings reflected also Orbis S.A. loss for 1Q 2016 amounting to PLN 7.2 million.

The change in other reserves of Orbis S.A. in the three months of 2016 resulted from valuation of the derivative instrument hedging against the risk of interest rate change.

7.5 Statement of cash flows

During the first three months of 2016, net cash flows of Orbis S.A. amounted to - PLN 6.3 million (-PLN 107.9 million in the first quarter of 2015). Cash flows comprised:

- Operating activities – a considerable rise in sales in 1Q 2016, achieved both thanks to higher prices and increase in occupancy rate, resulted in directly in higher operating cash flows compared to last year
- Investing activities – allocation of PLN 30.0 million for the purchase of property, plant and equipment was the main reason for the cash outflow of PLN 22.7 million. Expenditures on investing activities were partially offset with the prepayment received for the sale of the Mercure Mrągowo Resort & SPA hotel (PLN 3.1 million) and the receipt of yet another instalment of the amount (PLN 3.4 million) due for sale of the Mercure Kasprowy hotel in Zakopane.
- Financing activities – funds received from Accor S.A. were the proceeds from financing activities of Orbis S.A. in 1Q 2016. In turn, expenses in the first three months of 2016 were incurred to pay the costs of borrowings (interest, fees and other costs). Consequently the Company generated in 1Q 2016 cash inflow from financing activities equal to PLN 15.9 million.

8 NOTES TO THE FINANCIAL STATEMENTS

8.1 General information

8.1.1 Basic information about the Issuer

The attached financial statements present the financial figures of Orbis Spółka Akcyjna with its corporate seat in Warsaw, ul. Bracka 16 street, 00-028 Warsaw, entered into the Register of Business Operators maintained by the District Court in Warsaw, XII Commercial Division of the National Court Register under the number KRS 0000022622.

8.1.2 Business operations

According to the Polish Classification of Business Activity [PKD], Orbis S.A.'s business operations are classified under section I, item 5510Z.

Orbis S.A. is Poland's largest hotel company that employs 1.8 thousand persons (average full-time equivalent employment). As at March 31, 2016, the Company operated a network of 26 hotels (6 010 rooms) in 15 cities, towns and resorts in Poland. The hotels owned by Orbis S.A. operate under the following Accor brands: Sofitel, Novotel, Mercure and ibis Styles and under the Orbis Hotels brand. Moreover, the Company granted a franchise to 18 hotels offering a total of 2 010 rooms.

As at March 31, 2016, Orbis S.A. was the parent company of the Orbis Group. The structure of the Group is presented in Section 5.6 of the Consolidated Financial Statements of the Orbis Group.

8.2 The Issuer's shareholders

Orbis S.A. shareholding structure as at the day of publication is presented in Section 5.3 of the Consolidated Financial Statements of the Orbis Group.

8.3 The holding of Orbis S.A. shares by members of the Supervisory Board and the Management Board

Information on the holding of Orbis S.A. shares by members of the Company's statutory bodies is provided in Section 5.4 of the Consolidated Financial Statements of the Orbis Group.

8.4 Investments in subsidiaries

In the first quarter of 2016 there were no changes in investments in subsidiaries.

The table below presents basic information about subsidiaries.

Name of subsidiary	% share of share capital	% share of voting rights at the GM	Country of registration	Business operations	Method of investment recognition	Share / interest value at cost	Revaluation adjustment	Carrying amount of shares / interests
Hekon Hotele Ekonomiczne S.A.	directly 100.00%	directly 100.00%	Poland	hotel and F&B services	cost	571 748	0	571 748
Orbis Corporate Sp. z o.o.	directly 100.00%	directly 100.00%	Poland	tourism, transport, hotel and F&B services	cost	35	(35)	0
Orbis Kontrakty Sp. z o.o.	directly 80.00%	directly 80.00%	Poland	organisation of purchasing	cost	80	0	80
Katerinska Hotel s.r.o.	directly 100.00%	directly 100.00%	Czech Republic	hotel and F&B services, property rental	cost	279 260	0	279 260
Accor Pannonia Hotels Zrt.	directly 99.92%	directly 99.92%	Hungary	hotel and F&B services	cost	82 677	0	82 677
Accor Hotels Romania S.R.L.	directly 100.00%	directly 100.00%	Romania	hotel and F&B services	cost	91 804	0	91 804
Total								**1 025 569**

The table below presents information on the companies in which Orbis S.A. holds interests indirectly.

Investments in subsidiaries (indirect control)	% share of equity	% share of votes at the GM	Country of registration	Business operations
UAB Hekon	indirectly 100.00%	indirectly 100.00%	Lithuania	hotel and F&B services
Orbis Kontrakty Sp. z o.o.	indirectly 20.00%	indirectly 20.00%	Poland	organisation of purchasing
Nový Smíchov Gate a.s.	indirectly 100.00%	indirectly 100.00%	Czech Republic	real property rental
H-DEVELOPMENT CZ a.s.	indirectly 100.00%	indirectly 100.00%	Czech Republic	real property services
Business Estate Entity a.s.	indirectly 100.00%	indirectly 100.00%	Czech Republic	real property rental
Blaha Hotel Szállodaüzemeltető Kft.	indirectly 44.42%	indirectly 44.42%	Hungary	hotel and F&B services
World Trade Center Budapest Management Szolgáltató Kft.	indirectly 99.92%	indirectly 99.92%	Hungary	management consulting
Accor-Pannonia Slovakia s.r.o.	indirectly 99.92%	indirectly 99.92%	Slovakia	hotel and F&B services

8.5 Borrowings

Information on borrowings is presented in Section 5.9.of the Consolidated Financial Statements of the Orbis Group.

8.6 Issue, redemption and repayment of debt and equity securities

Information on redemption and repayment of debt and equity securities is presented in Section 5.10.of the Consolidated Financial Statements of the Orbis Group.

8.7 Financial instruments

8.7.1 Fair value of financial instruments

As at March 31, 2016 and December 31, 2015, the only assets and liabilities that were subject to measurement at fair value following their initial recognition and were recognised at fair value in the statement of financial position were derivative instruments, i.e. interest rate swap.

The table below presents fair values and carrying amounts of financial assets and liabilities (including items that are not measured at fair value, but in respect of which fair value disclosures are required):

	As at March 31, 2016		As at December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	55 612	55 612	61 941	61 941
Derivative instruments (assets)	7 888	7 888	7 888	7 888
Trade receivables and others short-term receivables	30 370	30 370	30 618	30 618
Investment in subsidiaries	1 025 569	-	1 025 569	-
Financial liabilities				
Borrowings	157 905	160 519	157 755	160 551
Debt securities - bonds issued	301 338	304 500	299 229	303 000
Derivative instruments (liabilities)	1 297	1 297	795	795
Trade payables and other current and non-current liabilities	45 261	45 261	62 000	62 000

According to the Management Board, as at March 31, 2016 and December 31, 2015 the carrying amount of financial instruments of the Company, with the exception of liabilities arising from credit facilities and issued bonds, was close to their fair value.

The Company does not disclose the fair value in respect of interests and shares in subsidiaries. The Company cannot reliably determine the fair value of investments in equity instruments not quoted on active markets. As at the end of the reporting period, they are measured at purchase cost less impairment losses.

The fair value of liabilities arising from credit facilities was determined as the present value of future cash flows, discounted at a current interest rate.

The fair value of bonds was determined based on their price on the Catalyst bond market as at the end of the reporting period (or a date close to that day).

The fair value of a derivative instrument was determined as the present value of estimated future cash flows on the basis of monitoring of yield curves.

In terms of applied measurement procedures, issued bonds are classified to Level 1 of fair value hierarchy (fair value determined on the basis of prices quoted on an active market). Liabilities under credit facilities and derivative instruments are classified to Level 2 of fair value hierarchy (fair value determined on the basis of observable market data, other than direct market quotations).

The Company did not perform any reclassifications between fair value levels in the current period.

8.7.2 Hedge accounting

To reduce the risk of changing interest rates and hedge future cash flows, on September 15, 2015 Orbis S.A. entered into a pay-floating receive-fixed Interest Rate Swap with the bank Société Générale S.A. The amount of the hedging instrument is PLN 150 million, which accounts for 50% of the issued bonds. The swap matures on June 26, 2018. Interest payment dates fall every six months, starting from June 27, 2016, and have been correlated with dates of payment of interest on bonds. As at March 31, 2016 and December 31, 2015, the swap's valuation at fair value was disclosed in the Company's equity through other comprehensive income. In 2016, no ineffectiveness arising from cash flow hedges occurred that would require to be disclosed in the financial result of the Company.

8.8 Changes in estimates of amounts

8.8.1 Impairment of assets

Movements in impairment loss in 1Q 2016	Impairment loss on:				
	property, plant & equipment	investment property	Investment in subsidiaries and other companies	assets held for sale	receivables
As at January 1, 2016	**(58 096)**	**(10 867)**	**(12 060)**	**(37)**	**(2 495)**
Recognised impairment loss	0	0	0	0	(252)
Utilised impairment loss	0	0	0	0	16
Reversed impairment loss	0	0	0	0	130
Impairment loss on tangible assets not subject to reversal *	373	89	0	0	0
As at March 31, 2016	**(57 723)**	**(10 778)**	**(12 060)**	**(37)**	**(2 601)**

** The value of impairment recognised in the previous periods, which cannot be reversed (due to IAS 36, according to which the net book value of property, plant and equipment and investment property arising from the reversal of an impairment should not exceed the amount that would have been determined if no impairment had been recognised).This value of impairment is recognised as accumulated depreciation. As a result, the balance of impairment as at the end of the period equals the amount reversible in the event of expiry of circumstances underlying the impairment.*

In the first quarter of 2016 and in 2015, no circumstances occurred in Orbis S.A. that would indicate a need to recognise impairment losses on inventories.

8.8.2 Provisions for liabilities

Movements in provisions in the first quarter of 2016	Provision for:			
	Jubilee awards	Retirement & disability benefits	litigations	restructuring
As at January 1, 2016	**15 901**	**6 284**	**777**	**73**
Provision recognised in the period	350	110	0	0
Provision utilised in the period	(350)	(110)	0	(73)
Provision released in the period	(637)	(200)	0	0
As at March 31, 2016, of which:	**15 264**	**6 084**	**777**	**0**
Short-term provisions	1 702	511	777	0
Long-term provisions	13 562	5 573	0	0

The release of provisions for jubilee awards and retirement and disability benefits results from the sale, on February 29, 2016, of an organized part of the enterprise in the form of the Mercure Mrągowo Resort & SPA hotel.

8.9 Deferred tax assets and liabilities

Deferred tax	As at:		Impact on statement of comprehensive income
	March 31, 2016	December 31, 2015	
Deferred tax assets	(13 502)	(13 373)	129
Deferred tax liabilities	15 848	16 823	975
Total:	**2 346**	**3 450**	**1 104**
impact on profit or loss			1 021
impact on other comprehensive income			83

8.10 Legal claims

Description of major litigations pending before courts, arbitration or public administration bodies is provided in Section 5.12 of the Consolidated Financial Statements of the Orbis Group.

8.11 Related party transactions

Within the meaning of IAS 24, parties related to the Company include members of the managing and supervising staff and close members of their families, subsidiaries and associates, as well as Accor S.A. (significant shareholder) and its related parties.

Revenue from the sale of services to the Accor Group companies comprise primarily revenues for sales support, promotion of the Accor network and development of the Le Club Accorhotels program in Poland and in the Baltic States.

Costs of purchase of services from the Accor Group companies comprise mainly:

- franchise fees,
- reservation fees,
- fees for the use of IT applications,
- costs connected with the Le Club Accorhotels loyalty program.

Revenue from the sale of services to subsidiaries comprise mainly management fees (Hekon-Hotele Ekonomiczne S.A., Orbis Kontrakty Sp. z o.o.) and revenue from lease of hotel properties (Hekon Hotele Ekonomiczne S.A.).

Purchases from subsidiary companies comprise predominantly mutually provided services.

Within the framework of the agreement signed by Accor SA and Orbis SA on January 15, 2016, Orbis S.A. received a sum of EUR 4 million (equivalent to PLN 17.3 million). The payment of this sum concerned directly the release of Accor S.A. from the guarantee it granted to Orbis S.A. as part of the agreement to purchase shares in subsidiaries and was connected with the operations of specified assets (the ibis Budapest Heroes Square hotel and the Mercure Budapest City Center hotel) in Hungary, which assets were purchased in 2016 by a subsidiary Accor-Pannonia Hotels Zrt. The transaction with the shareholder and, consequently, the sum received does not constitute income of Orbis S.A. according to the International Financial Reporting Standards, because it is no way connected with the operations of the Company or the Group, which is why it was recognized directly in Orbis S.A. equity (in "retained earnings" item).

Related parties transactions – revenues	1st quarter of 2016	1st quarter of 2015
Net sales of services		
- from the parent company	516	566
- from other Accor Group companies	4	17
- from subsidiaries	9 404	9 347
Total sales	**9 924**	**9 930**
Finance income		
- from subsidiaries	0	37 506
Total revenue	**9 924**	**47 436**

Related parties transactions - expenses	1st quarter of 2016	1st quarter of 2015
Purchases of services		
- from the parent company	4 369	2 949
- from other Accor Group companies	1 420	1 227
- from subsidiaries	155	28
Total purchases	**5 944**	**4 204**

Receivables and payables	As at:		
	March 31, 2016	December 31, 2015	March 31, 2015
Trade receivables			
- from the parent company	381	72	468
- from other Accor Group companies	290	177	296
- from subsidiaries	12 990	14 294	13 231
Total receivables	**13 661**	**14 543**	**13 995**
Trade payables			
- to the parent company	5 112	5 055	4 078
- to other Accor Group companies	384	394	360
- to subsidiaries	60	113	60
Payables towards the Tax Group companies	702	1 329	790
Total payables	**6 258**	**6 891**	**5 288**

No impairment loss was recognised on the presented receivables in the period under analysis.

Balances arising from related party transaction will be settled by way of payments.

Based on the agreement executed on September 31, 2015, Orbis S.A. and Hekon – Hotele Ekonomiczne S.A. form a Tax Group. The agreement was signed for a term of three tax years, i.e. from January 1, 2016 till December 31, 2018. The Agreement was registered in the competent tax office (decision dated October 21, 2015).

Benefits (including wages and salaries, awards, post-employment benefits and retirement benefits) paid in accordance with contractual obligations to the Members of the Management Board and the Supervisory Board of Orbis S.A. in 3-month periods ended March 31, 2016 and March 31, 2015, amounted to PLN 766 thousand and PLN 680 thousand, respectively.

No transactions involving transfer of rights and obligations, either free of charge or against consideration, were executed between Orbis S.A. and related parties:

- members of the Management Board and the Supervisory Board of Orbis S.A.,
- spouses, next-of-kin or relatives of the first and second degree of members of the Management Board and the Supervisory Board of Orbis S.A., Orbis S.A. subsidiaries,
- persons linked by a relation of guardianship, adoption or custody with members of the Management Board and the Supervisory Board of Orbis S.A., Orbis S.A. subsidiaries.

As at March 31, 2016 and March 31, 2015, the Company did not grant any loans to its related parties, as well as did not have any loans received from related parties.

8.12 Important events after the reporting period

Important events after the end of the reporting period are discussed in Section 5.17 of the Consolidated Financial Statements of the Orbis Group.

APPENDIX: GLOSSARY OF TERMS

ARR – Average Room Rate, revenue from accommodation services divided by the number of roomnights sold

CAPEX – Capital Expenditure

CSR – Corporate Social Responsibility

EBIT – Earnings Before Interest & Taxes, operating result before interest and taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation, operating result before depreciation/amortisation, result from financing activities and taxes

EBITDAR – Earnings Before Interest, Taxes, Depreciation, Amortisation, and Rent Expense, operating result before rent expense, depreciation/amortisation, effects of one-off events, result from financing activities and taxes

Economy hotels – one of the two reportable operating segments of the Orbis Group that comprises hotels of the ibis, ibis Styles and ibis budget brands.

Le Club Accorhotels (LCAH) – a free loyalty programme of the Accor Group hotels. Points may be earned not only at Accor hotels but also at Group's partners, including over 20 airlines such as Air France or Lufthansa. Le Club Accorhotels is 100% Internet-based, all benefits are available on-line where the Programme Member may manage his preferences, check bookings, select rewards and take advantage of personalised offers at preferential prices

"Like-for-like" results - results of comparable hotel portfolio excluding the results of sold, closed and newly opened hotels.

MICE – Meetings, Incentives, Conventions, and Events, business tourism, a segment of tourism where trips are made in connection with pursued profession

NOVO^2 – combination of a bar and a restaurant in Novotels. NOVO^2 is based on three values: Vitality (health) entails the selection of environmentally-friendly produce and a balanced diet; Connect-ainment (entertainment) to ensure that each guest will feel at ease thanks to international interior design and cuisine; Imagination (inspirations) is reflected in the presentation of the most intriguing culinary trends from all around the world.

Occupancy Rate – rooms occupied by hotel guests as a percentage of all available rooms

RevPAR – Revenue Per Available Room, revenue from accommodation services divided by the number of available rooms (may be calculated as Occupancy Rate multiplied by the Average Room Rate)

Up & Midscale hotels – one of the two reportable operating segments of the Orbis Group that comprises hotels of the following brands: Sofitel, Pullman, MGallery, Novotel, Mercure and Orbis Hotels.

WineStone – a restaurant concept in Mercure hotels based on two elements: a collection of wines selected on the basis of sommeliers'' knowledge and experience, and dishes served on *les planches* – stone plates originating in the trendiest French restaurants