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## POLISH FINANCIAL SUPERVISION AUTHORITY

## Quarterly consolidated report for the third quarter of 2015

(year)

(according to par. 82 s. 2 and par. 83 s. 1 of the Decree of Minister of Finance dated 19 February 2009 - Journal of Laws No. 33, item 259, with amendments)

for the issuers in sectors of production, construction, trade or services

for the third quarter of 2015, i.e. from 1 January 2015 to 30 September 2015

including condensed consolidated financial statements prepared under: **International Financial Reporting Standards**in currency: **PLN**and condensed separate financial statements prepared under: **International Financial Reporting Standards**in currency: **PLN**date of issuance: **21 October 2015**

<b>ORANGE POLSKA SA</b>	
(full name of issuer)	
<b>ORANGEPL</b>	<b>Telecommunication (tel)</b>
(abbreviated name of the issuer)	(classification according to WSE/ sector)
<b>02-326</b>	<b>Warsaw</b>
(post code)	(location)
<b>Al. Jerozolimskie</b>	<b>160</b>
(street)	(number)
<b>22 527 23 23</b>	<b>22 527 23 41</b>
(telephone)	(fax)
<b>investors@orange.com</b>	<b>www.orange.pl</b>
(e-mail)	(www)
<b>526-02-50-995</b>	<b>012100784</b>
(NIP)	(REGON)

SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	3 quarter cumulative period from 01/01/2015 to 30/09/2015	3 quarter cumulative period from 01/01/2014 to 30/09/2014	3 quarter cumulative period from 01/01/2015 to 30/09/2015	3 quarter cumulative period from 01/01/2014 to 30/09/2014
<b>condensed consolidated financial statements data</b>				
I. Revenue	8 914 000	9 125 000	2 143 561	2 182 858
II. Operating income	690 000	868 000	165 925	207 641
III. Profit before income tax	480 000	546 000	115 426	130 613
IV. Consolidated net income	407 000	505 000	97 872	120 805
V. Net income attributable to owners of Orange Polska S.A.	407 000	505 000	97 872	120 805
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.31	0.38	0.07	0.09
VII. Weighted average number of shares (in millions) (basic and diluted)	1 312	1 312	1 312	1 312
VIII. Total comprehensive income	463 000	438 000	111 338	104 777
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	463 000	438 000	111 338	104 777
X. Net cash provided by operating activities	2 066 000	2 233 000	496 814	534 172
XI. Net cash used in investing activities	(1 961 000)	(1 386 000)	(471 564)	(331 555)
XII. Net cash used in financing activities	(123 000)	(724 000)	(29 578)	(173 193)
XIII. Total net change in cash and cash equivalents	(17 000)	130 000	(4 088)	31 098
	balance as at 30/09/2015	balance as at 31/12/2014	balance as at 30/09/2015	balance as at 31/12/2014
XIV. Total current assets	2 931 000	2 078 000	691 502	487 530
XV. Total non-current assets	19 032 000	20 026 000	4 490 162	4 698 402
XVI. Total assets	21 963 000	22 104 000	5 181 664	5 185 932
XVII. Total current liabilities	5 321 000	4 709 000	1 255 367	1 104 802
XVIII. Total non-current liabilities	4 437 000	4 997 000	1 046 808	1 172 372
XIX. Total equity	12 205 000	12 398 000	2 879 489	2 908 758
XX. Equity attributable to owners of Orange Polska S.A.	12 203 000	12 396 000	2 879 017	2 908 289
XXI. Share capital	3 937 000	3 937 000	928 844	923 680
<b>condensed separate financial statements data</b>				
	3 quarter cumulative period from 01/01/2015 to 30/09/2015	3 quarter cumulative period from 01/01/2014 to 30/09/2014	3 quarter cumulative period from 01/01/2015 to 30/09/2015	3 quarter cumulative period from 01/01/2014 to 30/09/2014
I. Revenue	8 589 000	8 945 000	2 065 408	2 139 799
II. Operating income	590 000	736 000	141 878	176 064
III. Profit before income tax	442 000	564 000	106 288	134 919
IV. Net income	376 000	525 000	90 417	125 589
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.29	0.40	0.07	0.10
VI. Weighted average number of shares (in millions) (basic and diluted)	1 312	1 312	1 312	1 312
VII. Total comprehensive income	429 000	458 000	103 162	109 562
VIII. Net cash provided by operating activities	2 089 000	2 314 000	502 345	553 549
IX. Net cash used in investing activities	(1 969 000)	(1 380 000)	(473 488)	(330 120)
X. Net cash used in financing activities	(131 000)	(820 000)	(31 502)	(196 158)
XI. Total net change in cash and cash equivalents	(10 000)	114 000	(2 405)	27 271
	balance as at 30/09/2015	balance as at 31/12/2014	balance as at 30/09/2015	balance as at 31/12/2014
XII. Total current assets	3 104 000	2 298 000	732 317	539 145
XIII. Total non-current assets	20 355 000	21 688 000	4 802 293	5 088 333
XIV. Total assets	23 459 000	23 986 000	5 534 610	5 627 478
XV. Total current liabilities	5 822 000	5 218 000	1 373 567	1 224 221
XVI. Total non-current liabilities	5 665 000	6 569 000	1 336 526	1 541 187
XVII. Total equity	11 972 000	12 199 000	2 824 517	2 862 070
XVIII. Share capital	3 937 000	3 937 000	928 844	923 680

## **ORANGE POLSKA GROUP**

# **CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2015**

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October 21, 2015

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## CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)

	<i>3 months</i> <i>ended 30 September 2015</i>	<i>9 months</i> <i>ended 30 September 2015</i>	<i>3 months</i> <i>ended 30 September 2014</i>	<i>9 months</i> <i>ended 30 September 2014</i>
<b>Revenue</b>	<b>2,971</b>	<b>8,914</b>	<b>3,046</b>	<b>9,125</b>
External purchases	(1,524)	(4,562)	(1,441)	(4,388)
Labour expense	(430)	(1,317)	(446)	(1,421)
Other operating expense	(175)	(530)	(205)	(586)
Other operating income	77	284	80	234
Gains on disposal of assets	10	58	6	23
Gain on disposal of Wirtualna Polska S.A.	-	-	-	191
Depreciation and amortisation	(716)	(2,159)	(759)	(2,303)
(Impairment)/reversal of impairment of non-current assets	(1)	2	(4)	(7)
<b>Operating income</b>	<b>212</b>	<b>690</b>	<b>277</b>	<b>868</b>
Interest income	4	12	3	10
Interest expense and other financial charges	(53)	(154)	(62)	(249)
Foreign exchange losses, net	-	-	(1)	(2)
Discounting expense	(27)	(68)	(25)	(81)
<b>Finance costs, net</b>	<b>(76)</b>	<b>(210)</b>	<b>(85)</b>	<b>(322)</b>
Income tax	(26)	(73)	(52)	(41)
<b>Consolidated net income</b>	<b>110</b>	<b>407</b>	<b>140</b>	<b>505</b>
Net income attributable to owners of Orange Polska S.A.	110	407	140	505
Net income attributable to non-controlling interests	-	-	-	-
<b>Earnings per share (in PLN) (basic and diluted)</b>	<b>0.08</b>	<b>0.31</b>	<b>0.11</b>	<b>0.38</b>
Weighted average number of shares (in millions) (basic and diluted)	1,312	1,312	1,312	1,312

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	<i>3 months</i> <i>ended 30 September 2015</i>	<i>9 months</i> <i>ended 30 September 2015</i>	<i>3 months</i> <i>ended 30 September 2014</i>	<i>9 months</i> <i>ended 30 September 2014</i>
<b>Consolidated net income</b>	<b>110</b>	<b>407</b>	<b>140</b>	<b>505</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/(losses) on post-employment benefits	18	18	(15)	(15)
Income tax relating to items not reclassified	(3)	(3)	3	3
<b>Items that may be reclassified subsequently to profit or loss</b>				
Gains/(losses) on cash flow hedges	5	51	(57)	(68)
Income tax relating to items that may be reclassified	(1)	(10)	11	13
<b>Other comprehensive income/(loss), net of tax</b>	<b>19</b>	<b>56</b>	<b>(58)</b>	<b>(67)</b>
<b>Total comprehensive income</b>	<b>129</b>	<b>463</b>	<b>82</b>	<b>438</b>
Total comprehensive income attributable to owners of Orange Polska S.A.	129	463	82	438
Total comprehensive income attributable to non-controlling interests	-	-	-	-

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in PLN millions)</i>	<i>At 30 September 2015</i>	<i>At 31 December 2014</i>
<b>ASSETS</b>		
Goodwill	3,940	3,940
Other intangible assets	2,988	3,215
Property, plant and equipment	10,933	11,715
Trade receivables	199	138
Derivatives	97	70
Other financial assets	14	14
Other assets	22	-
Deferred tax assets	839	934
<b>Total non-current assets</b>	<b>19,032</b>	<b>20,026</b>
Inventories	180	198
Trade receivables	1,525	1,372
Derivatives	38	21
Other financial assets	10	10
Income tax assets	1	4
Other assets (including deposit of PLN 761 million paid in the auction for telecommunications licences)	846	154
Prepaid expenses	100	71
Cash and cash equivalents	231	248
<b>Total current assets</b>	<b>2,931</b>	<b>2,078</b>
<b>TOTAL ASSETS</b>	<b>21,963</b>	<b>22,104</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	3,937	3,937
Share premium	832	832
Other reserves	(63)	(119)
Retained earnings	7,497	7,746
<b>Equity attributable to owners of Orange Polska S.A.</b>	<b>12,203</b>	<b>12,396</b>
Non-controlling interests	2	2
<b>Total equity</b>	<b>12,205</b>	<b>12,398</b>
Trade payables	763	866
Loans from related party	2,834	3,229
Other financial liabilities at amortised cost	72	59
Derivatives	140	148
Employee benefits	267	345
Provisions	310	303
Deferred income	51	47
<b>Total non-current liabilities</b>	<b>4,437</b>	<b>4,997</b>
Trade payables	1,647	2,006
Loans from related party	2,071	1,078
Other financial liabilities at amortised cost	62	65
Derivatives	7	-
Employee benefits	182	179
Provisions	743	790
Income tax liabilities	12	58
Other liabilities	178	131
Deferred income	419	402
<b>Total current liabilities</b>	<b>5,321</b>	<b>4,709</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,963</b>	<b>22,104</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves				Retained earnings	Equity attributable to owners of OPL S.A.	Non-controlling interests	Total equity
			Losses on cash flow hedges	Actuarial losses on post-employment benefits	Deferred tax	Share-based payments				
<b>Balance at 1 January 2015</b>	<b>3,937</b>	<b>832</b>	<b>(106)</b>	<b>(137)</b>	<b>45</b>	<b>79</b>	<b>7,746</b>	<b>12,396</b>	<b>2</b>	<b>12,398</b>
Total comprehensive income for the 9 months ended 30 September 2015	-	-	51	18	(13)	-	407	463	-	463
Dividend	-	-	-	-	-	-	(656)	(656)	-	(656)
<b>Balance at 30 September 2015</b>	<b>3,937</b>	<b>832</b>	<b>(55)</b>	<b>(119)</b>	<b>32</b>	<b>79</b>	<b>7,497</b>	<b>12,203</b>	<b>2</b>	<b>12,205</b>
<b>Balance at 1 January 2014</b>	<b>3,937</b>	<b>832</b>	<b>(16)</b>	<b>(89)</b>	<b>19</b>	<b>79</b>	<b>7,867</b>	<b>12,629</b>	<b>2</b>	<b>12,631</b>
Total comprehensive income for the 9 months ended 30 September 2014	-	-	(68)	(15)	16	-	505	438	-	438
Dividend	-	-	-	-	-	-	(656)	(656)	-	(656)
<b>Balance at 30 September 2014</b>	<b>3,937</b>	<b>832</b>	<b>(84)</b>	<b>(104)</b>	<b>35</b>	<b>79</b>	<b>7,716</b>	<b>12,411</b>	<b>2</b>	<b>12,413</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)

	<i>3 months</i>	<i>9 months</i>	<i>3 months</i>	<i>9 months</i>
	<i>ended 30 September 2015</i>	<i>ended 30 September 2015</i>	<i>ended 30 September 2014</i>	<i>ended 30 September 2014</i>
<b>OPERATING ACTIVITIES</b>				
Consolidated net income	110	407	140	505
<i>Adjustments to reconcile net income to cash from operating activities</i>				
Gains on disposal of assets	(10)	(58)	(6)	(23)
Gain on disposal of Wirtualna Polska S.A.	-	-	-	(191)
Depreciation and amortisation	716	2,159	759	2,303
Impairment/(reversal of impairment) of non-current assets	1	(2)	4	7
Finance costs, net	76	210	85	322
Income tax	26	73	52	41
Change in provisions and allowances	(29)	(163)	(45)	(108)
Operational foreign exchange and derivatives (gains)/losses, net	(1)	-	2	2
<i>Change in working capital</i>				
Decrease in inventories, gross	42	27	23	13
Increase in trade receivables, gross	(39)	(217)	(37)	(95)
Decrease in trade payables	(88)	(186)	(76)	(72)
(Increase)/decrease in prepaid expenses and other receivables	18	(39)	27	9
Increase/(decrease) in deferred income and other payables	(12)	89	(27)	(81)
Interest received	4	12	3	9
Interest paid and interest rate effect paid on derivatives, net	(99)	(209)	(112)	(370)
Exchange rate effect received/(paid) on derivatives, net	11	(1)	1	4
Income tax paid	(18)	(36)	(4)	(42)
<b>Net cash provided by operating activities</b>	<b>708</b>	<b>2,066</b>	<b>789</b>	<b>2,233</b>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment and intangible assets	(398)	(1,138)	(395)	(1,531)
Decrease in amounts due to fixed assets suppliers	(21)	(201)	(394)	(257)
Deposit paid in the auction for telecommunications licences	(313)	(741)	-	-
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net	(3)	2	-	3
Proceeds from sale of property, plant and equipment and intangible assets	16	104	11	45
Proceeds from sale of subsidiaries, net of cash and transaction costs	8	8	-	345
Cash paid for subsidiaries, net of cash acquired	-	-	-	(2)
Decrease in receivables related to leased fixed assets	3	7	3	7
(Increase)/decrease in other financial assets	(2)	(2)	(2)	4
<b>Net cash used in investing activities</b>	<b>(710)</b>	<b>(1,961)</b>	<b>(777)</b>	<b>(1,386)</b>
<b>FINANCING ACTIVITIES</b>				
Redemption of bonds	-	-	-	(2,969)
Issuance of long-term debt	-	772	2	2,013
Repayment of long-term debt	(8)	(37)	(5)	(29)
Increase/(decrease) in short-term debt	436	(206)	320	1,037
Exchange rate effect received/(paid) on derivatives, net	1	4	-	(120)
Dividend paid	(656)	(656)	(656)	(656)
<b>Net cash used in financing activities</b>	<b>(227)</b>	<b>(123)</b>	<b>(339)</b>	<b>(724)</b>
<b>Net change in cash and cash equivalents</b>	<b>(229)</b>	<b>(18)</b>	<b>(327)</b>	<b>123</b>
Effect of changes in exchange rates on cash and cash equivalents	-	1	-	-
Cash and cash equivalents at the beginning of the period	460	248	655	205 <sup>(1)</sup>
<b>Cash and cash equivalents at the end of the period</b>	<b>231</b>	<b>231</b>	<b>328</b>	<b>328</b>

<sup>(1)</sup> Includes PLN 7 million classified as assets held for sale.

## Notes to the Condensed Quarterly Consolidated Financial Statements

### 1. The Orange Polska Group

Orange Polska S.A. (“Orange Polska” or “the Company” or “OPL S.A.”), a joint stock company, was incorporated and commenced its operations on 4 December 1991. The Orange Polska Group (“the Group”) comprises Orange Polska and its subsidiaries. Orange Polska shares are listed on the Warsaw Stock Exchange.

The Group is the principal provider of telecommunications services in Poland. The Group provides mobile and fixed telecommunications services, including calls, messaging, content, access to the Internet and TV. In addition, the Group provides ICT (Information and Communications Technology) services, leased lines and other telecommunications value added services, sells telecommunications equipment, provides data transmission, constructs telecommunications infrastructure, sells electrical energy and financial services.

Orange Polska’s registered office is located in Warsaw at 160 Aleje Jerozolimskie St.

The list of entities included in the Condensed IFRS Quarterly Consolidated Financial Statements of the Group (the “Condensed Quarterly Consolidated Financial Statements”) as at and for the 9 months ended 30 September 2015 is presented in Note 1.2 to the Orange Polska Group IFRS Consolidated Financial Statements and the notes thereto (“IFRS Consolidated Financial Statements”) for the year ended 31 December 2014. Additionally, Telefon 2000 Sp. z o.o. was liquidated in May 2015 and Ramsat S.A. changed its name to Orange Retail S.A. in June 2015.

On 25 August 2015, the Group finalised a share sale agreement concluded on 6 July 2015 under which the 100% shareholding in Contact Center Sp. z o.o. was disposed of for a total consideration amounting to PLN 9 million. Gain on the disposal amounted to PLN 3 million.

#### Segment (Group) revenue and results

The Group reports a single operating segment. Segment performance is evaluated by the Management Board mainly based on consolidated revenue, consolidated EBITDA, consolidated net income, consolidated organic cash flows, consolidated capital expenditures, consolidated net gearing ratio and consolidated net financial debt / EBITDA ratio based on cumulative EBITDA for the last four quarters. EBITDA corresponds to operating income before depreciation and amortisation expense and impairment of non-current assets. Organic cash flows correspond to net cash provided by operating activities decreased by purchases of property, plant and equipment and intangible assets, changes in amounts due to fixed assets suppliers, impact of net exchange rate effect paid/received on derivatives economically hedging capital expenditures and increased by proceeds from sale of fixed assets. Net gearing ratio is the share of net financial debt in the sum of net financial debt and equity.

To enhance the performance evaluation, where it is materially important for trends analysis, these financial data can be restated to exclude mainly the impact of significant exceptional transactions or other events not related to business as usual activities and changes in scope of consolidation, as displayed in the table below.



Basic financial data of the operating segment is presented below:

<i>(in PLN millions)</i>	<i>9 months ended 30 September 2015</i>	<i>9 months ended 30 September 2014</i>
Restated revenue	8,914	9,109
Restated EBITDA	2,848	3,056
Net income as per consolidated income statement	407	505
Restated organic cash flows	833	851
Restated capital expenditures	1,138	1,154
	<i>At 30 September 2015</i>	<i>At 31 December 2014</i>
Net gearing ratio	28%	25%
Net financial debt / restated EBITDA ratio	1.3	1.1

Restatements made to financial data of the operating segment are presented below:

<i>(in PLN millions)</i>	<i>9 months ended 30 September 2015</i>	<i>9 months ended 30 September 2014</i>
Revenue	8,914	9,125
- restatement for data of Wirtualna Polska S.A. and Contact Center Sp. z o.o. <sup>(1)</sup>	-	(16)
Restated revenue	8,914	9,109
EBITDA	2,847	3,178
- restatement for gain on disposal of Wirtualna Polska S.A.	-	(191)
- restatement for data of Wirtualna Polska S.A. and Contact Center Sp. z o.o. <sup>(1)</sup>	-	(4)
- restatement for the impact of certain claims and litigations	-	73
- restatement for employment termination expense	1	-
Restated EBITDA	2,848	3,056
Organic cash flows	92	493
- restatement for deposit relating to the auction for telecommunications licences (see Notes 5 and 11)	741	-
- restatement for payments for acquisition of telecommunications licences	-	358
Restated organic cash flows	833	851
Capital expenditures	1,138	1,531
- restatement for expenditures on acquisition of telecommunications licences	-	(377)
Restated capital expenditures	1,138	1,154

<sup>(1)</sup> Restated revenue and restated EBITDA for 9 months ended 30 September 2014 do not include data of Wirtualna Polska S.A. (a subsidiary disposed of in February 2014) and include data of Contact Center Sp. z o.o. (a subsidiary disposed of in August 2015) for the period up to August 2014.

## 2. Statement of compliance and basis of preparation

### Basis of preparation

These unaudited Condensed Quarterly Consolidated Financial Statements are prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Quarterly Consolidated Financial Statements (see also Note 3).

These Condensed Quarterly Consolidated Financial Statements should be read in conjunction with the audited IFRS Consolidated Financial Statements for the year ended 31 December 2014.

The Condensed Quarterly Consolidated Financial Statements include the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the quarterly financial statements only if it would also be appropriate to anticipate or defer such costs at the end of the year.

These Condensed Quarterly Consolidated Financial Statements are prepared in millions of Polish zloty ("PLN") and were authorised for issuance by the Management Board on 21 October 2015.

#### Adoption of standards or interpretations in 2015

- IFRIC 21 "Levies". This interpretation provides guidance on when to recognise a liability for a levy imposed by a government. Adoption of IFRIC 21 did not have a significant impact on financial statements.

#### Major changes to standards and interpretations issued but not yet adopted

- IFRS 15 "Revenue from Contracts with Customers". This standard was issued on 28 May 2014. In September 2015 the International Accounting Standards Board changed the effective date of IFRS 15. The standard is now effective for annual periods beginning on or after 1 January 2018.

### **3. Statement of accounting policies**

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Consolidated Financial Statements are materially consistent with those described in Notes 2 and 31 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 2014.

### **4. Explanatory comments about the seasonality or cyclicity of interim Group operations**

The Group's activities are not subject to any significant seasonality or cyclical trends of operations.

### **5. Items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence**

In the first quarter of 2015, the Group signed with Trade Unions agreements which curtailed other post-employment benefits for retirees of the Group and agreed additional contributions totalling PLN 24 million to the social fund during the years 2015-2017. As a result, in the first quarter of 2015, a credit of PLN 58 million was recognised in labour expense as the net effect of PLN 82 million of released provision for post-employment benefits and PLN 24 million of the recognised liability relating to the additional contributions to the social fund.

From 2015, the Group extended the estimated useful lives for certain items of software which decreased the amortisation expense by PLN 95 million in the 9 months ended 30 September 2015.

In the 9 months ended 30 September 2015, interest expense and other financial charges amounted to PLN 154 million and were lower by PLN 95 million compared to the 9 months ended 30 September 2014. The change resulted mainly from lower interest expense on debt refinanced in 2014 and lower financial costs on derivatives (in May 2014, the Group redeemed bonds of the nominal value of EUR 700 million issued under

the European Medium Term Note issuance programme, which were refinanced by loans from Atlas Services Belgium S.A., a subsidiary of Orange S.A.).

The amount of cash flows from investing activities for the 9 months ended 30 September 2015 includes PLN 741 million of deposit paid in the course of the auction for 800 MHz and 2600 MHz telecommunications licences (see Note 11).

## 6. Changes in loans from related party

On 13 May 2015, the Group and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a Loan Agreement for EUR 190 million with repayment date in 2021. Additionally, in the 9 months ended 30 September 2015, the net cash flows from issuance and repayments of short term loan from Atlas Services Belgium S.A. amounted to PLN (200) million.

As at 30 September 2015, the total outstanding balance of loans from the related party amounted to PLN 4,905 million, including accrued interest, arrangement fees and the fair value adjustment to the loan hedged by fair value hedge. The weighted average effective interest rate on loans from the related party amounted to 1.46% before swaps and 3.86% after swaps as at 30 September 2015.

The Group has entered into new derivative transactions under the agreement with Orange S.A. hedging currency and interest rate risk on the related party financing provided in EUR. The nominal amount of cross currency interest rate swaps and interest rate swaps outstanding under the agreement as at 30 September 2015 was EUR 950 million and PLN 3,550 million, respectively, with a total negative fair value amounting to PLN 32 million.

## 7. Fair value of financial instruments

Derivative instruments are the Group's financial assets and liabilities which are measured subsequent to their initial recognition at fair value. The fair value of derivatives is determined as described in Note 21 to the IFRS Consolidated Financial Statements for the year ended 31 December 2014. Significant inputs to the valuation technique used by the Group to measure the fair value of derivatives are classified to Level 2 of the fair value hierarchy described in Note 22.1.

The carrying amount of the Group's financial instruments approximates their fair value, except for telecommunications licence payables for which as at 30 September 2015 and 31 December 2014 the estimated fair value exceeded the carrying amount by PLN 187 million and PLN 217 million, respectively.

## 8. Dividend

On 9 April 2015, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.50 per share from the 2014 profit and retained earnings from previous years. The total dividend, paid on 9 July 2015, amounted to PLN 656 million.

## 9. Changes in major litigation and claims, contingent liabilities and contingent assets since the end of the last annual reporting period

The information hereunder refers to the matters presented in Note 28 to the IFRS Consolidated Financial Statements for the year ended 31 December 2014 or describes major matters that occurred after 31 December 2014.

## a. Proceedings by UOKiK

*Proceedings by UOKiK related to retail prices of calls to Play*

UOKiK informed the Company that it had further prolonged the proceedings. The indicated date of prolongation is 13 November 2015. In addition, in May 2015, Orange Polska received a request for settlement filed by P4 with the Court under which P4 raises claims relating to the retail mobile prices for a period between April 2012 and 31 December 2014. On 2 July 2015, at the court session, the parties did not reach an agreement. In September 2015, Orange Polska also received a lawsuit filed by P4 with the Court under which P4 claims for damages relating to the retail mobile prices for a period between July 2009 and March 2012.

*Proceedings by UOKiK related to tenders for mobile services*

UOKiK informed the Company that it had further prolonged the proceedings. The indicated date of prolongation is 20 December 2015.

According to the Act on Competition and Consumer Protection, in case of non-compliance with its regulations, the President of the UOKiK is empowered to impose on an entity penalties of up to a maximum amount of EUR 50 million for refusal to provide requested information and/or up to a maximum amount of 10% of an entity's prior year's revenue for a breach of the law.

## b. Proceedings by the European Commission related to broadband access

On 26 June 2015, a hearing was held at the General Court of the European Union. The verdict has not yet been issued. The verdict of the General Court could be appealed to the Court of Justice by any of the parties.

## c. Other contingent liabilities and provisions

Apart from the above mentioned, operational activities of the Group are subject to legal, social and administrative regulations and the Group is a party to a number of legal proceedings and commercial contracts related to its operational activities. Some regulatory decisions can be detrimental to the Group and court verdicts within appeal proceedings against such decisions can have negative consequences for the Group. The Group monitors the risks on a regular basis and the Management believes that adequate provisions have been recorded for known and quantifiable risks.

**10. Related party transactions**

As at 30 September 2015, Orange S.A. owned 50.67% of shares of the Company and had the power to appoint the majority of OPL S.A.'s Supervisory Board Members. The Supervisory Board appoints and dismisses Members of the Management Board.

The Group's income earned from the Orange Group comprises mainly interconnect, research and development services and data transmission. The purchases from the Orange Group comprise mainly costs of interconnect, data transmission, IT services, consulting services and brand fees.

Financial receivables, payables, financial expense and other comprehensive income/(loss) concerning transactions with the Orange Group relate to loan agreements concluded with Atlas Services Belgium S.A. and agreement with Orange S.A. concerning derivative transactions to hedge exposure to foreign currency risk and interest rate risk related to the abovementioned loan agreements. Financial income from Orange S.A. and cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement.

**Orange Polska Group**

**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2015**

*Translation of the financial statements originally issued in Polish*

<i>(in PLN millions)</i>	<i>3 months ended 30 September 2015</i>	<i>9 months ended 30 September 2015</i>	<i>3 months ended 30 September 2014</i>	<i>9 months ended 30 September 2014</i>
<b>Sales of goods, services and other income:</b>	<b>42</b>	<b>146</b>	<b>54</b>	<b>155</b>
Orange S.A. (parent)	22	82	32	97
Orange Group (excluding parent)	20	64	22	58
<b>Purchases of goods (including inventories, tangible and intangible assets) and services:</b>	<b>(63)</b>	<b>(195)</b>	<b>(72)</b>	<b>(210)</b>
Orange S.A. (parent)	(20)	(58)	(27)	(76)
Orange Group (excluding parent)	(43)	(137)	(45)	(134)
- including Orange Brand Services Limited (brand licence agreement)	(35)	(101)	(37)	(99)
<b>Financial income:</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>
Orange S.A. (parent)	1	3	1	5
<b>Financial expense, net:</b>	<b>(47)</b>	<b>(133)</b>	<b>(50)</b>	<b>(115)</b>
Orange S.A. (parent)	13	(58)	(13)	(66)
Orange Group (excluding parent)	(60)	(75)	(37)	(49)
<b>Other comprehensive income/(loss):</b>	<b>2</b>	<b>49</b>	<b>(60)</b>	<b>(84)</b>
Orange S.A. (parent)	2	49	(60)	(84)
<b>Dividend paid:</b>	<b>332</b>	<b>332</b>	<b>332</b>	<b>332</b>
Orange S.A. (parent)	332	332	332	332

<i>(in PLN millions)</i>	<i>At 30 September 2015</i>	<i>At 31 December 2014</i>
<b>Receivables:</b>	<b>53</b>	<b>71</b>
Orange S.A. (parent)	28	46
Orange Group (excluding parent)	25	25
<b>Payables:</b>	<b>72</b>	<b>106</b>
Orange S.A. (parent)	16	43
Orange Group (excluding parent)	56	63
<b>Financial receivables:</b>	<b>115</b>	<b>70</b>
Orange S.A. (parent)	115	70
<b>Cash and cash equivalents deposited with:</b>	<b>114</b>	<b>69</b>
Orange S.A. (parent)	114	69
<b>Financial payables:</b>	<b>5,053</b>	<b>4,455</b>
Orange S.A. (parent)	147	148
Orange Group (excluding parent)	4,906	4,307

Compensation (remuneration, bonuses, post-employment benefits and termination indemnities, including compensation under a competition prohibition clause - cash, benefits in kind or any other benefits) paid in accordance with contractual commitments to OPL S.A.'s Management Board and Supervisory Board Members during the 9 months ended 30 September 2015 and 2014 amounted to PLN 10.5 million and PLN 13.9 million, respectively, including PLN 1.3 million and PLN 1.3 million accrued in previous periods. During the 9 months ended 30 September 2015 and 2014, the amount of accrued cost of compensation for the Company's Management Board amounted to PLN 0.8 million and PLN 0.9 million, respectively.

On 9 April 2015, the mandate of Mr Sławomir Lachowski, a Member of the Supervisory Board of OPL S.A., expired and was not renewed. On the same day the General Meeting of OPL S.A. appointed Ms Maria Pasło-Wiśniewska as a Member of the Supervisory Board of OPL S.A.

On 8 October 2015, OPL S.A.'s Supervisory Board appointed Ms Jolanta Dudek as the Member of the Management Board of OPL S.A. in charge of Customer Care and Customer Excellence, Ms Bożena Leśniewska as the Member of the Management Board of OPL S.A. in charge of Sales and Commercial Digitisation and Mr Michał Paschalis-Jakubowicz as the Member of the Management Board of OPL S.A. in charge of Marketing.

## 11. Subsequent events

On 19 October 2015, the Office of Electronic Communication (“UKE”) announced that Orange Polska submitted winning offers for two 5 MHz blocks in 800 MHz band and three 5 MHz blocks in 2600 MHz band.

The total price offered in the auction for the above blocks is PLN 3,168 million. The payment will be due after Orange Polska applies for reservation to UKE and UKE issues reservation decisions.

Orange Polska intends to apply for reservations and receive two 5 MHz blocks in 800 MHz band and three 5 MHz blocks in 2600 MHz band. Orange Polska’s assessment is that the payment will be made either before the end of 2015 or in the beginning of 2016. The spectrum reservations will be valid for 15 years with a possibility of extension.

Purchase of the spectrum in 800 MHz and 2600 MHz bands constitutes realisation of Orange Polska strategy to improve its spectrum possession and expand connectivity in mobile services.

The payment for new spectrum will be financed out of existing and new borrowing facilities from Orange Group.

**ORANGE POLSKA S.A.**

**CONDENSED IFRS QUARTERLY SEPARATE FINANCIAL  
STATEMENTS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2015**

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October 21, 2015

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## INCOME STATEMENT

*(in PLN millions, except for earnings per share)*

	<i>3 months</i>	<i>9 months</i>	<i>3 months</i>	<i>9 months</i>
	<i>ended 30 September 2015</i>	<i>ended 30 September 2015</i>	<i>ended 30 September 2014</i>	<i>ended 30 September 2014</i>
<b>Revenue</b>	<b>2,855</b>	<b>8,589</b>	<b>2,977</b>	<b>8,945</b>
External purchases	(1,524)	(4,586)	(1,491)	(4,586)
Labour expense	(358)	(1,077)	(370)	(1,153)
Other operating expense	(179)	(544)	(228)	(630)
Other operating income	87	308	87	260
Gains on disposal of assets	7	55	6	22
Gain on disposal of Wirtualna Polska S.A.	-	-	-	183
Depreciation and amortisation	(717)	(2,157)	(756)	(2,298)
(Impairment)/reversal of impairment of non-current assets	(1)	2	(4)	(7)
<b>Operating income</b>	<b>170</b>	<b>590</b>	<b>221</b>	<b>736</b>
Dividend income	-	58	-	155
Interest income	47	145	55	169
Interest expense and other financial charges	(94)	(284)	(116)	(413)
Foreign exchange losses, net	-	-	(1)	(2)
Discounting expense	(26)	(67)	(26)	(81)
<b>Finance costs, net</b>	<b>(73)</b>	<b>(148)</b>	<b>(88)</b>	<b>(172)</b>
Income tax	(24)	(66)	(52)	(39)
<b>Net income</b>	<b>73</b>	<b>376</b>	<b>81</b>	<b>525</b>
<b>Earnings per share (in PLN) (basic and diluted)</b>	<b>0.06</b>	<b>0.29</b>	<b>0.06</b>	<b>0.40</b>
Weighted average number of shares (in millions) (basic and diluted)	1,312	1,312	1,312	1,312

## STATEMENT OF COMPREHENSIVE INCOME

*(in PLN millions)*

	<i>3 months</i>	<i>9 months</i>	<i>3 months</i>	<i>9 months</i>
	<i>ended 30 September 2015</i>	<i>ended 30 September 2015</i>	<i>ended 30 September 2014</i>	<i>ended 30 September 2014</i>
<b>Net income</b>	<b>73</b>	<b>376</b>	<b>81</b>	<b>525</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/(losses) on post-employment benefits	15	15	(15)	(15)
Income tax relating to items not reclassified	(3)	(3)	3	3
<b>Items that may be reclassified subsequently to profit or loss</b>				
Gains/(losses) on cash flow hedges	5	51	(57)	(68)
Income tax relating to items that may be reclassified	(1)	(10)	11	13
<b>Other comprehensive income/(loss), net of tax</b>	<b>16</b>	<b>53</b>	<b>(58)</b>	<b>(67)</b>
<b>Total comprehensive income</b>	<b>89</b>	<b>429</b>	<b>23</b>	<b>458</b>

## STATEMENT OF FINANCIAL POSITION

(in PLN millions)

	<i>At 30 September</i> <b>2015</b>	<i>At 31 December</i> <b>2014</b>
<b>ASSETS</b>		
Goodwill	3,909	3,909
Other intangible assets	2,986	3,211
Property, plant and equipment	10,975	11,743
Investments in subsidiaries	227	227
Trade receivables	199	138
Loans and receivables excluding trade receivables	1,344	1,695
Derivatives	97	70
Other assets	22	-
Deferred tax assets	596	695
<b>Total non-current assets</b>	<b>20,355</b>	<b>21,688</b>
Inventories	139	176
Trade receivables	1,345	1,244
Loans and receivables excluding trade receivables	479	451
Derivatives	38	21
Income tax assets	-	1
Other assets (including deposit of PLN 761 million paid in the auction for telecommunications licences)	821	133
Prepaid expenses	87	67
Cash and cash equivalents	195	205
<b>Total current assets</b>	<b>3,104</b>	<b>2,298</b>
<b>TOTAL ASSETS</b>	<b>23,459</b>	<b>23,986</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	3,937	3,937
Share premium	832	832
Other reserves	(67)	(120)
Retained earnings	7,270	7,550
<b>Total equity</b>	<b>11,972</b>	<b>12,199</b>
Trade payables	763	866
Financial liabilities at amortised cost excluding trade payables	4,182	4,909
Derivatives	140	148
Employee benefits	227	300
Provisions	310	303
Deferred income	43	43
<b>Total non-current liabilities</b>	<b>5,665</b>	<b>6,569</b>
Trade payables	1,543	1,932
Financial liabilities at amortised cost excluding trade payables	2,785	1,788
Derivatives	7	-
Employee benefits	153	150
Provisions	733	768
Income tax liabilities	11	57
Other liabilities	179	129
Deferred income	411	394
<b>Total current liabilities</b>	<b>5,822</b>	<b>5,218</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,459</b>	<b>23,986</b>

## STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves				Retained earnings	Total equity
			Losses on cash flow hedges	Actuarial losses on post-employment benefits	Deferred tax	Share-based payments		
<b>Balance at 1 January 2015</b>	<b>3,937</b>	<b>832</b>	<b>(106)</b>	<b>(136)</b>	<b>46</b>	<b>76</b>	<b>7,550</b>	<b>12,199</b>
Total comprehensive income for the 9 months ended 30 September 2015	-	-	51	15	(13)	-	376	429
Dividend	-	-	-	-	-	-	(656)	(656)
<b>Balance at 30 September 2015</b>	<b>3,937</b>	<b>832</b>	<b>(55)</b>	<b>(121)</b>	<b>33</b>	<b>76</b>	<b>7,270</b>	<b>11,972</b>
<b>Balance at 1 January 2014</b>	<b>3,937</b>	<b>832</b>	<b>(16)</b>	<b>(95)</b>	<b>21</b>	<b>76</b>	<b>7,639</b>	<b>12,394</b>
Total comprehensive income for the 9 months ended 30 September 2014	-	-	(68)	(15)	16	-	525	458
Dividend	-	-	-	-	-	-	(656)	(656)
<b>Balance at 30 September 2014</b>	<b>3,937</b>	<b>832</b>	<b>(84)</b>	<b>(110)</b>	<b>37</b>	<b>76</b>	<b>7,508</b>	<b>12,196</b>

## STATEMENT OF CASH FLOWS

(in PLN millions)

	<i>3 months</i>	<i>9 months</i>	<i>3 months</i>	<i>9 months</i>
	<i>ended 30 September 2015</i>	<i>ended 30 September 2015</i>	<i>ended 30 September 2014</i>	<i>ended 30 September 2014</i>
<b>OPERATING ACTIVITIES</b>				
Net income	73	376	81	525
<i>Adjustments to reconcile net income to cash from operating activities</i>				
Gains on disposal of assets	(7)	(55)	(6)	(22)
Gain on disposal of Wirtualna Polska S.A.	-	-	-	(183)
Depreciation and amortisation	717	2,157	756	2,298
Impairment/(reversal of impairment) of non-current assets	1	(2)	4	7
Finance costs, net	73	148	88	172
Income tax	24	66	52	39
Change in provisions and allowances	(25)	(150)	(22)	(75)
Operational foreign exchange and derivatives (gains)/losses, net	(1)	(1)	2	2
<i>Change in working capital</i>				
Decrease in inventories, gross	30	32	30	19
Increase in trade receivables, gross	(33)	(157)	(50)	(75)
Decrease in trade payables	(94)	(218)	(81)	(139)
(Increase)/decrease in prepaid expenses and other receivables	24	(37)	12	15
Increase/(decrease) in deferred income and other payables	(8)	75	(30)	(60)
Dividends received	13	58	-	155
Interest received	6	16	5	13
Interest paid and interest rates effect paid on derivatives, net	(100)	(211)	(115)	(379)
Exchange rate effect received/(paid) on derivatives, net	11	(1)	1	4
Income tax paid	(3)	(7)	(16)	(2)
<b>Net cash provided by operating activities</b>	<b>701</b>	<b>2,089</b>	<b>711</b>	<b>2,314</b>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment and intangible assets	(402)	(1,150)	(396)	(1,541)
Decrease in amounts due to fixed assets suppliers	(23)	(200)	(394)	(254)
Deposit paid in the auction for telecommunications licences	(313)	(741)	-	-
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net	(3)	2	-	3
Proceeds from sale of property, plant and equipment and intangible assets	16	101	7	36
Proceeds from sale of investments in subsidiaries, net of transaction costs	6	6	375	373
Cash paid for investments in subsidiaries	-	-	-	(2)
Decrease in receivables related to leased fixed assets	4	8	2	6
(Increase)/decrease in loans and other financial assets	-	5	(1)	(1)
<b>Net cash used in investing activities</b>	<b>(715)</b>	<b>(1,969)</b>	<b>(407)</b>	<b>(1,380)</b>
<b>FINANCING ACTIVITIES</b>				
Redemption of bonds	-	-	-	(2,969)
Issuance of long-term debt	-	772	2	2,013
Repayment of long-term debt	(8)	(36)	(6)	(34)
Increase/(decrease) in short-term debt	445	(215)	32	946
Exchange rate effect received/(paid) on derivatives, net	1	4	-	(120)
Dividend paid	(656)	(656)	(656)	(656)
<b>Net cash used in financing activities</b>	<b>(218)</b>	<b>(131)</b>	<b>(628)</b>	<b>(820)</b>
<b>Net change in cash and cash equivalents</b>	<b>(232)</b>	<b>(11)</b>	<b>(324)</b>	<b>114</b>
Effect of changes in exchange rates on cash and cash equivalents	-	1	-	-
Cash and cash equivalents at the beginning of the period	427	205	611	173
<b>Cash and cash equivalents at the end of the period</b>	<b>195</b>	<b>195</b>	<b>287</b>	<b>287</b>

## Notes to the Condensed Quarterly Separate Financial Statements

### 1. Orange Polska S.A.

Orange Polska S.A. (“Orange Polska” or “the Company” or “OPL S.A.”), a joint stock company, was incorporated and commenced its operations on 4 December 1991. Orange Polska shares are listed on the Warsaw Stock Exchange.

Orange Polska is the principal provider of telecommunications services in Poland. The Company provides mobile and fixed telecommunications services, including calls, messaging, content, access to the Internet and TV. In addition, Orange Polska provides ICT (Information and Communications Technology) services, leased lines and other telecommunications value added services, sells telecommunications equipment, provides data transmission, sells electrical energy and financial services.

Orange Polska’s registered office is located in Warsaw at 160 Aleje Jerozolimskie St.

### 2. Statement of compliance and basis of preparation

#### Basis of preparation

These unaudited Condensed IFRS Quarterly Separate Financial Statements for the 9 months ended 30 September 2015 (the “Condensed Quarterly Separate Financial Statements”) are prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Quarterly Separate Financial Statements (see also Note 3).

These Condensed Quarterly Separate Financial Statements should be read in conjunction with the audited Orange Polska S.A. IFRS Separate Financial Statements and the notes thereto (“IFRS Separate Financial Statements”) for the year ended 31 December 2014.

The Condensed Quarterly Separate Financial Statements include the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the quarterly financial statements only if it would also be appropriate to anticipate or defer such costs at the end of the year.

These Condensed Quarterly Separate Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 21 October 2015.

#### Adoption of standards or interpretations in 2015

- IFRIC 21 “Levies”. This interpretation provides guidance on when to recognise a liability for a levy imposed by a government. Adoption of IFRIC 21 did not have a significant impact on financial statements.

#### Major changes to standards and interpretations issued but not yet adopted

- IFRS 15 “Revenue from Contracts with Customers”. This standard was issued on 28 May 2014. In September 2015 the International Accounting Standards Board changed the effective date of IFRS 15. The standard is now effective for annual periods beginning on or after 1 January 2018.

### 3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Separate Financial Statements are materially consistent with those described in Notes 2 and 32 to the audited IFRS Separate Financial Statements for the year ended 31 December 2014.

### 4. Explanatory comments about the seasonality or cyclicity of interim operations

The Company's activities are not subject to any significant seasonality or cyclical trends of operations.

### 5. Items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

In the first quarter of 2015, Orange Polska signed with Trade Unions agreements which curtailed other post-employment benefits for retirees of the Company and agreed additional contributions totalling PLN 24 million to the social fund during the years 2015-2017. As a result, in the first quarter of 2015, a credit of PLN 58 million was recognised in labour expense as the net effect of PLN 82 million of released provision for post-employment benefits and PLN 24 million of the recognised liability relating to the additional contributions to the social fund.

From 2015, the Company extended the estimated useful lives for certain items of software which decreased the amortisation expense by PLN 95 million in the 9 months ended 30 September 2015.

In the 9 months ended 30 September 2015, interest expense and other financial charges amounted to PLN 284 million and were lower by PLN 129 million compared to the 9 months ended 30 September 2014. The change resulted mainly from lower interest expense on debt refinanced in 2014 and lower financial costs on derivatives (in May 2014, Orange Polska redeemed bonds of the nominal value of EUR 700 million issued under the European Medium Term Note issuance programme, which were refinanced by loans from Atlas Services Belgium S.A., a subsidiary of Orange S.A.).

The amount of cash flows from investing activities for the 9 months ended 30 September 2015 includes PLN 741 million of deposit paid in the course of the auction for 800 MHz and 2600 MHz telecommunications licences (see Note 11).

On 14 July 2015, the shareholding in TP Edukacja i Wypoczynek Sp. z o.o. was contributed in kind to Orange Szkolenia Sp. z o.o., a fully owned subsidiary. Total value of investments in subsidiaries in the statement of financial position did not change as a result of this contribution.

### 6. Changes in financial liabilities at amortised cost excluding trade payables

On 13 May 2015, Orange Polska S.A. and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a Loan Agreement for EUR 190 million with repayment date in 2021. Additionally, in the 9 months ended 30 September 2015, the net cash flows from issuance and repayments of short term loan from Atlas Services Belgium S.A. amounted to PLN (200) million.

As at 30 September 2015, the total outstanding balance of loans from the related party amounted to PLN 4,905 million, including accrued interest, arrangement fees and the fair value adjustment to the loan hedged by fair value hedge. The weighted average effective interest rate on loans from the related party amounted to 1.46% before swaps and 3.86% after swaps as at 30 September 2015.

Orange Polska S.A. has entered into new derivative transactions under the agreement with Orange S.A. hedging currency and interest rate risk on the related party financing provided in EUR. The nominal amount of cross currency interest rate swaps and interest rate swaps outstanding under the agreement as at 30 September 2015 was EUR 950 million and PLN 3,550 million, respectively, with a total negative fair value amounting to PLN 32 million.

In the 9 months ended 30 September 2015, the Company issued and redeemed short-term bonds under the Orange Polska S.A. Bond Issuance Programme of 15 July 2002. The bonds are denominated in PLN and are offered by private placement to the Orange Polska Group's entities, exclusively within the territory of the Republic of Poland. The bonds are redeemed at their par value. In the 9 months ended 30 September 2015, the net cash flows on the bonds amounted to PLN (18) million. As at 30 September 2015, the aggregate par value of the outstanding bonds issued under the programme amounted to PLN 206 million.

## 7. Fair value of financial instruments

Derivative instruments are the Company's financial assets and liabilities which are measured subsequent to their initial recognition at fair value. The fair value of derivatives is determined as described in Note 21 to the IFRS Separate Financial Statements for the year ended 31 December 2014. Significant inputs to the valuation technique used by the Company to measure the fair value of derivatives are classified to Level 2 of the fair value hierarchy described in Note 22.1.

The carrying amount of the Company's financial instruments approximates their fair value, except for telecommunications licence payables, loans from subsidiaries and bonds issued by subsidiaries. As at 30 September 2015 and 31 December 2014 the estimated fair value of telecommunications licence payables exceeded their carrying amount by PLN 187 million and PLN 217 million, respectively, and the estimated fair values of loans from subsidiaries and bonds issued by subsidiaries exceeded their carrying amounts by approximately PLN 210 million and PLN 300 million, respectively.

## 8. Dividend

On 9 April 2015, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.50 per share from the 2014 profit and retained earnings from previous years. The total dividend, paid on 9 July 2015, amounted to PLN 656 million.

## 9. Changes in major litigation and claims, contingent liabilities and contingent assets since the end of the last annual reporting period

The information hereunder refers to the matters presented in Note 28 to the IFRS Separate Financial Statements for the year ended 31 December 2014 or describes major matters that occurred after 31 December 2014.

### a. Proceedings by UOKiK

#### *Proceedings by UOKiK related to retail prices of calls to Play*

UOKiK informed the Company that it had further prolonged the proceedings. The indicated date of prolongation is 13 November 2015. In addition, in May 2015, Orange Polska received a request for settlement filed by P4 with the Court under which P4 raises claims relating to the retail mobile prices for a period between April 2012 and 31 December 2014. On 2 July 2015, at the court session, the parties did not reach an agreement. In September 2015, Orange Polska also received a lawsuit filed by P4 with the Court under which P4 claims for damages relating to the retail mobile prices for a period between July 2009 and March 2012.

*Proceedings by UOKiK related to tenders for mobile services*

UOKiK informed the Company that it had further prolonged the proceedings. The indicated date of prolongation is 20 December 2015.

According to the Act on Competition and Consumer Protection, in case of non-compliance with its regulations, the President of the UOKiK is empowered to impose on an entity penalties of up to a maximum amount of EUR 50 million for refusal to provide requested information and/or up to a maximum amount of 10% of an entity's prior year's revenue for a breach of the law.

b. Proceedings by the European Commission related to broadband access

On 26 June 2015, a hearing was held at the General Court of the European Union. The verdict has not yet been issued. The verdict of the General Court could be appealed to the Court of Justice by any of the parties.

c. Other contingent liabilities and provisions

Apart from the above mentioned, operational activities of the Company are subject to legal, social and administrative regulations and the Company is a party to a number of legal proceedings and commercial contracts related to its operational activities. Some regulatory decisions can be detrimental to the Company and court verdicts within appeal proceedings against such decisions can have negative consequences for the Company. The Company monitors the risks on a regular basis and the Management believes that adequate provisions have been recorded for known and quantifiable risks.

## 10. Related party transactions

As at 30 September 2015, Orange S.A. owned 50.67% of shares of the Company and had the power to appoint the majority of OPL S.A.'s Supervisory Board Members. The Supervisory Board appoints and dismisses Members of the Management Board.

OPL S.A.'s income earned from its subsidiaries comprises mainly property rental and related fees, telecommunications equipment sales and IT services. The purchases from the subsidiaries comprise mainly customer support and management services, selling fees, network services and property maintenance. Costs incurred by the Company in transactions with its subsidiaries also comprise donations to Fundacja Orange.

Income earned from the Orange Group comprises mainly interconnect, research and development services and data transmission. The purchases from the Orange Group comprise mainly costs of interconnect, data transmission, IT services, consulting services and brand fees.

OPL S.A.'s financial income earned from its subsidiaries comprises mainly dividends from the subsidiaries and interest on bonds issued by the subsidiaries. Financial costs incurred by OPL S.A. in transactions with the subsidiaries comprise interest on loans from the subsidiaries and interest on bonds issued to the subsidiaries. The Company's financial receivables from its subsidiaries comprise mainly bonds issued by the subsidiaries, together with accrued interest. Financial payables to the subsidiaries comprise loans from the subsidiaries, together with accrued interest, and bonds issued to the subsidiaries.

Financial receivables, payables, financial expense and other comprehensive income/(loss) concerning transactions with the Orange Group relate to loan agreements concluded with Atlas Services Belgium S.A. and agreement with Orange S.A. concerning derivative transactions to hedge exposure to foreign currency risk and interest rate risk related to the abovementioned loan agreements. Financial income from Orange S.A. and cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement.



**Orange Polska S.A.**

**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2015**

*Translation of the financial statements originally issued in Polish*

<i>(in PLN millions)</i>	<i>3 months ended 30 September 2015</i>	<i>9 months ended 30 September 2015</i>	<i>3 months ended 30 September 2014</i>	<i>9 months ended 30 September 2014</i>
<b>Sales of goods, services and other income:</b>	<b>89</b>	<b>285</b>	<b>97</b>	<b>286</b>
Orange Polska Group (subsidiaries)	47	139	43	131
Orange Group	42	146	54	155
- Orange S.A. (parent)	22	82	32	97
- Orange Group (excluding parent)	20	64	22	58
<b>Purchases of goods (including inventories, tangible and intangible assets) and services:</b>	<b>(310)</b>	<b>(949)</b>	<b>(306)</b>	<b>(1,015)</b>
Orange Polska Group (subsidiaries)	(247)	(754)	(234)	(805)
Orange Group	(63)	(195)	(72)	(210)
- Orange S.A. (parent)	(20)	(58)	(27)	(76)
- Orange Group (excluding parent)	(43)	(137)	(45)	(134)
- including Orange Brand Services Limited (brand licence agreement)	(35)	(101)	(37)	(99)
<b>Financial income:</b>	<b>44</b>	<b>194</b>	<b>53</b>	<b>320</b>
Orange Polska Group (subsidiaries)	43	191	52	315
Orange S.A. (parent)	1	3	1	5
<b>Financial expense, net:</b>	<b>(89)</b>	<b>(264)</b>	<b>(103)</b>	<b>(347)</b>
Orange Polska Group (subsidiaries)	(42)	(131)	(53)	(232)
Orange Group	(47)	(133)	(50)	(115)
- Orange S.A. (parent)	13	(58)	(13)	(66)
- Orange Group (excluding parent)	(60)	(75)	(37)	(49)
<b>Other comprehensive income/(loss):</b>	<b>2</b>	<b>49</b>	<b>(60)</b>	<b>(84)</b>
Orange S.A. (parent)	2	49	(60)	(84)
<b>Dividend paid:</b>	<b>332</b>	<b>332</b>	<b>332</b>	<b>332</b>
Orange S.A. (parent)	332	332	332	332

<i>(in PLN millions)</i>	<i>At 30 September 2015</i>	<i>At 31 December 2014</i>
<b>Receivables:</b>	<b>110</b>	<b>143</b>
Orange Polska Group (subsidiaries)	57	72
Orange Group	53	71
- Orange S.A. (parent)	28	46
- Orange Group (excluding parent)	25	25
<b>Payables:</b>	<b>250</b>	<b>303</b>
Orange Polska Group (subsidiaries)	178	197
Orange Group	72	106
- Orange S.A. (parent)	16	43
- Orange Group (excluding parent)	56	63
<b>Financial receivables:</b>	<b>1,916</b>	<b>2,193</b>
Orange Polska Group (subsidiaries)	1,801	2,123
Orange S.A. (parent)	115	70
<b>Cash and cash equivalents deposited with:</b>	<b>108</b>	<b>63</b>
Orange S.A. (parent)	108	63
<b>Financial payables:</b>	<b>6,996</b>	<b>6,729</b>
Orange Polska Group (subsidiaries)	1,943	2,274
Orange Group	5,053	4,455
- Orange S.A. (parent)	147	148
- Orange Group (excluding parent)	4,906	4,307

Compensation (remuneration, bonuses, post-employment benefits and termination indemnities, including compensation under a competition prohibition clause - cash, benefits in kind or any other benefits) paid in accordance with contractual commitments to OPL S.A.'s Management Board and Supervisory Board Members during the 9 months ended 30 September 2015 and 2014 amounted to PLN 10.5 million and PLN 13.9 million, respectively, including PLN 1.3 million and PLN 1.3 million accrued in previous periods. During the 9 months ended 30 September 2015 and 2014, the amount of accrued cost of compensation for the Company's Management Board amounted to PLN 0.8 million and PLN 0.9 million, respectively.

On 9 April 2015, the mandate of Mr Sławomir Lachowski, a Member of the Supervisory Board of OPL S.A., expired and was not renewed. On the same day the General Meeting of OPL S.A. appointed Ms Maria Pasło-Wiśniewska as a Member of the Supervisory Board of OPL S.A.

On 8 October 2015, OPL S.A.'s Supervisory Board appointed Ms Jolanta Dudek as the Member of the Management Board of OPL S.A. in charge of Customer Care and Customer Excellence, Ms Bożena Leśniewska as the Member of the Management Board of OPL S.A. in charge of Sales and Commercial Digitisation and Mr Michał Paschalis-Jakubowicz as the Member of the Management Board of OPL S.A. in charge of Marketing.

## 11. Subsequent events

On 19 October 2015, the Office of Electronic Communication ("UKE") announced that Orange Polska submitted winning offers for two 5 MHz blocks in 800 MHz band and three 5 MHz blocks in 2600 MHz band.

The total price offered in the auction for the above blocks is PLN 3,168 million. The payment will be due after Orange Polska applies for reservation to UKE and UKE issues reservation decisions.

Orange Polska intends to apply for reservations and receive two 5 MHz blocks in 800 MHz band and three 5 MHz blocks in 2600 MHz band. Orange Polska's assessment is that the payment will be made either before the end of 2015 or in the beginning of 2016. The spectrum reservations will be valid for 15 years with a possibility of extension.

Purchase of the spectrum in 800 MHz and 2600 MHz bands constitutes realisation of Orange Polska strategy to improve its spectrum possession and expand connectivity in mobile services.

The payment for new spectrum will be financed out of existing and new borrowing facilities from Orange Group.

Pursuant to Art. 87 of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state - Journal of Laws of 2009, no. 33, item 259, with amendments ("the Decree of the Minister of Finance of 19 February 2009"), the Management Board of Orange Polska S.A. ("OPL S.A.", "the Company") discloses the following information:

**I. Shareholders entitled to exercise at least 5% of total voting rights at the General Meeting of OPL S.A., either directly or through subsidiaries, as at the date of publication of the quarterly report and changes in the ownership structure in the period since the submission of the previous interim report**

The ownership structure of the Company's share capital, based on the information available to the Company as at 21 October 2015, i.e. the date of submission of the quarterly report for the 3 months ended 30 September 2015 was the same as at 27 July 2015, i.e. the date of submission of the interim report for the 6 months ended 30 June 2015:

Shareholder	Number of shares held	Number of votes at the General Meeting of OPL S.A.	Percentage of the total number of votes at the General Meeting of OPL S.A.	Nominal value of shares held (in PLN)	Share in the capital
Orange S.A.	664,999,999	664,999,999	50.67%	1,994,999,997	50.67%
Other shareholders	647,357,480	647,357,480	49.33%	1,942,072,440	49.33%
<b>TOTAL</b>	<b>1,312,357,479</b>	<b>1,312,357,479</b>	<b>100.00%</b>	<b>3,937,072,437</b>	<b>100.00%</b>

**II. Statement of changes in ownership of OPL S.A.'s shares or rights to them (options) held by Members of the Management Board and the Supervisory Board of OPL S.A., according to information obtained by OPL S.A., in the period since the submission of the previous interim report**

As part of the Company's incentive program, Members of the Management Board of the Company acquired OPL S.A. registered A-series bonds with a pre-emption right attached to the bonds to subscribe for the Company's shares with priority over existing shareholders.

The number of bonds with a pre-emption right held by Members of the Management Board of the Company at the dates of submission of the quarterly report for the 3 months ended 30 September 2015 and the interim report for the 6 months ended 30 June 2015 is as follows:

	21 October 2015	27 July 2015
Bruno Duthoit	-	-
Mariusz Gaca	68,839	68,839
Piotr Muszyński	190,896	190,896
Jolanta Dudek	13,768	13,768
Jacek Kowalski	25,241	25,241
Bożena Leśniewska	27,536	27,536
Maciej Nowohoński	36,715	36,715
Michał Paschalis-Jakubowicz	-	-

Mr Maciej Witucki, the Chairman of the Supervisory Board of OPL S.A., held 305,557 bonds with a pre-emption right as at 21 October 2015 and 27 July 2015. Other Members of the Supervisory Board of OPL S.A.

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*Quarterly consolidated report for the 3 months ended 30 September 2015*

do not participate in the Company's incentive program and as at 21 October 2015 and 27 July 2015 held no bond with a pre-emption right.

Mr Maciej Witucki, the Chairman of the Supervisory Board of OPL S.A., held 4,000 OPL S.A. shares as at 21 October 2015 and 27 July 2015. There was no OPL S.A. share held by other members of the Management Board or the Supervisory Board of OPL S.A.

**III. Information on guarantees or collaterals of loans or borrowings granted by the Company or its subsidiaries to other entities or their subsidiaries, where the total amount of guarantees or collaterals account for at least 10% of the Company's equity**

In the 9 months ended 30 September 2015, neither the Company nor its subsidiaries granted guarantees or collateral of loans or borrowings to any entity or its subsidiary with a total value representing the equivalent of at least 10% of OPL S.A.'s shareholders equity.

**IV. The Management Board's comment on previously published financial forecasts**

The Group does not publish financial forecasts as defined by the Decree of the Minister of Finance of 19 February 2009.

**V. Factors which, in the opinion of the Group, may affect its results over at least the next quarter**

Factors that, in the Management Board's opinion, have influence on the Group's operations or may have such influence in the near future are presented in Section 4 of Management Board's Report on the Activity of Orange Polska Group in the first half of 2015 as well as in the current reports 45/2015 and 51/2015 published respectively on 21 September 2015 and on 19 October 2015. Additionally, threats and risks that may impact the Group's operational and financial performance are reviewed in detail in the Chapter IV of the above mentioned Report.

**VI. Foreign exchange rates**

The statement of financial position data as at 30 September 2015 and 31 December 2014 presented in the table "Selected financial data" was translated into Euro at the average exchange rate of the National Bank of Poland ("NBP") at the end of the reporting period. The income statement data, together with the statement of comprehensive income and statement of cash flows data for the 9 months ended 30 September 2015 and 2014, was translated into Euro at an exchange rate which is the arithmetical average of the average NBP rates published by the NBP on the last day of each month of the 9 month periods ended 30 September 2015 and 2014.

The exchange rates used in the translation of the statement of financial position, income statement, statement of comprehensive income and statement of cash flows data are presented below:

	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2014</b>
Statement of financial position	4.2386 PLN	4.2623 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.1585 PLN	Not applicable	4.1803 PLN