

- restated

## POLISH FINANCIAL SUPERVISION AUTHORITY

# Quarterly consolidated report for the third quarter of 2014

(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 2014, i.e. from 1 January 2014 to 30 September 2014

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: **22 October 2014**

<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 01/01/2014 to 30/09/2014	3 quarter cumulative period from 01/01/2013 to 30/09/2013	3 quarter cumulative period from 01/01/2014 to 30/09/2014	3 quarter cumulative period from 01/01/2013 to 30/09/2013
<b>condensed consolidated financial statements data</b>				
I. Revenue	9 125 000	9 766 000	2 182 858	2 312 519
II. Operating income	868 000	849 000	207 641	201 037
III. Profit before income tax	546 000	489 000	130 613	115 792
IV. Consolidated net income	505 000	396 000	120 805	93 770
V. Net income attributable to owners of Orange Polska S.A.	505 000	396 000	120 805	93 770
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.38	0.30	0.09	0.07
VII. Weighted average number of shares (in millions) (basic and diluted)	1 312	1 312	1 312	1 312
VIII. Total comprehensive income	438 000	416 000	104 777	98 506
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	438 000	416 000	104 777	98 506
X. Net cash provided by operating activities	2 233 000	2 480 000	534 172	587 246
XI. Net cash used in investing activities	(1 386 000)	(1 633 000)	(331 555)	(386 683)
XII. Net cash used in financing activities	(724 000)	(1 025 000)	(173 193)	(242 713)
XIII. Total net change in cash and cash equivalents	123 000	(180 000)	29 424	(42 623)
	balance as at 30/09/2014	balance as at 31/12/2013	balance as at 30/09/2014	balance as at 31/12/2013
XIV. Total current assets	1 946 000	1 852 000	466 052	446 566
XV. Total non-current assets	19 977 000	20 725 000	4 784 337	4 997 348
XVI. Assets held for sale	-	225 000	-	54 253
XVII. Total assets	21 923 000	22 802 000	5 250 389	5 498 167
XVIII. Total current liabilities	4 680 000	7 333 000	1 120 824	1 768 181
XIX. Total non-current liabilities	4 830 000	2 800 000	1 156 748	675 154
XX. Total equity	12 413 000	12 631 000	2 972 817	3 045 669
XXI. Equity attributable to owners of Orange Polska S.A.	12 411 000	12 629 000	2 972 339	3 045 187
XXII. Share capital	3 937 000	3 937 000	942 881	949 315
XXIII. Liabilities related to assets held for sale	-	38 000	-	9 163
<b>condensed separate financial statements data</b>				
	3 quarter cumulative period from 01/01/2014 to 30/09/2014	3 quarter cumulative period from 01/01/2013 to 30/09/2013	3 quarter cumulative period from 01/01/2014 to 30/09/2014	3 quarter cumulative period from 01/01/2013 to 30/09/2013
I. Revenue	8 945 000	5 253 000	2 139 799	1 243 873
II. Operating income	736 000	221 000	176 064	52 331
III. Profit before income tax	564 000	1 226 000	134 919	290 308
IV. Net income	525 000	1 180 000	125 589	279 416
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.40	0.90	0.10	0.21
VI. Weighted average number of shares (in millions) (basic and diluted)	1 312	1 312	1 312	1 312
VII. Total comprehensive income	458 000	1 184 000	109 562	280 363
VIII. Net cash provided by operating activities	2 314 000	2 198 000	553 549	520 471
IX. Net cash used in investing activities	(1 380 000)	(1 032 000)	(330 120)	(244 370)
X. Net cash used in financing activities	(820 000)	(1 285 000)	(196 158)	(304 279)
XI. Total net change in cash and cash equivalents	114 000	(122 000)	27 271	(28 889)
	balance as at 30/09/2014	balance as at 31/12/2013	balance as at 30/09/2014	balance as at 31/12/2013
XII. Total current assets	2 207 000	2 197 000	528 560	529 755
XIII. Total non-current assets	21 742 000	22 785 000	5 207 041	5 494 068
XIV. Assets held for sale	-	198 000	-	47 743
XV. Total assets	23 949 000	25 180 000	5 735 601	6 071 566
XVI. Total current liabilities	5 242 000	7 983 000	1 255 419	1 924 913
XVII. Total non-current liabilities	6 511 000	4 803 000	1 559 334	1 158 131
XVIII. Total equity	12 196 000	12 394 000	2 920 848	2 988 522
XIX. Share capital	3 937 000	3 937 000	942 881	949 315

## **ORANGE POLSKA GROUP**

# **CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2014**

---



**October 22, 2014**

## **Contents**

CONSOLIDATED INCOME STATEMENT .....	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	5
CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
1. The Orange Polska Group .....	7
2. Statement of compliance and basis of preparation.....	8
3. Statement of accounting policies .....	9
4. Explanatory comments about the seasonality or cyclicity of interim Group operations.....	9
5. Items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence .....	10
6. Changes in loans from related party .....	11
7. Dividends .....	11
8. Changes in major litigation and claims, contingent liabilities and contingent assets since the end of the last annual reporting period .....	11
9. Related party transactions .....	12
10. Subsequent events .....	13

**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**CONSOLIDATED INCOME STATEMENT**

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

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>Revenue</b>	<b>3,046</b>	<b>9,125</b>	<b>3,196</b>	<b>9,766</b>
External purchases	(1,441)	(4,388)	(1,501)	(4,746)
Labour expense	(446)	(1,421)	(453)	(1,514)
Other operating expense	(205)	(586)	(177)	(579)
Other operating income	80	234	85	239
Gains on disposal of assets	6	23	15	36
Gain on disposal of Wirtualna Polska S.A.	-	191	-	-
Depreciation and amortisation	(759)	(2,303)	(775)	(2,349)
Impairment of non-current assets	(4)	(7)	-	(4)
<b>Operating income</b>	<b>277</b>	<b>868</b>	<b>390</b>	<b>849</b>
Interest income	3	10	2	9
Interest expense and other financial charges	(62)	(249)	(105)	(292)
Foreign exchange losses	(1)	(2)	(4)	(2)
Discounting expense	(25)	(81)	(11)	(75)
<b>Finance costs, net</b>	<b>(85)</b>	<b>(322)</b>	<b>(118)</b>	<b>(360)</b>
Income tax	(52)	(41)	(33)	(93)
<b>Consolidated net income</b>	<b>140</b>	<b>505</b>	<b>239</b>	<b>396</b>
Net income attributable to owners of Orange Polska S.A.	140	505	239	396
Net income attributable to non-controlling interests	-	-	-	-
<b>Earnings per share (in PLN) (basic and diluted)</b>	<b>0.11</b>	<b>0.38</b>	<b>0.18</b>	<b>0.30</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)*

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>Consolidated net income</b>	<b>140</b>	<b>505</b>	<b>239</b>	<b>396</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/(losses) on post-employment benefits	(15)	(15)	20	20
Income tax relating to items not reclassified	3	3	(3)	(3)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Losses on cash flow hedges	(57)	(68)	(5)	(2)
Translation adjustment	-	-	5	5
Income tax relating to items that may be reclassified	11	13	1	-
<b>Other comprehensive income/(loss), net of tax</b>	<b>(58)</b>	<b>(67)</b>	<b>18</b>	<b>20</b>
<b>Total comprehensive income</b>	<b>82</b>	<b>438</b>	<b>257</b>	<b>416</b>
Total comprehensive income attributable to owners of Orange Polska S.A.	82	438	257	416
Total comprehensive income attributable to non-controlling interests	-	-	-	-

**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in PLN millions)

	<i>At 30 September 2014 (unaudited)</i>	<i>At 31 December 2013 (audited)</i>
<b>ASSETS</b>		
Goodwill	3,940	3,940
Other intangible assets	3,238	3,081
Property, plant and equipment	11,828	12,768
Trade receivables	104	-
Derivatives	7	4
Other financial assets	11	9
Deferred tax assets	849	923
<b>Total non-current assets</b>	<b>19,977</b>	<b>20,725</b>
Inventories	182	200
Trade receivables	1,231	1,199
Derivatives	5	89
Other financial assets	9	15
Income tax assets	3	7
Other assets	96	56
Prepaid expenses	92	88
Cash and cash equivalents	328	198
<b>Total current assets</b>	<b>1,946</b>	<b>1,852</b>
Assets held for sale	-	225
<b>TOTAL ASSETS</b>	<b>21,923</b>	<b>22,802</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	3,937	3,937
Share premium	832	832
Other reserves	(74)	(7)
Retained earnings	7,716	7,867
<b>Equity attributable to owners of Orange Polska S.A.</b>	<b>12,411</b>	<b>12,629</b>
Non-controlling interests	2	2
<b>Total equity</b>	<b>12,413</b>	<b>12,631</b>
Trade payables	848	921
Loans from related party	3,163	1,157
Other financial liabilities at amortised cost	62	79
Derivatives	140	9
Employee benefits	310	296
Provisions	271	313
Deferred income	36	25
<b>Total non-current liabilities</b>	<b>4,830</b>	<b>2,800</b>
Trade payables	1,603	1,921
Loans from related party	1,286	237
Other financial liabilities at amortised cost	84	3,106
Derivatives	8	276
Employee benefits	163	187
Provisions	990	899
Income tax liabilities	-	95
Other liabilities	179	185
Deferred income	367	427
<b>Total current liabilities</b>	<b>4,680</b>	<b>7,333</b>
Liabilities related to assets held for sale	-	38
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,923</b>	<b>22,802</b>

**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(in PLN millions)*

	Share capital	Share premium	Treasury shares	Other reserves				Translation adjustment	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 2013 (audited)</b>	<b>4,007</b>	<b>832</b>	<b>(400)</b>	<b>(15)</b>	<b>(127)</b>	<b>26</b>	<b>79</b>	<b>(5)</b>	<b>8,559</b>	<b>12,956</b>	<b>2</b>	<b>12,958</b>
Total comprehensive income for the 9 months ended 30 September 2013	-	-	-	(2)	20	(3)	-	5	396	416	-	416
Redemption of treasury shares	(70)	-	400	-	-	-	-	-	(330)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(656)	(656)	-	(656)
<b>Balance at 30 September 2013 (unaudited)</b>	<b>3,937</b>	<b>832</b>	<b>-</b>	<b>(17)</b>	<b>(107)</b>	<b>23</b>	<b>79</b>	<b>-</b>	<b>7,969</b>	<b>12,716</b>	<b>2</b>	<b>12,718</b>
<b>Balance at 1 January 2014 (audited)</b>	<b>3,937</b>	<b>832</b>	<b>-</b>	<b>(16)</b>	<b>(89)</b>	<b>19</b>	<b>79</b>	<b>-</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
Dividends	-	-	-	-	-	-	-	-	(656)	(656)	-	(656)
<b>Balance at 30 September 2014 (unaudited)</b>	<b>3,937</b>	<b>832</b>	<b>-</b>	<b>(84)</b>	<b>(104)</b>	<b>35</b>	<b>79</b>	<b>-</b>	<b>7,716</b>	<b>12,411</b>	<b>2</b>	<b>12,413</b>

**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(in PLN millions)

	<b>3 months ended 30 September 2014</b>	<b>9 months ended 30 September 2014</b>	<b>3 months ended 30 September 2013 (see Note 2, unaudited)</b>	<b>9 months ended 30 September 2013 (see Note 2, unaudited)</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>OPERATING ACTIVITIES</b>				
Consolidated net income	140	505	239	396
<i>Adjustments to reconcile net income to cash from operating activities</i>				
Gains on disposal of assets	(6)	(23)	(15)	(36)
Gain on disposal of Wirtualna Polska S.A.	-	(191)	-	-
Depreciation and amortisation	759	2,303	775	2,349
Impairment of non-current assets	4	7	-	4
Finance costs, net	85	322	118	360
Income tax	52	41	33	93
Change in provisions and allowances	(45)	(108)	(47)	(167)
Operational foreign exchange and derivatives (gains)/losses, net	2	2	(1)	1
<i>Change in working capital (trade)</i>				
Decrease in inventories, gross	23	13	46	20
(Increase)/decrease in trade receivables, gross	(37)	(95)	21	191
Decrease in trade payables	(76)	(72)	(63)	(145)
<i>Change in working capital (non-trade)</i>				
Decrease in prepaid expenses and other receivables	27	9	23	9
Decrease in deferred income and other payables	(27)	(81)	(58)	(98)
Interest received	3	9	3	10
Interest paid and interest rate effect paid on derivatives, net	(112)	(370)	(77)	(417)
Exchange rate effect received/(paid) on derivatives, net	1	4	-	(20)
Income tax paid	(4)	(42)	(15)	(70)
<b>Net cash provided by operating activities</b>	<b>789</b>	<b>2,233</b>	<b>982</b>	<b>2,480</b>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment and intangible assets	(390)	(1,524)	(692)	(1,544)
Increase/(decrease) in amounts due to fixed assets suppliers	(399)	(264)	129	(156)
Exchange rate effect received on derivatives economically hedging capital expenditures, net	-	3	5	1
Proceeds from sale of property, plant and equipment and intangible assets	11	45	10	52
Decrease in receivables related to leased fixed assets	3	7	3	7
Proceeds from sale of subsidiaries, net of cash and transaction costs	-	345	9	9
Cash paid for subsidiaries, net of cash acquired	-	(2)	-	(8)
(Increase)/decrease in other financial assets	(2)	4	-	3
Exchange rate effect received on other derivatives, net	-	-	-	3
<b>Net cash used in investing activities</b>	<b>(777)</b>	<b>(1,386)</b>	<b>(536)</b>	<b>(1,633)</b>
<b>FINANCING ACTIVITIES</b>				
Redemption of bonds	-	(2,969)	-	-
Issuance of long-term debt	2	2,013	-	1,172
Repayment of long-term debt	(5)	(29)	(392)	(915)
Increase/(decrease) in short-term debt	320	1,037	521	(624)
Exchange rate effect received/(paid) on derivatives, net	-	(120)	2	(2)
Dividend paid	(656)	(656)	(656)	(656)
<b>Net cash used in financing activities</b>	<b>(339)</b>	<b>(724)</b>	<b>(525)</b>	<b>(1,025)</b>
<b>Net change in cash and cash equivalents</b>	<b>(327)</b>	<b>123</b>	<b>(79)</b>	<b>(178)</b>
Effect of changes in exchange rates and other impacts on cash and cash equivalents	-	-	(3)	(2)
Cash and cash equivalents at the beginning of the period	655	198	308	406
Cash and cash equivalents at the beginning of the period classified as assets held for sale	-	7	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>328</b>	<b>328</b>	<b>226</b>	<b>226</b>

## 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 telecommunications services based on the CDMA, GSM, UMTS and LTE technologies, fixed-line telephony services (local, domestic and international calls), Integrated Services Digital Network (“ISDN”), fixed access to the Internet, TV and Voice over Internet Protocol (“VoIP”). In addition, the Group provides leased lines and other telecommunications value added services, sells telecommunications equipment, provides data transmission, multimedia services and various Internet services. Orange Polska provides telecommunications services on the basis of entry number 1 in the register of telecommunications companies maintained by the President of Office of Electronic Communication (“UKE”).

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 “Quarterly Consolidated Financial Statements”) as at and for the 9 months ended 30 September 2014 is presented in the 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 2013. Additionally, the Group disposed of its 100% shareholding in Wirtualna Polska S.A. (see Note 5) and Contact Center Sp. z o.o. was divided into two entities: Contact Center Sp. z o.o. and Orange Szkolenia Sp. z o.o.

### Segment revenue and segment 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 payments to fixed assets suppliers (after 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 the impact of significant non-recurring transactions or other events and changes in scope of consolidation.

Basic financial data of the operating segment is presented below:

*(in PLN millions)*

	<b>9 months ended 30 September 2014</b>	<b>9 months ended 30 September 2013</b>
Restated revenue	9,125	9,674
Restated EBITDA	3,060	3,195
Net income as per consolidated income statement	505	396
Restated organic cash flows	851	833
Restated capital expenditures	1,154	1,290
	<b>At 30 September 2014</b>	<b>At 31 December 2013</b>
Net gearing ratio	26%	26%
Net financial debt / restated EBITDA ratio	1.1	1.1



**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

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

<i>(in PLN millions)</i>	<b>9 months ended 30 September 2014</b>	<b>9 months ended 30 September 2013</b>
Revenue	9,125	9,766
- restatement for data of WP and ORE <sup>(1)</sup>	-	(92)
Restated revenue	9,125	9,674
EBITDA	3,178	3,202
- restatement for data of WP and ORE <sup>(1)</sup>	-	(25)
- restatement for employment termination expense	-	18
- restatement for gain on disposal of WP (see Note 5)	(191)	-
- restatement for the impact of certain claims and litigation	73	-
Restated EBITDA	3,060	3,195
Organic cash flows	493	833
- restatement for payment for acquisition of telecommunications licences	358	-
Restated organic cash flows	851	833
Capital expenditures	1,531	1,544
- restatement for expenditures on acquisition of telecommunications licences	(377)	(254)
Restated capital expenditures	1,154	1,290

<sup>(1)</sup> Restated revenue and restated EBITDA include Wirtualna Polska S.A.'s ("WP") data for the period up to February 2013 (see Note 5) and do not include data of Otwarty Rynek Elektroniczny S.A. ("ORE", a subsidiary disposed of in 2013).

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

### Basis of preparation

These unaudited 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 Quarterly Consolidated Financial Statements (see also Note 3).

These Quarterly Consolidated Financial Statements should be read in conjunction with the audited IFRS Consolidated Financial Statements for the year ended 31 December 2013.

The 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 Quarterly Consolidated Financial Statements are prepared in millions of Polish zloty ("PLN") and were authorised for issuance by the Management Board on 22 October 2014.

### Adoption of standards and interpretations in 2014

No new standards or interpretations were adopted by the Group since 1 January 2014.

#### Standards and interpretations issued but not yet adopted

- IFRS 15 “Revenue from Contracts with Customers”. This standard was issued on 28 May 2014 and it shall be applied for reporting periods beginning on or after 1 January 2017. This standard has not yet been endorsed by the European Union. The standard will mainly affect:
  - recognition of revenue from multiple elements arrangements: the allocation of the revenue between the communication and handset component will change and therefore the timing of the revenue recognition will be accelerated;
  - subscriber acquisition and retention costs: the portion of these costs relating to incremental costs to acquire a contract (i.e. payment to distributors directly attributable to contract acquisition, excluding subsidies) will be eligible for deferral. Overall costs will not change.
  
- IFRIC 21 “Levies”. This interpretation provides guidance on when to recognise a liability for a levy imposed by a government. This interpretation has been endorsed by the European Union to apply at the latest as from 1 January 2015. The Group has decided against earlier application of this Interpretation. The Group considers that future application of IFRIC 21 should not have a significant impact on the annual consolidated financial statements.
  
- IFRS 9 “Financial Instruments”. The aim of IFRS 9 is to supersede IAS 39 “Financial Instruments: Recognition and Measurement”. The standard was issued on 24 July 2014 and will be effective for annual periods beginning on or after 1 January 2018. This standard has not yet been endorsed by the European Union. The standard provides for:
  - classification and measurement of financial assets based on cash flow characteristics and on the entity’s business model;
  - impairment methodology, which replaces existing incurred loss model with expected credit loss model;
  - new model for hedge accounting, closer aligned with risk management.

Management is currently analysing the practical consequences of IFRS 9 and the effect of its application on the financial statements.

#### Changes in presentation of the statement of cash flows

In the fourth quarter of 2013, the Group changed the presentation of the allowance for certain trade receivables and inventories. As a result, comparative amounts presented as a change in provisions and allowances in the consolidated statement of cash flows were adjusted with the counterpart in lines presenting increase/decrease of trade receivables and inventories, gross.

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

Except for the changes described in Note 2, the accounting policies and methods of computation used in the preparation of the Quarterly Consolidated Financial Statements are consistent with those described in the audited IFRS Consolidated Financial Statements for the year ended 31 December 2013 (see Notes 2 and 32 to IFRS Consolidated Financial Statements for the year ended 31 December 2013).

### **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**

Disposal of Wirtualna Polska S.A.

On 13 February 2014, the Group and o2 Sp. z o.o. finalised a share sale agreement under which the Group disposed of its 100% shareholding in Wirtualna Polska S.A. ("WP"), for a total consideration amounting to PLN 367 million, consisting of consideration in cash amounting to PLN 356 million received in the first quarter of 2014 and PLN 26 million received subsequently on 1 October 2014, decreased by PLN 15 million of liabilities assumed by the Group. Additionally, the Group incurred transaction costs of PLN 4 million.

The Group disposed of the following assets and liabilities:

*(in PLN millions)*

<b>Assets:</b>	<b>202</b>
- Goodwill	85
- Other intangible assets	7
- Property, plant and equipment	43
- Deferred tax assets	5
- Trade receivables	25
- Bonds issued by the Group <sup>(1)</sup>	26
- Cash and cash equivalents	7
- Other	4
<b>Liabilities:</b>	<b>30</b>
- Trade payables	20
- Employee benefits	8
- Other	2
<b>Net assets disposed of</b>	<b>172</b>

<sup>(1)</sup> Bonds issued by the Group to WP were recognised at the disposal date in the consolidated statement of financial position as current other financial liabilities at amortised cost.

Gain on disposal amounting to PLN 191 million is presented separately in the consolidated income statement. WP's assets and liabilities were classified as held for sale and presented separately in the consolidated statement of financial position as at 31 December 2013.

900 MHz licence

On 27 June 2014, the Group was granted a 900 MHz licence for a period of next 15 years for a consideration of PLN 358 million paid on 1 July 2014. As a result, the Group increased the value of intangible assets by this amount.

## **6. Changes in loans from related party**

On 15 May 2014, the Group and Atlas Service Belgium S.A., a subsidiary of Orange S.A., concluded a Loan Agreement for EUR 480 million with repayment date in 2019 and Annex to existing Revolving Credit Facility Agreement, increasing the revolving credit by EUR 230 million up to EUR 480 million and extending its maturity to 2018. Financial terms of the agreements are based on normal market terms.

In the 9 months ended 30 September 2014, the net cash flows from issuance and repayments of loans from the related party amounted to PLN 3,050 million (PLN 320 million in the 3 months ended 30 September 2014). As at 30 September 2014, the total outstanding balance of loans from the related party amounted to PLN 4,449 million, including accrued interest and arrangement fees.

The Group 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 2014 was EUR 760 million and PLN 2,700 million, respectively, with a total negative fair value amounting to PLN 133 million.

On 22 May 2014, the Group redeemed at maturity bonds of the nominal value of EUR 700 million issued by TPSA Eurofinance France S.A. in 2009 under the European Medium Term Note issuance programme.

## **7. Dividends**

On 10 April 2014, 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 2013 profit. The total dividend, paid on 10 July 2014, amounted to PLN 656 million.

## **8. 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 29.c-f to the IFRS Consolidated Financial Statements for the year ended 31 December 2013 or describes major matters that occurred after 31 December 2013.

### **a. Proceedings by UKE and UOKiK**

#### *Proceedings by UOKiK related to IP traffic*

On 15 May 2014, the Supreme Court dismissed the cassation appeal. That verdict ended the appeal procedure on the fine imposed by UOKiK on Orange Polska.

#### *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 12 November 2014.

#### *Proceedings by UOKiK related to tenders for mobile services*

UOKiK informed the Company that it had prolonged the proceedings. The indicated date of prolongation is 20 November 2014.

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 or also 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 tax authorities**

The Fiscal Audit Office completed control proceedings relating to OPL S.A.'s year 2009 and, on 31 March 2014, delivered results of the control. Results of the control end the audit proceedings in front of the Fiscal Audit Office and

**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

confirm the correctness of the Company's VAT tax settlements. The results also raise the certain questions concerning other tax settlements made, but do not decide on the obligations of the Company. The Company believes that the issues raised by the Fiscal Audit Office as regards these tax settlements are without merit and the possibility of ultimate outflows of resources is low. This opinion is supported by external tax advisors.

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 potential 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.

## 9. Related party transactions

As at 30 September 2014, 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 and leased lines, network services, IT services, consulting services and brand fees.

Financial receivables, payables and financial expense concerning transactions with the Orange Group relate to financing and hedging agreements. The impact on financial expense, net, consists of interest expense (including amortised fees) and foreign exchange gains/(losses) on loans from Atlas Services Belgium S.A. and foreign exchange and interest rate effect on swaps concluded with Orange S.A. to hedge exposure to currency risk and interest rate risk related to the abovementioned loans. Financial income from Orange S.A. and cash and cash equivalents deposited with Orange S.A. relate to Cash Management Treasury Agreement.

(in PLN millions)

	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
	<b>ended 30 September 2014</b>	<b>ended 30 September 2014</b>	<b>ended 30 September 2013</b>	<b>ended 30 September 2013</b>
<b>Sales of goods, services and other income:</b>	<b>54</b>	<b>155</b>	<b>50</b>	<b>152</b>
Orange S.A. (parent)	32	97	34	103
Orange Group (excluding parent)	22	58	16	49
<b>Purchases of goods (including inventories, tangible and intangible assets) and services:</b>	<b>(72)</b>	<b>(210)</b>	<b>(76)</b>	<b>(249)</b>
Orange S.A. (parent)	(27)	(76)	(27)	(80)
Orange Group (excluding parent)	(45)	(134)	(49)	(169)
- including Orange Brand Services Limited (brand licence agreement)	(37)	(99)	(40)	(125)
<b>Financial income:</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>1</b>
Orange S.A. (parent)	1	5	1	1
<b>Financial expense, net:</b>	<b>(50)</b>	<b>(115)</b>	<b>(19)</b>	<b>(13)</b>
Orange S.A. (parent)	(13)	(66)	(43)	7
Orange Group (excluding parent)	(37)	(49)	24	(20)
<b>Dividend paid:</b>	<b>332</b>	<b>332</b>	<b>332</b>	<b>332</b>
Orange S.A. (parent)	332	332	332	332

**Orange Polska Group**  
**Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

<i>(in PLN millions)</i>	<i>At 30 September</i> <b>2014</b>	<i>At 31 December</i> <b>2013</b>
<b>Receivables:</b>	<b>67</b>	<b>79</b>
Orange S.A. (parent)	42	61
Orange Group (excluding parent)	25	18
<b>Payables:</b>	<b>101</b>	<b>112</b>
Orange S.A. (parent)	39	54
Orange Group (excluding parent)	62	58
<b>Financial receivables:</b>	<b>7</b>	<b>5</b>
Orange S.A. (parent)	7	5
<b>Cash and cash equivalents deposited with:</b>	<b>197</b>	<b>37</b>
Orange S.A. (parent)	197	37
<b>Financial payables:</b>	<b>4,589</b>	<b>1,403</b>
Orange S.A. (parent)	140	9
Orange Group (excluding parent)	4,449	1,394

Compensation (remuneration, bonuses 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 2014 and 2013 amounted to PLN 13.9 million and PLN 13.4 million, including PLN 1.3 million and PLN 0.7 million accrued in previous periods, respectively. During the 9 months ended 30 September 2014 and 2013, the amount of accrued cost of compensation for the Company's Management Board amounted to PLN 0.9 million and PLN 0.6 million.

On 6 February 2014, OPL S.A.'s Supervisory Board appointed Mr Mariusz Gaca as the Member of the Management Board of OPL S.A. in charge of Business Market.

On 24 February 2014, Mr Jacques de Galzain submitted his resignation as the Member of the Management Board of OPL S.A. in charge of Finance with effect on 28 February 2014.

On 17 March 2014, OPL S.A.'s Supervisory Board appointed Mr Maciej Nowohoński as the Member of the Management Board of OPL S.A. in charge of Finance.

On 9 September 2014, Mr Vincent Lobry submitted his resignation as the Member of the Management Board of OPL S.A. in charge of Value Management and Convergence with effect on 15 October 2014.

On 14 October 2014, Mr Mariusz Gaca, the Member of the Management Board of OPL S.A. in charge of Business Market, was appointed as Vice President of the Management Board of OPL S.A.

On 10 April 2014, OPL S.A. Supervisory Board Members' mandates of Mr Timothy Boatman and Mr Pierre Louette expired and were not renewed. On the same day the General Meeting of OPL S.A. appointed Mr Russ Houlden and Ms Valérie Théron as Members of the Supervisory Board of OPL S.A.

On 10 July 2014, Mr Benoit Scheen submitted his resignation as the Member of the Supervisory Board of OPL S.A. with effect on 31 August 2014.

On 9 October 2014, the Supervisory Board of OPL S.A. appointed Mr Ramon Fernandez as its Member.

## **10. Subsequent events**

There was no significant event after the end of the reporting period.

**ORANGE POLSKA S.A.**

**CONDENSED IFRS QUARTERLY SEPARATE FINANCIAL  
STATEMENTS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2014**

---



**October 22, 2014**

## **Contents**

INCOME STATEMENT .....	3
STATEMENT OF COMPREHENSIVE INCOME .....	3
STATEMENT OF FINANCIAL POSITION .....	4
STATEMENT OF CHANGES IN EQUITY .....	5
STATEMENT OF CASH FLOWS .....	6
1. Orange Polska S.A. ....	7
2. Statement of compliance and basis of preparation .....	7
3. Statement of accounting policies .....	8
4. Legal merger of Orange Polska S.A., PTK-Centertel Sp. z o.o. and Orange Polska Sp. z o.o. ....	8
5. Explanatory comments about the seasonality or cyclicity of interim operations .....	11
6. Items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence .....	11
7. Changes in financial liabilities at amortised cost excluding trade payables .....	11
8. Dividends .....	12
9. Changes in major litigation and claims, contingent liabilities and contingent assets since the end of the last annual reporting period .....	12
10. Related party transactions .....	13
11. Subsequent events .....	14



**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**INCOME STATEMENT**

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

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>Revenue</b>	<b>2,977</b>	<b>8,945</b>	<b>1,719</b>	<b>5,253</b>
External purchases	(1,491)	(4,586)	(788)	(2,411)
Labour expense	(370)	(1,153)	(304)	(1,014)
Other operating expense	(228)	(630)	(110)	(315)
Other operating income	87	260	140	344
Gains on disposal of assets	6	22	10	29
Gain on disposal of Wirtualna Polska S.A.	-	183	-	-
Depreciation and amortisation	(756)	(2,298)	(549)	(1,661)
Impairment of non-current assets	(4)	(7)	(1)	(4)
<b>Operating income</b>	<b>221</b>	<b>736</b>	<b>117</b>	<b>221</b>
Dividend income	-	155	350	1,303
Interest income	55	169	62	192
Interest expense and other financial charges	(116)	(413)	(169)	(500)
Foreign exchange gains/(losses)	(1)	(2)	(27)	37
Discounting expense	(26)	(81)	(8)	(27)
<b>Finance income/(costs), net</b>	<b>(88)</b>	<b>(172)</b>	<b>208</b>	<b>1,005</b>
Income tax	(52)	(39)	(7)	(46)
<b>Net income</b>	<b>81</b>	<b>525</b>	<b>318</b>	<b>1,180</b>
<b>Earnings per share (in PLN) (basic and diluted)</b>	<b>0.06</b>	<b>0.40</b>	<b>0.24</b>	<b>0.90</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)*

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>Net income</b>	<b>81</b>	<b>525</b>	<b>318</b>	<b>1,180</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/(losses) on post-employment benefits	(15)	(15)	17	17
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	(57)	(68)	11	(12)
Income tax relating to items that may be reclassified	11	13	(2)	2
<b>Other comprehensive income/(loss), net of tax</b>	<b>(58)</b>	<b>(67)</b>	<b>23</b>	<b>4</b>
<b>Total comprehensive income</b>	<b>23</b>	<b>458</b>	<b>341</b>	<b>1,184</b>

**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**STATEMENT OF FINANCIAL POSITION**

(in PLN millions)

	<b>At 30 September 2014 (unaudited)</b>	<b>At 31 December 2013 (audited)</b>
<b>ASSETS</b>		
Goodwill	3,909	3,909
Other intangible assets	3,235	3,076
Property, plant and equipment	11,839	12,758
Investments in subsidiaries	227	227
Trade receivables	104	-
Loans and receivables excluding trade receivables	1,802	2,120
Derivatives	7	4
Deferred tax assets	619	691
<b>Total non-current assets</b>	<b>21,742</b>	<b>22,785</b>
Inventories	156	179
Trade receivables	1,176	1,171
Loans and receivables excluding trade receivables	435	399
Derivatives	5	89
Income tax assets	2	6
Other assets	59	86
Prepaid expenses	87	94
Cash and cash equivalents	287	173
<b>Total current assets</b>	<b>2,207</b>	<b>2,197</b>
Assets held for sale	-	198
<b>TOTAL ASSETS</b>	<b>23,949</b>	<b>25,180</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	3,937	3,937
Share premium	832	832
Other reserves	(81)	(14)
Retained earnings	7,508	7,639
<b>Total equity</b>	<b>12,196</b>	<b>12,394</b>
Trade payables	848	921
Financial liabilities at amortised cost excluding trade payables	4,955	3,278
Derivatives	140	9
Employee benefits	271	258
Provisions	267	313
Deferred income	30	24
<b>Total non-current liabilities</b>	<b>6,511</b>	<b>4,803</b>
Trade payables	1,575	1,961
Financial liabilities at amortised cost excluding trade payables	2,018	4,047
Derivatives	8	276
Employee benefits	135	153
Provisions	971	860
Income tax liabilities	-	85
Other liabilities	171	177
Deferred income	364	424
<b>Total current liabilities</b>	<b>5,242</b>	<b>7,983</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,949</b>	<b>25,180</b>

**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**STATEMENT OF CHANGES IN EQUITY**

*(in PLN millions)*

	Share capital	Share premium	Treasury shares	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 2013 (audited)</b>	<b>4,007</b>	<b>832</b>	<b>(400)</b>	<b>(7)</b>	<b>(129)</b>	<b>25</b>	<b>68</b>	<b>7,209</b>	<b>11,605</b>
Total comprehensive income for the 9 months ended 30 September 2013	-	-	-	(12)	17	(1)	-	1,180	1,184
Redemption of treasury shares	(70)	-	400	-	-	-	-	(330)	-
Dividends	-	-	-	-	-	-	-	(656)	(656)
<b>Balance at 30 September 2013 (unaudited)</b>	<b>3,937</b>	<b>832</b>	<b>-</b>	<b>(19)</b>	<b>(112)</b>	<b>24</b>	<b>68</b>	<b>7,403</b>	<b>12,133</b>
<b>Balance at 1 January 2014 (audited)</b>	<b>3,937</b>	<b>832</b>	<b>-</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
Dividends	-	-	-	-	-	-	-	(656)	(656)
<b>Balance at 30 September 2014 (unaudited)</b>	<b>3,937</b>	<b>832</b>	<b>-</b>	<b>(84)</b>	<b>(110)</b>	<b>37</b>	<b>76</b>	<b>7,508</b>	<b>12,196</b>

**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**STATEMENT OF CASH FLOWS**

(in PLN millions)

	<b>3 months ended 30 September 2014</b>	<b>9 months ended 30 September 2014</b>	<b>3 months ended 30 September 2013</b>	<b>9 months ended 30 September 2013</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(see Note 2, unaudited)</i>	<i>(see Note 2, unaudited)</i>
<b>OPERATING ACTIVITIES</b>				
Net income	81	525	318	1,180
<i>Adjustments to reconcile net income to cash from operating activities</i>				
Gains on disposal of assets	(6)	(22)	(10)	(29)
Gain on disposal of Wirtualna Polska S.A.	-	(183)	-	-
Depreciation and amortisation	756	2,298	549	1,661
Impairment of non-current assets	4	7	1	4
Finance (income)/costs, net	88	172	(208)	(1,005)
Income tax	52	39	7	46
Change in provisions and allowances	(22)	(75)	(28)	(169)
Operational foreign exchange and derivatives (gains)/losses, net	2	2	(2)	2
<i>Change in working capital (trade)</i>				
(Increase)/decrease in inventories, gross	30	19	(1)	8
(Increase)/decrease in trade receivables, gross	(50)	(75)	(17)	18
Decrease in trade payables	(81)	(139)	(22)	(104)
<i>Change in working capital (non-trade)</i>				
Decrease in prepaid expenses and other receivables	12	15	16	91
Decrease in deferred income and other payables	(30)	(60)	(47)	(30)
Dividends received	-	155	-	953
Interest received	5	13	4	12
Interest paid and interest rates effect paid on derivatives, net	(115)	(379)	(49)	(409)
Exchange rate effect received/(paid) on derivatives, net	1	4	-	(21)
Income tax paid	(16)	(2)	(37)	(10)
<b>Net cash provided by operating activities</b>	<b>711</b>	<b>2,314</b>	<b>474</b>	<b>2,198</b>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment and intangible assets	(391)	(1,534)	(235)	(800)
Decrease in amounts due to fixed assets suppliers	(399)	(261)	(81)	(305)
Exchange rate effect received on derivatives economically hedging capital expenditures, net	-	3	1	2
Proceeds from sale of property, plant and equipment and intangible assets	7	36	9	39
Decrease in receivables related to leased fixed assets	2	6	4	7
Proceeds from sale of investments in subsidiaries, net of transaction costs	375	373	16	16
Cash paid for investments in subsidiaries	-	(2)	-	(11)
(Increase)/decrease in loans and other financial assets	(1)	(1)	8	15
Exchange rate effect received on other derivatives, net	-	-	10	5
<b>Net cash used in investing activities</b>	<b>(407)</b>	<b>(1,380)</b>	<b>(268)</b>	<b>(1,032)</b>
<b>FINANCING ACTIVITIES</b>				
Redemption of bonds	-	(2,969)	-	-
Issuance of long-term debt	2	2,013	-	1,172
Repayment of long-term debt	(6)	(34)	(394)	(920)
Increase/(decrease) in short-term debt	32	946	758	(879)
Exchange rate effect received/(paid) on derivatives, net	-	(120)	2	(2)
Dividend paid	(656)	(656)	(656)	(656)
<b>Net cash used in financing activities</b>	<b>(628)</b>	<b>(820)</b>	<b>(290)</b>	<b>(1,285)</b>
<b>Net change in cash and cash equivalents</b>	<b>(324)</b>	<b>114</b>	<b>(84)</b>	<b>(119)</b>
Effect of changes in exchange rates and other impacts on cash and cash equivalents	-	-	(3)	(3)
Cash and cash equivalents at the beginning of the period	611	173	188	223
<b>Cash and cash equivalents at the end of the period</b>	<b>287</b>	<b>287</b>	<b>101</b>	<b>101</b>

## **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 fixed-line telephony services (local, domestic and international calls), Integrated Services Digital Network (“ISDN”), fixed access to the Internet, TV and Voice over Internet Protocol (“VoIP”). From 2014, following the merger with PTK-Centertel Sp. z o.o. (“PTK-Centertel”) (see Note 4), the Company provides mobile telecommunications services based on the CDMA, GSM, UMTS and LTE technologies. In addition, the Company provides leased lines and other telecommunications value added services, sells telecommunications equipment, provides data transmission, multimedia services and various Internet services. Orange Polska provides telecommunications services on the basis of entry number 1 in the register of telecommunications companies maintained by the President of Office of Electronic Communication (“UKE”).

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 (the “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 Quarterly Separate Financial Statements (see also Note 3).

These 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 2013.

The 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 Quarterly Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 22 October 2014.

### Adoption of standards and interpretations in 2014

No new standards or interpretations were adopted by the Company since 1 January 2014.

### Standards and interpretations issued but not yet adopted

- IFRS 15 “Revenue from Contracts with Customers”. This standard was issued on 28 May 2014 and it shall be applied for reporting periods beginning on or after 1 January 2017. This standard has not yet been endorsed by the European Union. The standard will mainly affect:
  - recognition of revenue from multiple elements arrangements: the allocation of the revenue between the communication and handset component will change and therefore the timing of the revenue recognition will be accelerated;
  - subscriber acquisition and retention costs: the portion of these costs relating to incremental costs to acquire a contract (i.e. payment to distributors directly attributable to contract acquisition, excluding subsidies) will be eligible for deferral. Overall costs will not change.

- IFRIC 21 “Levies”. This interpretation provides guidance on when to recognise a liability for a levy imposed by a government. This interpretation has been endorsed by the European Union to apply at the latest as from 1 January 2015. The Company has decided against earlier application of this Interpretation. The Company considers that future application of IFRIC 21 should not have a significant impact on the annual financial statements.
  
- IFRS 9 “Financial Instruments”. The aim of IFRS 9 is to supersede IAS 39 “Financial Instruments: Recognition and Measurement”. The standard was issued on 24 July 2014 and will be effective for annual periods beginning on or after 1 January 2018. This standard has not yet been endorsed by the European Union. The standard provides for:
  - classification and measurement of financial assets based on cash flow characteristics and on the entity’s business model;
  - impairment methodology, which replaces existing incurred loss model with expected credit loss model;
  - new model for hedge accounting, closer aligned with risk management.Management is currently analysing the practical consequences of IFRS 9 and the effect of its application on the financial statements.

#### Changes in presentation of the statement of cash flows

In the fourth quarter of 2013, the Company changed the presentation of the allowance for certain trade receivables and inventories. As a result, comparative amounts presented as a change in provisions and allowances in the statement of cash flows were adjusted with the counterpart in lines presenting increase/decrease of trade receivables and inventories, gross.

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

Except for the changes described in Note 2, the accounting policies and methods of computation used in the preparation of the Quarterly Separate Financial Statements are consistent with those described in the audited IFRS Separate Financial Statements for the year ended 31 December 2013 (see Notes 2 and 31 to IFRS Separate Financial Statements for the year ended 31 December 2013).

### **4. Legal merger of Orange Polska S.A., PTK-Centertel Sp. z o.o. and Orange Polska Sp. z o.o.**

Orange Polska S.A. and its 100% owned subsidiaries – PTK-Centertel and Orange Polska Sp. z o.o. – merged as at 31 December 2013 (“merger”). All assets and liabilities of PTK-Centertel and Orange Polska Sp. z o.o. were transferred to OPL S.A. (see Note 3 to IFRS Separate Financial Statements for the year ended 31 December 2013).

The merger is accounted for prospectively starting from 31 December 2013. The income statement, the statement of comprehensive income and the statement of cash flows for the 9 months ended 30 September 2013 do not include income, expenses and cash flows of PTK-Centertel and Orange Polska Sp. z o.o.

For information purposes, the income statement, the statement of comprehensive income and the statement of cash flows are presented below as if the merger had occurred as at 1 January 2013.

This pro-forma information has been prepared applying the same rules as for the legal merger accounting.

**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**4.1. Income statement as if the merger had occurred as at 1 January 2013**

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

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>Revenue</b>	<b>2,977</b>	<b>8,945</b>	<b>3,103</b>	<b>9,505</b>
External purchases	(1,491)	(4,586)	(1,572)	(4,993)
Labour expense	(370)	(1,153)	(351)	(1,168)
Other operating expense	(228)	(630)	(186)	(573)
Other operating income	87	260	93	267
Gains on disposal of assets	6	22	10	29
Gain on disposal of Wirtualna Polska S.A.	-	183	-	-
Depreciation and amortisation	(756)	(2,298)	(766)	(2,327)
Impairment of non-current assets	(4)	(7)	(1)	(4)
<b>Operating income</b>	<b>221</b>	<b>736</b>	<b>330</b>	<b>736</b>
Dividend income	-	155	-	253
Interest income	55	169	63	194
Interest expense and other financial charges	(116)	(413)	(164)	(480)
Foreign exchange gains/(losses)	(1)	(2)	1	3
Discounting expense	(26)	(81)	(16)	(77)
<b>Finance costs, net</b>	<b>(88)</b>	<b>(172)</b>	<b>(116)</b>	<b>(107)</b>
Income tax	(52)	(39)	(51)	(108)
<b>Net income</b>	<b>81</b>	<b>525</b>	<b>163</b>	<b>521</b>
<b>Earnings per share (in PLN) (basic and diluted)</b>	<b>0.06</b>	<b>0.40</b>	<b>0.12</b>	<b>0.40</b>
Weighted average number of shares (in millions) (basic and diluted)	1,312	1,312	1,312	1,312

**4.2. Statement of comprehensive income as if the merger had occurred as at 1 January 2013**

*(in PLN millions)*

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>Net income</b>	<b>81</b>	<b>525</b>	<b>163</b>	<b>521</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/(losses) on post-employment benefits	(15)	(15)	16	16
Income tax relating to items not reclassified	3	3	(3)	(3)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Losses on cash flow hedges	(57)	(68)	(5)	(2)
Income tax relating to items that may be reclassified	11	13	1	-
<b>Other comprehensive income/(loss), net of tax</b>	<b>(58)</b>	<b>(67)</b>	<b>9</b>	<b>11</b>
<b>Total comprehensive income</b>	<b>23</b>	<b>458</b>	<b>172</b>	<b>532</b>

**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

**4.3. Statement of cash flows as if the merger had occurred as at 1 January 2013**

(in PLN millions)

	<b>3 months ended 30 September 2014 (unaudited)</b>	<b>9 months ended 30 September 2014 (unaudited)</b>	<b>3 months ended 30 September 2013 (unaudited)</b>	<b>9 months ended 30 September 2013 (unaudited)</b>
<b>OPERATING ACTIVITIES</b>				
Net income	81	525	163	521
<i>Adjustments to reconcile net income to cash from operating activities</i>				
Gains on disposal of assets	(6)	(22)	(10)	(29)
Gain on disposal of Wirtualna Polska S.A.	-	(183)	-	-
Depreciation and amortisation	756	2,298	766	2,327
Impairment of non-current assets	4	7	1	4
Finance costs, net	88	172	116	107
Income tax	52	39	51	108
Change in provisions and allowances	(22)	(75)	(29)	(171)
Operational foreign exchange and derivatives (gains)/losses, net	2	2	(1)	1
<i>Change in working capital (trade)</i>				
Decrease in inventories, gross	30	19	44	19
(Increase)/decrease in trade receivables, gross	(50)	(75)	49	180
Decrease in trade payables	(81)	(139)	(87)	(178)
<i>Change in working capital (non-trade)</i>				
Decrease in prepaid expenses and other receivables	12	15	24	104
Decrease in deferred income and other payables	(30)	(60)	(68)	(115)
Dividends received	-	155	-	253
Interest received	5	13	4	13
Interest paid and interest rates effect paid on derivatives, net	(115)	(379)	(77)	(425)
Exchange rate effect received/(paid) on derivatives, net	1	4	-	(20)
Income tax paid	(16)	(2)	(10)	(36)
<b>Net cash provided by operating activities</b>	<b>711</b>	<b>2,314</b>	<b>936</b>	<b>2,663</b>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment and intangible assets	(391)	(1,534)	(697)	(1,552)
Increase/(decrease) in amounts due to fixed assets suppliers	(399)	(261)	135	(151)
Exchange rate effect received on derivatives economically hedging capital expenditures, net	-	3	5	1
Proceeds from sale of property, plant and equipment and intangible assets	7	36	9	39
Decrease in receivables related to leased fixed assets	2	6	3	7
Proceeds from sale of investments in subsidiaries, net of transaction costs	375	373	16	16
Cash paid for investments in subsidiaries	-	(2)	-	(11)
(Increase)/decrease in loans and other financial assets	(1)	(1)	9	12
Exchange rate effect received on other derivatives, net	-	-	-	3
<b>Net cash used in investing activities</b>	<b>(407)</b>	<b>(1,380)</b>	<b>(520)</b>	<b>(1,636)</b>
<b>FINANCING ACTIVITIES</b>				
Redemption of bonds	-	(2,969)	-	-
Issuance of long-term debt	2	2,013	-	1,172
Repayment of long-term debt	(6)	(34)	(394)	(920)
Increase/(decrease) in short-term debt	32	946	563	(787)
Exchange rate effect received/(paid) on derivatives, net	-	(120)	2	(2)
Dividend paid	(656)	(656)	(656)	(656)
<b>Net cash used in financing activities</b>	<b>(628)</b>	<b>(820)</b>	<b>(485)</b>	<b>(1,193)</b>
<b>Net change in cash and cash equivalents</b>	<b>(324)</b>	<b>114</b>	<b>(69)</b>	<b>(166)</b>
Effect of changes in exchange rates and other impacts on cash and cash equivalents	-	-	(3)	(2)
Cash and cash equivalents at the beginning of the period	611	173	266	362
<b>Cash and cash equivalents at the end of the period</b>	<b>287</b>	<b>287</b>	<b>194</b>	<b>194</b>



## **5. 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.

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

### Disposal of Wirtualna Polska S.A.

On 13 February 2014, OPL S.A. and o2 Sp. z o.o. finalised a share sale agreement under which the Company disposed of its 100% shareholding in Wirtualna Polska S.A. ("WP"), for a total consideration amounting to PLN 382 million, consisting of consideration received in cash amounting to PLN 375 million and PLN 7 million to be received subsequently. Additionally, the Company incurred transaction costs of PLN 2 million.

Gain on disposal amounting to PLN 183 million is presented separately in the income statement. The Company's investment in WP was classified as held for sale and presented separately in the statement of financial position as at 31 December 2013.

### 900 MHz licence

On 27 June 2014, the Company was granted a 900 MHz licence for a period of next 15 years for a consideration of PLN 358 million paid on 1 July 2014. As a result, the Company increased the value of intangible assets by this amount.

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

On 15 May 2014, Orange Polska S.A. and Atlas Service Belgium S.A., a subsidiary of Orange S.A., concluded a Loan Agreement for EUR 480 million with repayment date in 2019 and Annex to existing Revolving Credit Facility Agreement, increasing the revolving credit by EUR 230 million up to EUR 480 million and extending its maturity to 2018. Financial terms of the agreements are based on normal market terms.

In the 9 months ended 30 September 2014, the net cash flows from issuance and repayments of loans from Atlas Service Belgium S.A. amounted to PLN 3,050 million (PLN 320 million in the 3 months ended 30 September 2014). As at 30 September 2014, the total outstanding balance of loans from Atlas Service Belgium S.A. amounted to PLN 4,449 million, including accrued interest and arrangement fees.

Orange Polska S.A. 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 2014 was EUR 760 million and PLN 2,700 million, respectively, with a total negative fair value amounting to PLN 133 million.

On 20 May 2014, Orange Polska S.A. redeemed bonds series A1 and A2 of the total nominal value of EUR 700 million issued in 2009 to TPSA Eurofinance France S.A. On 22 May 2014, TPSA Eurofinance S.A. redeemed at maturity bonds of the nominal value of EUR 700 million issued in 2009 under the European Medium Term Note issuance programme.

In the 9 months ended 30 September 2014, 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 2014, the net cash flows on the bonds amounted to PLN (103) million (PLN (291) million in the 3 months ended 30 September 2014). As at 30 September 2014, the aggregate par value of the outstanding bonds issued under the programme amounted to PLN 256 million.

## **8. Dividends**

On 10 April 2014, 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 2013 profit. The total dividend, paid on 10 July 2014, 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.c-f to the IFRS Separate Financial Statements for the year ended 31 December 2013 or describes major matters that occurred after 31 December 2013.

### a. Proceedings by UKE and UOKiK

#### *Proceedings by UOKiK related to IP traffic*

On 15 May 2014, the Supreme Court dismissed the cassation appeal. That verdict ended the appeal procedure on the fine imposed by UOKiK on Orange Polska.

#### *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 12 November 2014.

#### *Proceedings by UOKiK related to tenders for mobile services*

UOKiK informed the Company that it had prolonged the proceedings. The indicated date of prolongation is 20 November 2014.

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 or also 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 tax authorities

The Fiscal Audit Office completed control proceedings relating to OPL S.A.'s year 2009 and, on 31 March 2014, delivered results of the control. Results of the control end the audit proceedings in front of the Fiscal Audit Office and confirm the correctness of the Company's VAT tax settlements. The results also raise the certain questions concerning other tax settlements made, but do not decide on the obligations of the Company. The Company believes that the issues raised by the Fiscal Audit Office as regards these tax settlements are without merit and the possibility of ultimate outflows of resources is low. This opinion is supported by external tax advisors.

### 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 potential 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.

### d. Guarantees

As at 31 December 2013, total guarantees granted by Orange Polska S.A. to purchasers of bonds denominated in EUR and issued by TPSA Eurofinance France S.A. amounted to PLN 3,009 million. Bonds were redeemed at maturity on 22 May 2014 and as a result, the guarantees granted by Orange Polska S.A. expired.

## 10. Related party transactions

As at 30 September 2014, 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, IT services and data transmission. The purchases from the subsidiaries comprise mainly customer support and management services, selling fees, network services and property rental and related fees. 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 and leased lines, network services, IT services, consulting services and brand fees.

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

Financial receivables, payables and financial expense concerning transactions with the Orange Group relate to financing and hedging agreements. The impact on financial expense, net, consists of interest expense (including amortised fees) and foreign exchange gains/(losses) on loans from Atlas Services Belgium S.A. and foreign exchange and interest rate effect on swaps concluded with Orange S.A. to hedge exposure to currency risk and interest rate risk related to the abovementioned loans. Financial income from Orange S.A. and cash and cash equivalents deposited with Orange S.A. relate to Cash Management Treasury Agreement.

*(in PLN millions)*

	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
	<b>ended 30 September 2014</b>	<b>ended 30 September 2014</b>	<b>ended 30 September 2013<sup>(1)</sup></b>	<b>ended 30 September 2013<sup>(1)</sup></b>
<b>Sales of goods, services and other income:</b>	<b>97</b>	<b>286</b>	<b>382</b>	<b>1,111</b>
Orange Polska Group (subsidiaries)	43	131	335	969
Orange Group	54	155	47	142
- Orange S.A. (parent)	32	97	30	96
- Orange Group (excluding parent)	22	58	17	46
<b>Purchases of goods (including inventories, tangible and intangible assets) and services:</b>	<b>(306)</b>	<b>(1,015)</b>	<b>(323)</b>	<b>(993)</b>
Orange Polska Group (subsidiaries)	(234)	(805)	(281)	(850)
Orange Group	(72)	(210)	(42)	(143)
- Orange S.A. (parent)	(27)	(76)	(17)	(58)
- Orange Group (excluding parent)	(45)	(134)	(25)	(85)
- including Orange Brand Services Limited (brand licence agreement)	(37)	(99)	(15)	(47)
<b>Financial income:</b>	<b>53</b>	<b>320</b>	<b>411</b>	<b>1,489</b>
Orange Polska Group (subsidiaries)	52	315	410	1,488
Orange S.A. (parent)	1	5	1	1
<b>Financial expense, net:</b>	<b>(103)</b>	<b>(347)</b>	<b>(127)</b>	<b>(350)</b>
Orange Polska Group (subsidiaries)	(53)	(232)	(108)	(337)
Orange Group	(50)	(115)	(19)	(13)
- Orange S.A. (parent)	(13)	(66)	(43)	7
- Orange Group (excluding parent)	(37)	(49)	24	(20)
<b>Dividend paid:</b>	<b>332</b>	<b>332</b>	<b>332</b>	<b>332</b>
Orange S.A. (parent)	332	332	332	332

<sup>(1)</sup> Transactions with subsidiaries in 2013 include income earned, costs incurred and purchases from PTK-Centertel (see Note 4).

**Orange Polska S.A.**  
**Condensed IFRS Quarterly Separate Financial Statements – 30 September 2014**

*Translation of the financial statements originally issued in Polish*

<i>(in PLN millions)</i>	<b>At 30 September 2014</b>	<b>At 31 December 2013</b>
<b>Receivables:</b>	<b>118</b>	<b>131</b>
Orange Polska Group (subsidiaries)	51	52
Orange Group	67	79
- Orange S.A. (parent)	42	61
- Orange Group (excluding parent)	25	18
<b>Payables:</b>	<b>247</b>	<b>353</b>
Orange Polska Group (subsidiaries)	146	241
Orange Group	101	112
- Orange S.A. (parent)	39	54
- Orange Group (excluding parent)	62	58
<b>Financial receivables:</b>	<b>2,225</b>	<b>2,505</b>
Orange Polska Group (subsidiaries)	2,218	2,500
Orange S.A. (parent)	7	5
<b>Cash and cash equivalents deposited with:</b>	<b>191</b>	<b>37</b>
Orange S.A. (parent)	191	37
<b>Financial payables:</b>	<b>6,997</b>	<b>7,204</b>
Orange Polska Group (subsidiaries)	2,408	5,801
Orange Group	4,589	1,403
- Orange S.A. (parent)	140	9
- Orange Group (excluding parent)	4,449	1,394

Compensation (remuneration, bonuses 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 2014 and 2013 amounted to PLN 13.9 million and PLN 13.4 million, including PLN 1.3 million and PLN 0.7 million accrued in previous periods, respectively. During the 9 months ended 30 September 2014 and 2013, the amount of accrued cost of compensation for the Company's Management Board amounted to PLN 0.9 million and PLN 0.6 million.

On 6 February 2014, OPL S.A.'s Supervisory Board appointed Mr Mariusz Gaca as the Member of the Management Board of OPL S.A. in charge of Business Market.

On 24 February 2014, Mr Jacques de Galzain submitted his resignation as the Member of the Management Board of OPL S.A. in charge of Finance with effect on 28 February 2014.

On 17 March 2014, OPL S.A.'s Supervisory Board appointed Mr Maciej Nowohoński as the Member of the Management Board of OPL S.A. in charge of Finance.

On 9 September 2014, Mr Vincent Lobry submitted his resignation as the Member of the Management Board of OPL S.A. in charge of Value Management and Convergence with effect on 15 October 2014.

On 14 October 2014, Mr Mariusz Gaca, the Member of the Management Board of OPL S.A. in charge of Business Market, was appointed as Vice President of the Management Board of OPL S.A.

On 10 April 2014, OPL S.A. Supervisory Board Members' mandates of Mr Timothy Boatman and Mr Pierre Louette expired and were not renewed. On the same day the General Meeting of OPL S.A. appointed Mr Russ Houlden and Ms Valérie Théron as Members of the Supervisory Board of OPL S.A.

On 10 July 2014, Mr Benoit Scheen submitted his resignation as the Member of the Supervisory Board of OPL S.A. with effect on 31 August 2014.

On 9 October 2014, the Supervisory Board of OPL S.A. appointed Mr Ramon Fernandez as its Member.

## **11. Subsequent events**

There was no significant event after the end of the reporting period.

*Orange Polska Group*  
*Quarterly consolidated report for the 3 months ended 30 September 2014*

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 22 October 2014, i.e. the date of submission of the quarterly report for the 3 months ended 30 September 2014 was the same as at 25 July 2014, i.e. the date of submission of the interim report for the 6 months ended 30 June 2014:

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 2014 and the interim report for the 6 months ended 30 June 2014 is as follows:

	22 October 2014	25 July 2014
Bruno Duthoit	-	-
Mariusz Gaca	68,839	68,839
Piotr Muszyński	190,896	190,896
Jacek Kowalski	25,241	25,241
Maciej Nowoński	36,715	36,715
Vincent Lobry <sup>(1)</sup>	Not applicable	-

<sup>(1)</sup> On 9 September 2014, Mr Vincent Lobry submitted his resignation as the Member of the Management Board of OPL S.A. in charge of Value Management and Convergence with effect on 15 October 2014.

*Orange Polska Group*  
*Quarterly consolidated report for the 3 months ended 30 September 2014*

Mr Maciej Witucki, the Chairman of the Supervisory Board of OPL S.A. held 305,557 bonds with a pre-emption right as at 22 October 2014 and 25 July 2014. Other Members of the Supervisory Board of OPL S.A. do not participate in the Company's incentive program and as at 22 October 2014 and 25 July 2014 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 22 October 2014 and 25 July 2014. 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 2014, 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 2014 as well as in the current report 66/2014 published on 8 October 2014. 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 2014 and 31 December 2013 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 2014 and 2013, 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 2014 and 2013.

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 2014</b>	<b>31 December 2013</b>	<b>30 September 2013</b>
Statement of financial position	4.1755 PLN	4.1472 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.1803 PLN	Not applicable	4.2231 PLN