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POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly consolidated report for the first quarter of 2017

(year)

(according to par. 82 s. 2 and par. 83 s. 1 of the Decree of Minister of Finance dated 19 February 2009 - unified text Journal of Laws 2014, No. 133, with amendments)
for the issuers in sectors of production, construction, trade or services

for the first quarter of **2017**, i.e. **from 1 January 2017 to 31 March 2017**

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: **26 April 2017**

ORANGE POLSKA SA
(full name of issuer)

ORANGEPL (abbreviated name of the issuer)

Telecommunication (tel) (classification according to WSE/ sector)

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SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	1 quarter cumulative period from 01/01/2017 to 31/03/2017	1 quarter cumulative period from 01/01/2016 to 31/03/2016	1 quarter cumulative period from 01/01/2017 to 31/03/2017	1 quarter cumulative period from 01/01/2016 to 31/03/2016
condensed consolidated financial statements data				
I. Revenue	2 818 000	2 803 000	657 014	643 495
II. Operating income	109 000	215 000	25 413	49 358
III. Profit before income tax	38 000	119 000	8 860	27 319
IV. Consolidated net income	39 000	98 000	9 093	22 498
V. Net income attributable to owners of Orange Polska S.A.	39 000	98 000	9 093	22 498
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.03	0.07	0.01	0.02
VII. Weighted average number of shares (in millions) (basic and diluted)	1 312	1 312	1 312	1 312
VIII. Total comprehensive income	8 000	69 000	1 865	15 841
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	8 000	69 000	1 865	15 841
X. Net cash provided by operating activities	442 000	634 000	103 052	145 550
XI. Net cash used in investing activities	(696 000)	(3 838 000)	(162 272)	(881 104)
XII. Net cash provided by financing activities	190 000	3 235 000	44 298	742 671
XIII. Net change in cash and cash equivalents	(64 000)	31 000	(14 922)	7 117
	balance as at 31/03/2017	**balance as at 31/12/2016**	**balance as at 31/03/2017**	**balance as at 31/12/2016**
XIV. Total current assets	2 338 000	2 418 000	554 055	546 564
XV. Total non-current assets	19 803 000	20 170 000	4 692 876	4 559 222
XVI. Total assets	22 141 000	22 588 000	5 246 931	5 105 786
XVII. Total current liabilities	5 314 000	4 148 000	1 259 301	937 613
XVIII. Total non-current liabilities	6 810 000	8 431 000	1 613 821	1 905 741
XIX. Total equity	10 017 000	10 009 000	2 373 809	2 262 432
XX. Equity attributable to owners of Orange Polska S.A.	10 015 000	10 007 000	2 373 335	2 261 980
XXI. Share capital	3 937 000	3 937 000	932 983	889 919
condensed separate financial statements data				
	1 quarter cumulative period from 01/01/2017 to 31/03/2017	1 quarter cumulative period from 01/01/2016 to 31/03/2016	1 quarter cumulative period from 01/01/2017 to 31/03/2017	1 quarter cumulative period from 01/01/2016 to 31/03/2016
I. Revenue	2 745 000	2 764 000	639 994	634 542
II. Operating income	104 000	199 000	24 248	45 685
III. Profit before income tax	42 000	136 000	9 792	31 222
IV. Net income	43 000	119 000	10 025	27 319
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.03	0.09	0.01	0.02
VI. Weighted average number of shares (in millions) (basic and diluted)	1 312	1 312	1 312	1 312
VII. Total comprehensive income	12 000	90 000	2 798	20 662
VIII. Net cash provided by operating activities	425 000	646 000	99 088	148 305
IX. Net cash used in investing activities	(696 000)	(3 840 000)	(162 272)	(881 563)
X. Net cash provided by financing activities	224 000	3 239 000	52 226	743 589
XI. Net change in cash and cash equivalents	(47 000)	45 000	(10 958)	10 331
	balance as at 31/03/2017	**balance as at 31/12/2016**	**balance as at 31/03/2017**	**balance as at 31/12/2016**
XII. Total current assets	2 218 000	2 227 000	525 617	503 391
XIII. Total non-current assets	19 791 000	20 163 000	4 690 033	4 557 640
XIV. Total assets	22 009 000	22 390 000	5 215 650	5 061 031
XV. Total current liabilities	5 291 000	4 065 000	1 253 851	918 852
XVI. Total non-current liabilities	6 769 000	8 388 000	1 604 104	1 896 022
XVII. Total equity	9 949 000	9 937 000	2 357 695	2 246 157
XVIII. Share capital	3 937 000	3 937 000	932 983	889 919

ORANGE POLSKA GROUP

CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2017

April 26, 2017

Contents

CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)	*3 months ended*	
	31 March 2017	*31 March 2016*
Revenue	**2,818**	**2,803**
External purchases	(1,554)	(1,476)
Labour expense	(452)	(381)
Other operating expense	(113)	(130)
Other operating income	41	42
Gains on disposal of assets	8	10
Depreciation and amortisation	(639)	(653)
Operating income	**109**	**215**
Interest income	6	5
Interest expense and other financial charges	(73)	(79)
Discounting expense	(4)	(22)
Finance costs, net	**(71)**	**(96)**
Income tax	1	(21)
Consolidated net income	**39**	**98**
Net income attributable to owners of Orange Polska S.A.	39	98
Net income attributable to non-controlling interests	-	-
Earnings per share (in PLN) (basic and diluted)	**0.03**	**0.07**
Weighted average number of shares (in millions) (basic and diluted)	1,312	1,312

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)	*3 months ended*	
	31 March 2017	*31 March 2016*
Consolidated net income	**39**	**98**
Items that will not be reclassified to profit or loss		
Actuarial gains on post-employment benefits	-	3
Income tax relating to items not to be reclassified	-	(1)
Items that may be reclassified subsequently to profit or loss		
Losses on cash flow hedges	(38)	(39)
Income tax relating to items that may be reclassified	7	8
Other comprehensive loss, net of tax	**(31)**	**(29)**
Total comprehensive income	**8**	**69**
Total comprehensive income attributable to owners of Orange Polska S.A.	8	69
Total comprehensive income attributable to non-controlling interests	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in PLN millions)	*At 31 March 2017*	*At 31 December 2016*
ASSETS		
Goodwill	2,147	2,147
Other intangible assets	5,611	5,722
Property, plant and equipment	10,525	10,678
Trade receivables	467	433
Derivatives	47	206
Other assets	63	55
Deferred tax assets	943	929
Total non-current assets	**19,803**	**20,170**
Inventories	244	163
Trade receivables	1,698	1,827
Derivatives	1	36
Income tax assets	7	5
Other assets	60	45
Prepaid expenses	130	80
Cash and cash equivalents	198	262
Total current assets	**2,338**	**2,418**
TOTAL ASSETS	**22,141**	**22,588**
EQUITY AND LIABILITIES		
Share capital	3,937	3,937
Share premium	832	832
Other reserves	(60)	(29)
Retained earnings	5,306	5,267
Equity attributable to owners of Orange Polska S.A.	**10,015**	**10,007**
Non-controlling interests	2	2
Total equity	**10,017**	**10,009**
Trade payables	660	682
Loans from related party	5,515	7,087
Other financial liabilities at amortised cost	55	66
Derivatives	80	76
Employee benefits	133	144
Provisions	272	280
Other liabilities	16	15
Deferred income	79	81
Total non-current liabilities	**6,810**	**8,431**
Trade payables	1,858	2,433
Loans from related party	1,646	5
Other financial liabilities at amortised cost	37	36
Derivatives	67	-
Employee benefits	225	188
Provisions	793	850
Income tax liabilities	21	24
Other liabilities	170	132
Deferred income	497	480
Total current liabilities	**5,314**	**4,148**
TOTAL EQUITY AND LIABILITIES	**22,141**	**22,588**

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
			Gains/(losses) on cash flow hedges	Actuarial losses on post-employment benefits	Deferred tax				
Balance at 1 January 2017	**3,937**	**832**	**9**	**(44)**	**6**	**5,267**	**10,007**	**2**	**10,009**
Total comprehensive income for the 3 months ended 31 March 2017	-	-	(38)	-	7	39	8	-	8
Balance at 31 March 2017	**3,937**	**832**	**(29)**	**(44)**	**13**	**5,306**	**10,015**	**2**	**10,017**
Balance at 1 January 2016	**3,937**	**832**	**(83)**	**(43)**	**23**	**7,309**	**11,975**	**2**	**11,977**
Total comprehensive income for the 3 months ended 31 March 2016	-	-	(39)	3	7	98	69	-	69
Balance at 31 March 2016	**3,937**	**832**	**(122)**	**(40)**	**30**	**7,407**	**12,044**	**2**	**12,046**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)	*3 months ended 31 March 2017*	*3 months ended 31 March 2016 (see Note 4)*
OPERATING ACTIVITIES		
Consolidated net income	39	98
Adjustments to reconcile net income to cash from operating activities		
Gains on disposal of assets	(8)	(10)
Depreciation and amortisation	639	653
Finance costs, net	71	96
Income tax	(1)	21
Change in provisions and allowances	(32)	(129)
Operational foreign exchange and derivatives losses, net	6	2
Change in working capital		
Increase in inventories, gross	(83)	(15)
Decrease in trade receivables, gross	89	88
Decrease in trade payables	(244)	(92)
Increase in prepaid expenses and other receivables	(46)	(16)
Increase in deferred income and other payables	54	20
Interest received	6	5
Interest paid and interest rate effect paid on derivatives, net	(44)	(45)
Exchange rate effect received on derivatives, net	7	11
Income tax paid	(11)	(53)
Net cash provided by operating activities	**442**	**634**
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(385)	(3,545)
Decrease in amounts due to fixed assets suppliers	(322)	(330)
Exchange rate effect received on derivatives economically hedging capital expenditures, net	1	12
Proceeds from sale of property, plant and equipment and intangible assets	10	25
Net cash used in investing activities	**(696)**	**(3,838)**
FINANCING ACTIVITIES		
Issuance of long-term debt	-	2,701
Repayment of long-term debt	(11)	(1,200)
Increase in revolving credit line and short-term debt	200	1,717
Exchange rate effect received on derivatives hedging debt, net	1	17
Net cash provided by financing activities	**190**	**3,235**
Net change in cash and cash equivalents	**(64)**	**31**
Cash and cash equivalents at the beginning of the period	262	266
Cash and cash equivalents at the end of the period	**198**	**297**

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 3 months ended 31 March 2017 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 2016.

2. Segment (Group) revenue and results

The Group reports a single operating segment as decisions about resources to be allocated and assessment of performance are made on consolidated basis. 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 and consolidated net financial debt / EBITDA ratio based on cumulative EBITDA for the last four quarters. To give a better representation of underlying performance, the above measures are adjusted as specified below.

Revenue from the Group's activities is adjusted for the impact of changes in the scope of consolidation. There was no adjustment for the 3 months ended 31 March 2017 and 2016.

EBITDA is the key measure of operating profitability used by the Management Board and corresponds to operating income before depreciation and amortisation expense and impairment of non-current assets. To give a better representation of underlying performance, EBITDA is adjusted for the impact of changes in the scope of consolidation, employment termination programs, restructuring costs, significant claims, litigation and other risks as well as other significant non-recurring items. There was no adjustment for the 3 months ended 31 March 2017 and 2016.

Organic cash flows are the key measure of cash flow generation used by the Management Board and 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 property, plant and equipment and intangible assets. To give a better representation of underlying performance, organic cash flows are adjusted for the payments for acquisition of telecommunications licences and payments relating to significant claims, litigation and other risks. Adjustments for the 3 months ended 31 March 2017 and 2016 are presented in the table below.

Capital expenditures are the key measure of resources allocation used by the Management Board and represent acquisitions of property, plant and equipment and intangible assets. To give a better representation of underlying performance, capital expenditures are adjusted for the impact of acquisition of telecommunications licences. Adjustments for the 3 months ended 31 March 2017 and 2016 are presented in the table below.

Net financial debt / EBITDA ratio is the key measure of financial structure and liquidity used by the Management Board. The calculation of net financial debt is presented in Note 7.

Basic financial data of the operating segment is presented below:

(in PLN millions)	*3 months ended 31 March 2017*	*3 months ended 31 March 2016*
Revenue [(1)]	2,818	2,803
EBITDA [(1)]	748	868
Net income as per consolidated income statement	39	98
Adjusted organic cash flows	(254)	(56)
Adjusted capital expenditures	385	377

[(1)] There was no adjustment for the 3 months ended 31 March 2017 and 2016.

	At 31 March 2017	*At 31 December 2016*
Net financial debt / EBITDA ratio	2.3	2.1

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

(in PLN millions)	*3 months ended 31 March 2017*	*3 months ended 31 March 2016*
Organic cash flows	(254)	(3,204)
- adjustment for payments for acquisition of telecommunications licences	-	3,148
Adjusted organic cash flows	(254)	(56)
Capital expenditures	385	3,545
- adjustment for expenditures on acquisition of telecommunications licences	-	(3,168)
Adjusted capital expenditures	385	377

3. 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 4).

These Condensed Quarterly Consolidated Financial Statements should be read in conjunction with the audited IFRS Consolidated Financial Statements for the year ended 31 December 2016.

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 26 April 2017.

Changes to standards and interpretations in 2017

There were no new standards or interpretations issued from the date when the IFRS Consolidated Financial Statements for the year ended 31 December 2016 were issued.

4. 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 30 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 2016.

Changes in presentation of the statement of cash flows

From the second quarter of 2016, in order to better reflect the substance of lease transactions, the Group classifies finance lease receivables as trade receivables and cash inflows from finance lease are included in net cash provided by operating activities. As a result, PLN 2 million of cash inflows from finance lease repaid by a lessee in the 3 months ended 31 March 2016 was reclassified from net cash used in investing activities to the line presenting decrease in trade receivables, gross.

5. Explanatory comments about the seasonality or cyclicality of interim Group operations

The Group's activities are subject to some seasonality. The fourth quarter is typically a peak season with lower EBITDA due to high commercial spending and with increased capital expenditures. Seasonally high purchases in the fourth quarter are followed by higher payments and a decrease of organic cash flows in the first quarter of the subsequent year.

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

From 2017, the Group extended the estimated useful lives for certain terminals, network assets and items of software which decreased the depreciation and amortisation expense by PLN 41 million in the 3 months ended 31 March 2017. Depreciation and amortisation expense in 2017 relating to these assets is expected to be lower by approximately PLN 150 million in comparison to 2016.

7. Net financial debt and changes in loans from related party

(in PLN millions)

	At 31 March 2017	*At 31 December 2016*
Loans from related party	7,161	7,092
Other financial debt	92	102
Derivatives – net (liabilities less assets)	99	(166)
Gross financial debt after derivatives	**7,352**	**7,028**
Cash and cash equivalents	(198)	(262)
Effective portion of cash flow hedges	(29)	9
Net financial debt	**7,125**	**6,775**

In the 3 months ended 31 March 2017, the net cash flows from issuance and repayments of the Revolving Credit Facility from Atlas Services Belgium S.A., a subsidiary of Orange S.A., amounted to PLN 200 million.

As at 31 March 2017, the total outstanding balance of loans from the related party amounted to PLN 7,161 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related party amounted to 1.90% before swaps and 3.36% after swaps as at 31 March 2017.

In the 3 months ended 31 March 2017 the Group entered into new derivative transactions under the agreement with Orange S.A. hedging interest rate risk on the related party financing provided in PLN.
The total nominal amount of cross currency interest rate swaps and interest rate swaps outstanding under the agreement as at 31 March 2017 was EUR 670 million and PLN 5,150 million, respectively, with a total negative fair value amounting to PLN 33 million.

8. Fair value of financial instruments

Derivative instruments are measured subsequent to their initial recognition at fair value. The fair value of derivatives is determined as described in Note 20 to the IFRS Consolidated Financial Statements for the year ended 31 December 2016. 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 21.1.

The carrying amount of the Group's financial instruments approximates their fair value, except for telecommunications licence payables for which as at 31 March 2017 and 31 December 2016 the estimated fair value exceeded the carrying amount by PLN 134 million and PLN 152 million, respectively, due to significant change between the original effective interest rates and current market rates.

9. Dividend

The General Meeting of Orange Polska S.A. held on 19 April 2017 did not adopt a resolution on a dividend payment in 2017, in accordance with the recommendation of the Management Board of the Company.

10. 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 27 to the IFRS Consolidated Financial Statements for the year ended 31 December 2016 or describes major matters that occurred after 31 December 2016.

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 31 May 2017.

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 28 April 2017.

Magna Polonia S.A. claim towards Orange Polska, T-Mobile Polska, Polkomtel and P4
Magna Polonia asserts that its claim towards Orange Polska, T-Mobile Polska S.A., Polkomtel Sp. z o.o. and P4 Sp. z o.o. for payment jointly and severally of PLN 618 million results from lack of the launch of DVB-H

television. Magna Polonia claims that the lack of the launch of DVB-H television was caused by an agreement of the four operators which was found to be in breach of the competition law by UOKiK. UOKiK issued a decision to this effect on 23 November 2011. That decision was subsequently repealed by the court of first instance and that verdict was maintained by the Court of Appeal on 15 March 2017. UOKiK may lodge a cassation claim to the Supreme Court.

b. Proceedings by the European Commission related to broadband access

On 27 February 2016, Orange Polska appealed the verdict of the General Court of 17 December 2015 to the Court of Justice. On 3 March 2017, Orange Polska was notified by the Court of Justice about staying the appeal proceedings until the Court of Justice issues its judgement in another case.

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.

11. Related party transactions

As at 31 March 2017, 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 decides about the composition of the Management Board.

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

Financial receivables, payables, finance costs, net and other comprehensive 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 above-mentioned loan agreements. Cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement.

(in PLN millions)	*3 months ended 31 March 2017*	*3 months ended 31 March 2016*
Sales of goods and services and other income:	**46**	**46**
Orange S.A. (parent)	29	26
Orange Group (excluding parent)	17	20
Purchases of goods (including inventories, tangible and intangible assets) and services:	**(63)**	**(64)**
Orange S.A. (parent)	(21)	(19)
Orange Group (excluding parent)	(42)	(45)
- including Orange Brand Services Limited (brand licence agreement)	*(30)*	*(34)*
Finance costs, net:	**(59)**	**(70)**
Orange S.A. (parent)	(163)	(44)
Orange Group (excluding parent)	104	(26)
Other comprehensive loss:	**(2)**	**(26)**
Orange S.A. (parent)	(2)	(26)

(in PLN millions)	*At 31 March 2017*	*At 31 December 2016*
Receivables:	**29**	**47**
Orange S.A. (parent)	22	29
Orange Group (excluding parent)	7	18
Payables:	**63**	**68**
Orange S.A. (parent)	26	32
Orange Group (excluding parent)	37	36
Financial receivables:	**47**	**206**
Orange S.A. (parent)	47	206
Cash and cash equivalents deposited with:	**69**	**106**
Orange S.A. (parent)	69	106
Financial payables:	**7,241**	**7,168**
Orange S.A. (parent)	80	76
Orange Group (excluding parent)	7,161	7,092

Compensation (remuneration, bonuses, post-employment and other long-term benefits and termination indemnities - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 3 months ended 31 March 2017 and 2016 amounted to PLN 4.1 million and PLN 4.5 million, respectively.

From the fourth quarter of 2016, bonuses are included in compensation in the period when they are accrued only. Consequently, total compensation in comparative data for the 3 months ended 31 March 2016 was amended to exclude PLN 1.8 million of bonuses accrued in 2015 and paid in 2016.

12. 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 31 MARCH 2017

April 26, 2017

Contents

INCOME STATEMENT

(in PLN millions, except for earnings per share)	*3 months ended* *31 March 2017*	*31 March 2016*
Revenue	**2,745**	**2,764**
External purchases	(1,508)	(1,531)
Labour expense	(432)	(308)
Other operating expense	(113)	(136)
Other operating income	44	53
Gains on disposal of assets	8	10
Depreciation and amortisation	(640)	(653)
Operating income	**104**	**199**
Dividend income	9	32
Interest income	6	41
Interest expense and other financial charges	(73)	(114)
Discounting expense	(4)	(22)
Finance costs, net	**(62)**	**(63)**
Income tax	1	(17)
Net income	**43**	**119**
Earnings per share (in PLN) (basic and diluted)	**0.03**	**0.09**
Weighted average number of shares (in millions) (basic and diluted)	1,312	1,312

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)	*3 months ended* *31 March 2017*	*31 March 2016*
Net income	**43**	**119**
Items that will not be reclassified to profit or loss		
Actuarial gains on post-employment benefits	-	3
Income tax relating to items not to be reclassified	-	(1)
Items that may be reclassified subsequently to profit or loss		
Losses on cash flow hedges	(38)	(39)
Income tax relating to items that may be reclassified	7	8
Other comprehensive loss, net of tax	**(31)**	**(29)**
Total comprehensive income	**12**	**90**

STATEMENT OF FINANCIAL POSITION

(in PLN millions)	*At 31 March 2017*	*At 31 December 2016*
ASSETS		
Goodwill	2,014	2,014
Other intangible assets	5,608	5,720
Property, plant and equipment	10,603	10,754
Investments in subsidiaries	132	132
Trade receivables	437	403
Derivatives	47	206
Other assets	63	55
Deferred tax asset	887	879
Total non-current assets	**19,791**	**20,163**
Inventories	219	139
Trade receivables	1,631	1,715
Derivatives	1	36
Income tax assets	5	5
Other assets	59	33
Prepaid expenses	127	76
Cash and cash equivalents	176	223
Total current assets	**2,218**	**2,227**
TOTAL ASSETS	**22,009**	**22,390**
EQUITY AND LIABILITIES		
Share capital	3,937	3,937
Share premium	832	832
Other reserves	(58)	(27)
Retained earnings	5,238	5,195
Total equity	**9,949**	**9,937**
Trade payables	660	682
Financial liabilities at amortised cost excluding trade payables	5,567	7,150
Derivatives	80	76
Employee benefits	129	140
Provisions	262	270
Deferred income	71	70
Total non-current liabilities	**6,769**	**8,388**
Trade payables	1,831	2,382
Financial liabilities at amortised cost excluding trade payables	1,732	58
Derivatives	67	-
Employee benefits	212	176
Provisions	782	838
Income tax liabilities	21	21
Other liabilities	147	112
Deferred income	499	478
Total current liabilities	**5,291**	**4,065**
TOTAL EQUITY AND LIABILITIES	**22,009**	**22,390**

STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves			Retained earnings	Total equity
			Gains/(losses) on cash flow hedges	Actuarial losses on post-employment benefits	Deferred tax		
Balance at 1 January 2017	**3,937**	**832**	**9**	**(43)**	**7**	**5,195**	**9,937**
Total comprehensive income for the 3 months ended 31 March 2017	-	-	(38)	-	7	43	12
Balance at 31 March 2017	**3,937**	**832**	**(29)**	**(43)**	**14**	**5,238**	**9,949**
Balance at 1 January 2016	**3,937**	**832**	**(83)**	**(45)**	**25**	**7,113**	**11,779**
Total comprehensive income for the 3 months ended 31 March 2016	-	-	(39)	3	7	119	90
Balance at 31 March 2016	**3,937**	**832**	**(122)**	**(42)**	**32**	**7,232**	**11,869**

STATEMENT OF CASH FLOWS

(in PLN millions)	*3 months ended 31 March 2017*	*3 months ended 31 March 2016 (see Note 3)*
OPERATING ACTIVITIES		
Net income	43	119
Adjustments to reconcile net income to cash from operating activities		
Gains on disposal of assets	(8)	(10)
Depreciation and amortisation	640	653
Finance costs, net	62	63
Income tax	(1)	17
Change in provisions and allowances	(33)	(117)
Operational foreign exchange and derivatives losses, net	5	2
Change in working capital		
Increase in inventories, gross	(82)	(15)
Decrease in trade receivables, gross	46	59
Decrease in trade payables	(221)	(96)
Increase in prepaid expenses and other receivables	(48)	(8)
Increase in deferred income and other payables	54	3
Dividends received	-	32
Interest received	6	6
Interest paid and interest rate effect paid on derivatives, net	(44)	(46)
Exchange rate effect received on derivatives, net	7	11
Income tax paid	(1)	(27)
Net cash provided by operating activities	**425**	**646**
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(386)	(3,548)
Decrease in amounts due to fixed assets suppliers	(321)	(332)
Exchange rate effect received on derivatives economically hedging capital expenditures, net	1	12
Proceeds from sale of property, plant and equipment and intangible assets	10	25
Decrease in loans and other financial instruments	-	3
Net cash used in investing activities	**(696)**	**(3,840)**
FINANCING ACTIVITIES		
Issuance of long-term debt	-	2,701
Repayment of long-term debt	(11)	(1,200)
Increase in revolving credit line and short-term debt	234	1,721
Exchange rate effect received on derivatives hedging debt, net	1	17
Net cash provided by financing activities	**224**	**3,239**
Net change in cash and cash equivalents	**(47)**	**45**
Cash and cash equivalents at the beginning of the period	223	218
Cash and cash equivalents at the end of the period	**176**	**263**

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 3 months ended 31 March 2017 (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 2016.

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 26 April 2017.

Changes to standards and interpretations in 2017

There were no new standards or interpretations issued from the date when the IFRS Separate Financial Statements for the year ended 31 December 2016 were issued.

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 31 to the audited IFRS Separate Financial Statements for the year ended 31 December 2016.

Changes in presentation of the statement of cash flows

From the second quarter of 2016, in order to better reflect the substance of lease transactions, the Company classifies finance lease receivables as trade receivables and cash inflows from finance lease are included in net cash provided by operating activities. As a result, PLN 2 million of cash inflows from finance lease repaid by a lessee in the 3 months ended 31 March 2016 was reclassified from net cash used in investing activities to the line presenting decrease in trade receivables, gross.

4. Explanatory comments about the seasonality or cyclicality of interim operations

The Company's activities are subject to some seasonality. The fourth quarter is typically a peak season with lower EBITDA due to high commercial spending and with increased capital expenditures. Seasonally high purchases in the fourth quarter are followed by higher payments and a decrease of organic cash flows in the first quarter of the subsequent year.

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

From 2017, the Company extended the estimated useful lives for certain terminals, network assets and items of software which decreased the depreciation and amortisation expense by PLN 41 million in the 3 months ended 31 March 2017. Depreciation and amortisation expense in 2017 relating to these assets is expected to be lower by approximately PLN 150 million in comparison to 2016.

Orange Polska S.A. and its 100% owned subsidiaries – Orange Customer Service Sp. z o.o. ("OCS") and TP Invest Sp. z o.o. ("TPI") – merged as at 30 September 2016. The merger is accounted for prospectively starting from 30 September 2016. The statement of financial position as at 31 December 2016 includes assets, liabilities and equity of OCS and TPI. The income statement, the statement of comprehensive income and the statement of cash flows do not include income, expenses and cash flows of these subsidiaries for the 3 months ended 31 March 2016.

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

In the 3 months ended 31 March 2017, the net cash flows from issuance and repayments of the Revolving Credit Facility from Atlas Services Belgium S.A., a subsidiary of Orange S.A., amounted to PLN 200 million.

As at 31 March 2017, the total outstanding balance of loans from the related party amounted to PLN 7,161 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related party amounted to 1.90% before swaps and 3.36% after swaps as at 31 March 2017.

In the 3 months ended 31 March 2017 Orange Polska S.A. entered into new derivative transactions under the agreement with Orange S.A. hedging interest rate risk on the related party financing provided in PLN.
The total nominal amount of cross currency interest rate swaps and interest rate swaps outstanding under the agreement as at 31 March 2017 was EUR 670 million and PLN 5,150 million, respectively, with a total negative fair value amounting to PLN 33 million.

In the 3 months ended 31 March 2017, the Company issued and redeemed short-term bonds under the Orange Polska S.A. Bond Issuance Programme. In the 3 months ended 31 March 2017, the net cash flows on the bonds amounted to PLN 34 million. As at 31 March 2017 and 31 December 2016, the aggregate par value of the outstanding bonds issued under the programme amounted to PLN 54 million and PLN 20 million, respectively.

7. Fair value of financial instruments

Derivative instruments 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 2016. 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 for which as at 31 March 2017 and 31 December 2016 the estimated fair value exceeded the carrying amount by PLN 134 million and PLN 152 million, respectively, due to significant change between the original effective interest rates and current market rates.

8. Dividend

The General Meeting of Orange Polska S.A. held on 19 April 2017 did not adopt a resolution on a dividend payment in 2017, in accordance with the recommendation of the Management Board of the Company.

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 2016 or describes major matters that occurred after 31 December 2016.

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 31 May 2017.

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 28 April 2017.

Magna Polonia S.A. claim towards Orange Polska, T-Mobile Polska, Polkomtel and P4
Magna Polonia asserts that its claim towards Orange Polska, T-Mobile Polska S.A., Polkomtel Sp. z o.o. and P4 Sp. z o.o. for payment jointly and severally of PLN 618 million results from lack of the launch of DVB-H television. Magna Polonia claims that the lack of the launch of DVB-H television was caused by an agreement of the four operators which was found to be in breach of the competition law by UOKiK. UOKiK issued a decision to this effect on 23 November 2011. That decision was subsequently repealed by the court of first instance and that verdict was maintained by the Court of Appeal on 15 March 2017. UOKiK may lodge a cassation claim to the Supreme Court.

b. Proceedings by the European Commission related to broadband access

On 27 February 2016, Orange Polska appealed the verdict of the General Court of 17 December 2015 to the Court of Justice. On 3 March 2017, Orange Polska was notified by the Court of Justice about staying the appeal proceedings until the Court of Justice issues its judgement in another case.

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 31 March 2017, 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 decides about the composition of the Management Board.

OPL S.A.'s income earned from its subsidiaries comprises mainly telecommunications equipment sales and IT services. The purchases from the subsidiaries comprise mainly network development and maintenance, selling fees, property maintenance and additionally, in the 3 months ended 31 March 2016, included also customer support and management services. Costs incurred by the Company in transactions with its subsidiaries also comprise donations to Fundacja Orange.

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

OPL S.A.'s financial income earned from its subsidiaries comprises dividends from the subsidiaries and additionally, in the 3 months ended 31 March 2016, included also interest on bonds issued by the subsidiaries. Financial costs incurred by OPL S.A. in the 3 months ended 31 March 2016 in transactions with the subsidiaries comprised interest on loans from the subsidiaries. Financial payables to the subsidiaries comprise bonds issued to the subsidiaries.

Financial receivables, payables, financial expense and other comprehensive 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 above-mentioned loan agreements. Cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement.

(in PLN millions)	*3 months ended 31 March 2017*	*3 months ended 31 March 2016*
Sales of goods and services and other income:	**92**	**100**
Orange Polska Group (subsidiaries)	46	54
Orange Group	46	46
- Orange S.A. (parent)	29	26
- Orange Group (excluding parent)	17	20
Purchases of goods (including inventories, tangible and intangible assets) and services:	**(175)**	**(286)**
Orange Polska Group (subsidiaries)	(112)	(222)
Orange Group	(63)	(64)
- Orange S.A. (parent)	(21)	(19)
- Orange Group (excluding parent)	(42)	(45)
- including Orange Brand Services Limited (brand licence agreement)	*(30)*	*(34)*
Financial income:	**9**	**69**
Orange Polska Group (subsidiaries)	9	69
Financial expense, net:	**(59)**	**(106)**
Orange Polska Group (subsidiaries)	-	(36)
Orange Group	(59)	(70)
- Orange S.A. (parent)	(163)	(44)
- Orange Group (excluding parent)	104	(26)
Other comprehensive loss:	**(2)**	**(26)**
Orange S.A. (parent)	(2)	(26)

(in PLN millions)	*At 31 March 2017*	*At 31 December 2016*
Receivables:	**77**	**96**
Orange Polska Group (subsidiaries)	48	49
Orange Group	29	47
- Orange S.A. (parent)	22	29
- Orange Group (excluding parent)	7	18
Payables:	**232**	**280**
Orange Polska Group (subsidiaries)	169	212
Orange Group	63	68
- Orange S.A. (parent)	26	32
- Orange Group (excluding parent)	37	36
Financial receivables:	**47**	**206**
Orange S.A. (parent)	47	206
Cash and cash equivalents deposited with:	**69**	**106**
Orange S.A. (parent)	69	106
Financial payables:	**7,295**	**7,188**
Orange Polska Group (subsidiaries)	54	20
Orange Group	7,241	7,168
- Orange S.A. (parent)	80	76
- Orange Group (excluding parent)	7,161	7,092

Compensation (remuneration, bonuses, post-employment and other long-term benefits and termination indemnities - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 3 months ended 31 March 2017 and 2016 amounted to PLN 4.1 million and PLN 4.5 million, respectively.

From the fourth quarter of 2016, bonuses are included in compensation in the period when they are accrued only. Consequently, total compensation in comparative data for the 3 months ended 31 March 2016 was amended to exclude PLN 1.8 million of bonuses accrued in 2015 and paid in 2016.

11. Subsequent events

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

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 – unified text Journal of Laws of 2014, item 133, 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 annual report

The ownership structure of the Company's share capital, based on the information available to the Company as at 26 April 2017, i.e. the date of submission of the quarterly report for the 3 months ended 31 March 2017 was the same as at 13 February 2017, i.e. the date of submission of the annual report for the 12 months ended 31 December 2016:

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%
TOTAL	**1,312,357,479**	**1,312,357,479**	**100.00%**	**3,937,072,437**	**100.00%**

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 annual 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 31 March 2017 and the annual report for the 12 months ended 31 December 2016 is as follows:

	26 April 2017	13 February 2017
Jean-François Fallacher	-	-
Mariusz Gaca	68,839	68,839
Bożena Leśniewska	27,536	27,536
Piotr Muszyński	190,896	190,896
Jolanta Dudek	13,768	13,768
Jacek Kowalski	25,241	25,241
Maciej Nowohoński	36,715	36,715

Mr Maciej Witucki, the Chairman of the Supervisory Board of OPL S.A., held 305,557 bonds with a pre-emption right as at 26 April 2017 and 13 February 2017. Other Members of the Supervisory Board of OPL S.A. do not participate in the Company's incentive program and as at 26 April 2017 and 13 February 2017 held no bond with a pre-emption right.

Mr Jean-François Fallacher, the President of the Management Board of OPL S.A., held 25,000 Orange Polska S.A. shares as at 26 April 2017 and 13 February 2017.
Mr Maciej Witucki, the Chairman of the Supervisory Board of OPL S.A., held 4,000 Orange Polska S.A. shares as at 26 April 2017 and 13 February 2017.
There was no OPL S.A. share held by other members of the Management Board or the Supervisory Board of the Company.

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 3 months ended 31 March 2017, 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

As published on 13 February 2017 in the current report 4/2017, the Group forecasts the adjusted EBITDA for 2017 to be in the range of PLN 2.8 – 3.0 billion. The Management Board of Orange Polska S.A. confirms the above-mentioned forecast based on analysis of financial results for the 3 months ended 31 March 2017.

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 the Chapter II of Management Board's Report on the Activity of Orange Polska Group and Orange Polska S.A. in 2016. 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 31 March 2017 and 31 December 2016 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 3 months ended 31 March 2017 and 2016, 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 3 months periods ended 31 March 2017 and 2016.

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:

	31 March 2017	31 December 2016	31 March 2016
Statement of financial position	4.2198 PLN	4.4240 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.2891 PLN	Not applicable	4.3559 PLN