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NETIA REPORTS 2010 FIRST HALF RESULTS

WARSAW, Poland – August 5, 2010 – Netia SA ("Netia" or the "Company") (WSE: NET), Poland's largest alternative provider of fixed-line telecommunications services, today announced its unaudited consolidated financial results for the six months ended June 30, 2010.

1. KEY HIGHLIGHTS

1.1. Financial

- **Revenue** was PLN 780.7m in H1 2010, up by 4% versus H1 2009. Q2 2010 revenue rose sequentially by 2% to PLN 393.7m as compared to PLN 387.0m in Q1 2010.
- **Adjusted EBITDA** was PLN 186.2m for H1 2010 and PLN 95.4m for Q2 2010, up by 28% over H1 2009 and by 5% over Q1 2010, with year-on-year profitability gains reflecting improved gross margins on the higher sales as well as group-wide cost reductions from Project Profit and synergies from the Tele2 Polska acquisition. Adjusted EBITDA margin was 23.9% in H1 2010 and 24.2% in Q2 2010 versus 19.4% for H1 2009 and 23.5% for Q1 2010.
- **EBITDA** was PLN 188.8m for H1 2010 and PLN 95.3m for Q2 2010, up by 35% versus H1 2009 and by 2% versus Q1 2010. Unusual items expensed were restructuring costs related to Project "Profit" with PLN 0.3m in H1 2010 as compared to PLN 6.0m in H1 2009 whereas the unusual gain reflected in EBITDA for H1 2010 was a PLN 2.9m gain on the disposal of the second tranche of transmission equipment to P4 recorded in Q1 2010. EBITDA margin was 24.2% in both H1 2010 and Q2 2010 as compared to 18.6% for H1 2009 and 24.2% for Q1 2010.
- **EBIT profit** increased to PLN 40.0m (PLN 37.5m profit when excluding one-offs) in H1 2010 as compared to an EBIT loss of PLN 8.0m in H1 2009. EBIT profit for Q2 2010 was PLN 20.5m (PLN 20.6m profit when excluding one-offs) as compared to EBIT profit of PLN 19.5m (PLN 16.8m profit when excluding one-offs) in Q1 2010.
- **Net profit** was PLN 29.9m for H1 2010 versus a net loss of PLN 14.6m for H1 2009. Net profit for Q2 2010 was PLN 15.6m as compared to net profit of PLN 14.3m in Q1 2010.
- **Cash resources** at June 30, 2010 totalled PLN 272.5m (PLN 145.2m in cash and cash equivalents plus PLN 127.2m in treasury bills at market value), up by PLN 66.1m from March 2010. This included PLN 21.4m (PLN 26.2m gross including VAT) received from P4 in June 2010 as a prepayment for the purchase of the third and final tranche of radio transmission equipment.

- **Netia was operating free cash flow positive in H1 and Q2 2010**. Total capital investments in tangible and intangible fixed assets, excluding acquisitions of Ethernet networks, were PLN 81.1m and PLN 52.1m for H1 and Q2 2010, respectively, which given EBITDA of PLN 188.8m for H1 2010 and PLN 95.3m for Q2 2010 generated operating free cash flow of PLN 107.7m and PLN 43.2m for H1 and Q2 2010, respectively. Netia has generated PLN 156.0m of free cash flow on the above basis, i.e., excluding acquisitions of Ethernet networks, over the past 12 months.

- **Netia maintains its year-end 2010 guidance**, forecasting 700,000 broadband subscribers, 1,225,000 voice subscribers and over 500 unbundled LLU nodes before any positive impact of expected further Ethernet acquisitions. Revenue is forecasted at over PLN 1,550.0m, Adjusted EBITDA at over PLN 355.0m, with an Adjusted EBITDA margin at 23%, and EBITDA at over PLN 360.0m. EBIT is expected at over PLN 60.0m and capital investments at PLN 220.0m. Netia expects to be net profitable throughout 2010.

- **Netia is advanced in raising financing for a major acquisition.** On July 29, 2010 Netia entered into a mandate with Rabobank Polska SA, Raiffeisen Bank Polska SA and BRE Bank SA for arrangement of new financing for a potential market consolidating acquisition within the telecommunications sector in Poland. In parallel, Netia terminated its existing loan facilities totaling PLN 295.0m, effective August 5, 2010.

1.2. Operational

- **Netia's broadband subscriber base** reached 623,579 at June 30, 2010, growing by 3% from 603,367 at March 31, 2010 and by 36% from 458,860 at June 30, 2009. Netia estimates that its total fixed broadband market share increased to 10.7% from 8.5% at June 30, 2009 while market share of fixed broadband net additions was approximately 30% in H1 2010 and 22% in Q2 2010. Netia added 20,212 net broadband customers during Q2 2010, down on the 44,050 net additions from Q1 2010 but 15% higher than the 17,594 net additions delivered in Q2 2009. The sequential decline in net additions reflected a less aggressive commercial offer, seasonal factors and unusual events in Poland. Growth was almost entirely organic, with Ethernet networks' acquisitions providing 1,791 and 504 of the net additions in H1 and Q2 2010, respectively. For 2010, Netia is forecasting 700,000 broadband customers with Ethernet acquisitions to come on top. As at August 5, 2010, Netia had over 630,000 broadband subscribers.
- **Netia's voice subscriber base** (own network, WLR and LLU) reached 1,182,316 at June 30, 2010, increasing by 1% from 1,173,008 at March 31, 2010 and by 5% from 1,128,728 at June 30, 2009. Netia estimates that its total fixed voice market share increased to 12.1% from 11.0% over the last twelve months. Of the total voice customers served at June 30, 2010, 33% received service over Netia's own access infrastructure. The Company aims to reach 1,225,000 voice customers through organic growth by the end of 2010.
- **Netia made strong progress on its LLU network** with 350 nodes unbundled for total coverage of approximately 2.9m lines and a total of 73,101 LLU clients as at June 30, 2010. LLU net additions totalled 13,596 in Q2 2010 as compared to 11,388 in Q1 2010 and 3,560 in Q2 2009. As at August 5, 2010, the Company had nearly 81,000 LLU subscribers and 400 unbundled LLU nodes. Netia plans to unbundle over 500 nodes by the year-end 2010.

- **'Klientomania', a key group-wide project for 2010 aimed at delivering market leading customer satisfaction** as another differentiating factor for Netia on the Polish telecommunications market, moved into the implementation phase. The project covers the whole life cycle of the customer's relationship with Netia and engages all functions in the Company.

Miroslaw Godlewski, Netia's President and CEO, commented: "Netia built on its fast start to the year, with another 20 thousand broadband customers added during Q2 2010 to bring our broadband subscriber base to 624 thousand at the end of June 2010, up 36% on a year earlier. The slower growth seen in Q2 2010 was still 15% faster than in the same quarter of 2009 and we are 42% ahead for the half year as a whole. We are planning a range of highly attractive offers for H2 2010 and continue to expect to take market share and deliver 700,000 broadband customers by year end.

We have made good progress with several of our key initiatives during the quarter. Firstly, our unbundling projects moved on to 350 unbundled nodes and the LLU subscriber base increased by 14 thousand to a total of 73 thousand as we got back up to full speed with migrations of bitstream customers towards the end of the quarter. Secondly, we have continued to build the share of higher margin 2play customer base with an increase of two percentage points to 27% during the quarter and, thirdly, we continue to sustain the results of our cost reduction program with further reductions in Sales and distribution and General and administration expenditures delivered during Q2 2010.

On the regulatory front, the regulator has accepted our cost data and Netia has fully participated in the design of margin squeeze tests to be applied to TP's retail broadband offers in the future. We remain confident that we will be able to take share and maintain margins under the new regime when it is introduced.

Our key internal project for 2010, "Klientomania", targeted at delivering a higher standard of customer service to further differentiate Netia from our competition, has moved into the implementation phase. The whole organization is focused on delivering an extensive range of improvements, both quick wins and medium term projects, and I am convinced that this initiative will contribute positively over time through reduced churn, more efficient processes and more customer recommendations.

On the external front, we have been gearing up for potential major in-market acquisitions and we now have a mandate signed to arrange new financing and an advisory team in place and we are ready to move quickly should interesting market consolidating opportunities arise in the coming months."

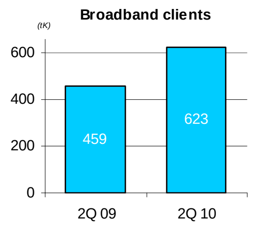
Jon Eastick, Netia's CFO, commented: "Netia's results once again illustrate how our broadband-driven growth strategy is delivering sustained improvements to our profitability with both sequential and year-on-year improvements to all measures of profit. We are reducing our reliance on wholesale regulated access as the LLU subscriber base expands, increasing our share of multi-play customers and staying focused on delivery of cost savings. These factors have combined to move Adjusted EBITDA for Q2 2010 up by 29% on a year earlier to PLN 95.4m on 5% higher sales of PLN 393.7m for a margin of 24.2%. This progress has fed through to the bottom line as EBIT margin in Q2 2010 has swung to 5.2% of sales from negative 1.3% in Q2 2009 and our net profit for the first six months of 2010 now stands at PLN 29.9m.

We are maintaining our full year guidance for 700 thousand broadband services, 1,225 thousand voice services and adjusted EBITDA of PLN 355.0m. The acceleration of customer acquisitions will drive higher total acquisition expenses and accordingly limit prospects for margin growth in H2 2010.

Netia has now been net profitable for four consecutive quarters and, during that time, has generated a surplus of EBITDA over capital investment of PLN 156.0m. Such cash flow performance, together with a cash balance that stood at PLN 272.5m on June 30, 2010 puts Netia in a great position to bid for any major competitor networks that may come to the market in the coming months. To facilitate such acquisitions we have teamed up with a bank club of Rabobank, Raffeisen and BRE Bank to arrange senior debt funding when needed and appointed Raiffeisen, Lazard and Rabobank to support with mergers and acquisitions advice and also put legal and due diligence advisors in place."

2. OPERATIONAL OVERVIEW

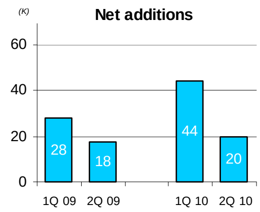
2.1. Broadband



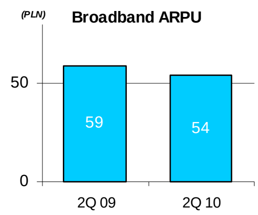
Broadband subscribers increased to 623,579 at June 30, 2010, up by 3% from 603,367 at March 31, 2010 and by 36% from 458,860 at June 30, 2009. By the end of 2010, Netia aims to reach over 700,000 broadband subscribers through further organic growth, with potential for a higher figure pending additional Ethernet network acquisitions.

Netia provides its broadband services using the following technologies:

Number of broadband ports	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
xDSL and FastEthernet over Netia's own fixed-line network	176,769	179,733	200,060	205,045	206,154
WiMAX Internet	14,467	15,791	17,079	18,094	18,826
Bitstream access	259,626	272,419	293,782	320,470	325,289
LLU	7,324	21,281	48,117	59,505	73,101
Other	674	599	279	253	207
Total	**458,860**	**489,823**	**559,317**	**603,367**	**623,579**



Broadband net additions totalled 64,262 during H1 2010 and 20,212 during Q2 2010, up by 42% and 15% on H1 2009 and Q2 2009, respectively, with the majority of all additions acquired through organic growth. Additions from Ethernet network acquisitions of 504 subscribers for Q2 2010 compares to 1,287 subscribers for Q1 2010 and 387 subscribers for Q2 2009. Netia estimates that its total fixed broadband market share has increased during the past twelve months from 8.5% to approximately 10.7% and that its market share of total net additions was approximately 30% and 22% in H1 2010 and Q2 2010, respectively. The lower rate of new net additions in Q2 2010 versus Q1 2010 reflects Netia's less aggressive offering and seasonal factors plus unusual events in Poland.



Broadband ARPU was PLN 54 in Q2 2010 as compared to PLN 59 in Q2 2009 and PLN 56 in Q1 2010. The declining ARPUs reflect the impact of aggressive offers run during 2009 and early 2010 plus discounts given to focus sales on more profitable 2play voice and data bundles. Broadband ARPU is expected to settle between PLN 50 and PLN 60 per month in the medium term.

Broadband SAC was PLN 216 in Q2 2010 as compared to PLN 194 in Q2 2009 and PLN 186 in Q1 2010. The sequential increase in Broadband SAC was associated mainly with the higher cost of equipment delivered to customers under the recent promotional offers (modems with Wi-Fi router functionality).

Important developments in broadband:

Local loop unbundling (LLU). In Q2 2010 Netia continued to extend the reach of its LLU-based services. Netia had 350 unbundled nodes at June 30, 2010 versus 307 nodes at March 31, 2010, reaching approximately 2.9 million active customer lines. As of today, Netia has 400 nodes unbundled and is well advanced with the final annual wave of LLU development that is expected to take the total of unbundled nodes to over 500 by the end of 2010.

Netia served 73,101 customers over LLU as at June 30, 2010 as compared to 59,505 at March 31, 2010 and 7,324 at June 30, 2009. Netia has been migrating 1play customers to the higher margin LLU services under a process which began in May 2009 and migrations of 2play customers to full LLU access started in November 2009. During Q1 2010 Netia introduced certain operational improvements to the business process supporting the migration of 2play customers onto full LLU access. As a result, the Company only migrated 1play clients during the first quarter. Following the successful results of the migration tests under a performed pilot project, migrations of 2play customers restarted in mid-April. During Q2 2010 Netia migrated 1,950 1play and 2,362 2play clients onto LLU versus 1,052 1play clients transferred in Q1 2010, increasing the cumulative number of 1play and 2play migrations to 29,884.

Acquisitions of local Ethernet network operators. As of June 30, 2010, Ethernet networks acquired by Netia since mid-2007 provided broadband access to a total of 104,327 mostly residential customers as compared to 106,420 customers at March 31, 2010 and 90,488 customers at June 30, 2009, with approximately 420,000 homes passed. The acquisition program is part of Netia's strategic objective to acquire one million broadband customers and up-sell voice services to the existing subscriber base of the acquired Ethernet providers.

During Q2 2010 Netia acquired another Ethernet provider with a total of 504 active customers. Netia remains fully dedicated to consolidation of the fragmented Polish Ethernet ISP market and is making good progress on a pipeline of acquisitions for H2 2010.

Multiplay services. Netia continues to increase the share of services sold in voice and data bundles. As at June 30, 2010, bundled services were delivered on 26% and 41% of lines in the Residential and SOHO/SME segments, respectively. This represents an increase by 11 and 9 percentage points in the respective segments from June 30, 2009 and by 2 percentage points in both segments versus March 31, 2010.

Development of TV services. Netia remains committed to introducing a commercially viable TV offer into its product portfolio and continues to work hard on various potential solutions. The provision of 3play services is considered important in supporting ARPU and improving customer retention in the medium term.

Promotional campaign of higher speed broadband access “Mega Acceleration”.

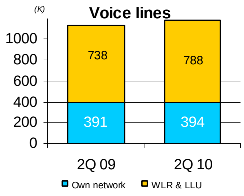
In June 2010 Netia launched a new promotion campaign of its broadband services “Mega Acceleration”. Depending on access technology (i.e., bitstream access versus own network / unbundled local loops), residential clients can choose between Internet options priced gross respectively at PLN 49 (for 1 Mb/s or 4 Mb/s), PLN 59 (for 6 Mb/s or 8 Mb/s) and PLN 69 (for 10 Mb/s and 20 Mb/s or 20 Mb/s). Additionally, clients buying bundled voice and Internet services were offered a monthly discount of PLN 10 gross from the above prices and a Wi-Fi router for PLN 1.

Notwithstanding the introduction of highly competitive tariffs for speeds of 8, 10 and 20 Mb/s at the beginning of Q2 2010, approximately three quarters of customers signing contracts continue to choose lower speeds.

Mobile Internet. On August 2, 2010 Netia launched a new offer “Mobile Internet to Start”, addressed to customers from the Residential and Business market segments. A customer signing a new contract for fixed Internet, voice or both of these products will have an option to use Netia’s mobile Internet access service, provided in cooperation with Play, while awaiting the activation of the main product. The service can be tested by a customer free of charge for 30 days. Following a trial period, mobile Internet can be contracted for 24 months in two options of 2GB and 4GB, priced respectively at PLN 29 or PLN 39 gross per month for residential customers and at PLN 24 or PLN 32 net per month for busines customers. In addition, the business clients of Netia’s OneOffice solution can enjoy the 4GB package at a promotional price of PLN 29 net per month.

2.2. Voice

2.2.1. Own network & WLR

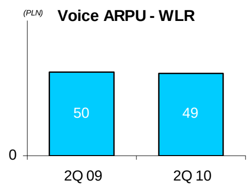


Voice lines (own network, WLR and LLU) totalled 1,182,316 at June 30, 2010 as compared to 1,128,728 at June 30, 2009 and 1,173,008 at March 31, 2010. By the end of 2010, Netia aims to have over 1,225,000 voice subscribers (own network + WLR + LLU), with the additional subscribers to be acquired organically.

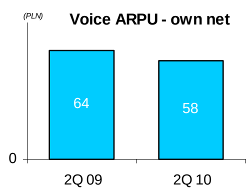
Netia is steadily growing its base of voice customers using relatively low cost VoIP technology, principally in the business segment or over LLU to residential customers. Over time, the Company expects to gradually reduce its reliance on traditional switched telephony, thereby reducing its cost base.

Netia provides its voice services through the following types of access:

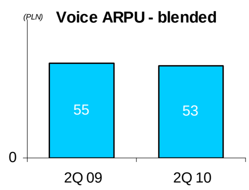
Number of voice lines	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Traditional direct voice	359,024	355,726	349,824	346,731	342,975
Incl. ISDN	*132,024*	*134,478*	*136,350*	*139,182*	*141,884*
Incl. Legacy wireless	*38,791*	*39,324*	*37,316*	*37,582*	*37,629*
Voice over IP *(excl. LLU)*	13,546	16,618	19,734	23,848	29,549
WiMAX voice	18,349	19,758	21,526	21,699	21,334
Netia network subscriber voice lines	**390,919**	**392,102**	**391,084**	**392,278**	**393,858**
WLR	730,913	740,086	743,231	746,959	745,248
LLU voice over IP	6,896	14,688	24,133	33,771	43,210
Total	**1,128,728**	**1,146,876**	**1,158,448**	**1,173,008**	**1,182,316**



Voice ARPU per WLR line amounted to PLN 49 in Q2 2010 as compared to PLN 50 in both Q2 2009 and Q1 2010.

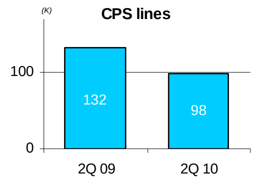


Voice ARPU per Netia network subscriber line amounted to PLN 58 in Q2 2010 as compared to PLN 64 in Q2 2009 and PLN 60 in Q1 2010, with the decreases reflecting overall tariff reduction trends and reduced usage, particularly in the business segments where the economic slow-down continues to visibly impact demand.



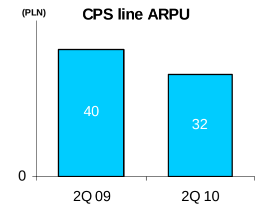
Blended voice ARPU was PLN 53 in Q2 2010 as compared to PLN 55 in Q2 2009 and PLN 53 in Q1 2010. In the medium term, Netia expects blended voice ARPU to stabilize.

2.2.2. Indirect voice



CPS lines *(carrier pre selection)* totalled 98,287 at June 30, 2010 as compared to 132,159 at June 30, 2009 and 108,705 at March 31, 2010. Netia is focused on the conversion of Tele2 Polska's CPS customers to WLR and is not actively acquiring new CPS customers.

CPS clients are not counted in the total Netia voice subscriber base of 1,182,316 clients as at June 30, 2010.



Indirect voice ARPU per CPS line was PLN 32 in Q2 2010 as compared to PLN 40 in Q2 2009 and PLN 34 in Q1 2010. Tariff reductions, reduced call volumes and conversion of higher ARPU customers to Netia's WLR or LLU offers is responsible for the year-on-year ARPU decline.

2.3. Other

Headcount for the Netia group was 1,416 at June 30, 2010, compared to 1,606 at June 30, 2009 and 1,410 at March 31, 2010. Active headcount was 1,366 at June 30, 2010 versus 1,504 at June 30, 2009 and 1,359 at March 31, 2010. The year-on-year decrease in headcount was driven by the "Profit" restructuring project implemented during 2009 and was achieved despite the addition of employees of new Ethernet networks acquired during the twelve month period. The increase in headcount between Q2 and Q1 2010 was associated with an intake of nine graduate recruits into Netia's recently launched management trainee program 'Upgrade Yourself'.

The movement in headcount can be analyzed as follows:

	Active	**Total**
Headcount at June 30, 2009	**1,504**	**1,606**
Ethernet networks' acquired headcount	45	45
Headcount reductions, net	(183)	(235)
Headcount at June 30, 2010	**1,366**	**1,416**

Management expects the current employment level at Netia group to remain broadly stable during 2010, subject to any new employees acquired along with Ethernet networks.

Capital investment additions

Capital investment additions *(PLN'M)*	**H1 2010**	**H1 2009**	*Change %*	**Q2 2010**	**Q1 2010**	*Change %*
Existing network and IT	28.8	54.3	*-47%*	16.3	12.5	*30%*
Broadband networks	48.8	51.7	*-6%*	33.8	15.0	*125%*
P4 transmission project	3.5	15.2	*-77%*	1.8	1.7	*6%*
Total	**81.1**	**121.2**	***-33%***	**51.9**	**29.2**	***78%***

Lower capital investments in existing network and IT in H1 2010 versus H1 2009 reflect strict control measures with regard to investments in legacy networks and increased utilization of previously developed IT support. Capital expenditures related to broadband networks in 2010 reflect mainly the final phase of LLU roll-out with respect to 150 additional nodes to be unbundled during 2010 and upgrades to transmission capacity. Given the completion of the P4 transmission roll-out, the amount of related investments declined versus the prior year with no further significant capex outlays planned in future pertaining to this project.

Capex related payments were PLN 94.9m for H1 2010 and PLN 38.3m for Q2 2010, with PLN 56.6m in Q1 2010 reflecting the payments of payables related to investments made in Q4 2009.

A significant part of the foreign exchange exposure on capital investment was hedged with forward contracts.

3. OTHER HIGHLIGHTS

Financing. On June 30, 2010, Netia had PLN 145.2m in cash plus PLN 127.2m in treasury bills (market value) and PLN 295.0m of available undrawn bank facilities.

Netia's broadband-driven growth strategy to reach 1 million broadband subscribers by the end of 2012 is self-financing with loan facilities needed only in relation to funding in-market consolidation opportunities, should they occur.

On July 29, 2010 Netia entered into a mandate with Rabobank Polska SA, Raiffeisen Bank Polska SA and BRE Bank SA for arrangement of new financing, considered by the Management sufficient to fund a major in-market acquisition by the Company. In parallel, Netia terminated its existing loan facilities totaling PLN 295.0m, effective August 5, 2010.

In addition to the financing, Netia signed agreements with the investment banking consortium of Raiffeisen Investment and Lazard and, separately, with Rabobank Corporate Advisory, for financial advisory in relation to potential disposal processes of selected telecommunications assets in Poland.

Management intends to retain a suitable cash balance to support major acquisitions whilst such opportunities remain feasible. Netia is considering recommending a dividend to be paid in 2011 from any surplus cash balances generated.

Customer satisfaction initiatives (the "Klientomania" project). Following the rapid acquisition of new customers in 2009, Netia decided to focus its 2010 strategic initiatives on customer service. In March 2010 a new project "Klientomania" was launched, with a goal to increase customer satisfaction at every stage of the customer life cycle and to establish Netia as the clear market leader in this respect.

As of today, the research phase of the project has been completed with twelve main initiatives focusing on service provisioning and customer relationships defined. Some of the most important customer satisfaction initiatives should be completed in H2 2010.

The "Klientomania" project is being conducted with participation of all functions in the Company and is expected to deliver measurable improvements in customer satisfaction and be self-financing through increased sales and better customer retention performance.

Decision of the Director of the Tax Control Office. On February 19, 2010 Netia received a decision of the Director of the Tax Chamber in Warsaw ("Tax Chamber Director") according to which the Company's corporate income tax ("CIT") due for the year 2003 was set at PLN 34.2m plus penalty interest of approximately PLN 25.3m.

On March 22, 2010 the Company appealed to the Voivodship Administrative Court against the decision issued by the Tax Chamber Director and awaits the first hearing.

Should the decision of the Voivodship Administrative Court be positive for the Company, the amount of unduly paid tax plus interest will be treated as an overpayment and must be returned by the tax authorities together with interest (currently the interest rate on tax liabilities amounts to 10% per annum). Netia will undertake all possible legal steps to prove that the decision of the Tax Chamber's Director was groundless.

Netia executed the decision of the Tax Chamber Director, which was enforceable as a decision of the second instance tax authority, on February 23, 2010 using some of the Company's cash deposits. Netia is treating the overpaid tax as a receivable in its accounts rather than as an expense, due to Management's expectations, based on the expert advice received, that the amounts paid will ultimately be recovered.

Netia's annual general shareholders meeting held on May 26, 2010 approved the financial statements for 2009 and reinvestments of 2009 profits, issuance of subscription warrants and the conditional increase of Netia's authorized share capital by 13.6m shares to provide for stock option plans for 2010-2020 for Netia's management board and key managers, as well as related amendments of the Company's statute.

Moreover, a second shareholders' meeting held on July 26, 2010 approved changes to the remuneration by-laws of supervisory board members aimed, among other things, at bringing the Company's remuneration rules for the supervisory board in line with new best practices for Warsaw Stock Exchange-listed companies and also with the European Commission's guidance.

Netia's AGM in May 2010 was Poland's first shareholders' meeting allowing for voting via the Internet without the physical presence of either the shareholder of his proxy at the meeting venue.

4. GUIDANCE FOR FY2010 MAINTAINED

Netia maintains its previous guidance for FY2010 as follows:

	2010 Guidance
Number of broadband service clients *(excl. Ethernet acquisitions)*	700,000
Number of voice service clients *(own network, WLR and LLU)*	1,225,000
Unbundled local loop (LLU) nodes	500+
Revenue *(PLN m)*	1,550.0+
Adjusted EBITDA *(PLN m)*	355.0+
Adjusted EBITDA margin *(PLN m)*	23%
EBITDA *(PLN m)*	360.0+
EBIT *(PLN m)*	60.0+
Capital investment (excl. M&A) *(PLN m)*	220.0
Capital investment to sales *(%)*	14%

Subscriber guidance excludes potential for further Ethernet network acquisitions which remain important to Netia's strategy but are difficult to forecast in time and amount.

In addition, Netia forecasts to be net profitable for the full year 2010.

The medium term outlook for Netia remains unchanged:

	Mid term outlook
Revenue growth (CAGR) total	3% - 5%
Revenue growth (CAGR) in retail market segments	5% - 10%
EBITDA margin in 2010 (%)	23%
EBITDA margin in 2012 (%)	28%
Net profit by	2010
Capex to sales down to 15% by	2010
1 million broadband subscribers	2012

Consolidated Financial Information

Please also refer to our financial statements for the six-month period ended June 30, 2010.

H1 2010 vs. H1 2009

Revenue rose by 4% YoY to PLN 780.7m for H1 2010 from PLN 749.3m for H1 2009. This growth was supported by effective execution of Netia's broadband-driven strategy with good momentum in new sales and was achieved despite PLN 5.0m (36%) lower revenue from the partly disposed P4 transmission project.

Telecommunication revenue increased by 4% YoY to PLN 778.2m in H1 2010 from PLN 746.8m in H1 2009. Data revenue increased to PLN 288.3m, up by 15% YoY from PLN 251.2m in H1 2009, 18 percentage points being attributable to broadband-related organic growth, one percentage point to acquisitions of Ethernet operators while data transmission connections for P4 accounted for a decrease of four percentage points. Revenue from direct voice services grew by 1% YoY and amounted to PLN 372.2m and PLN 368.1m for H1 2010 and H1 2009, respectively, supported by Netia's organic additions of VoIP and WLR voice customers.

The overall revenue level was supported by growth in wholesale services with an increase of 29% YoY or PLN 12.2m. The gradual run-down in indirect voice customers produced a revenue decrease of PLN 15.3m or 42% YoY.

Interconnection revenue decreased between the comparable periods by 15% YoY or PLN 5.7m, mostly as a result of lower termination rates for traffic termination.

Cost of sales increased by 3% YoY to PLN 522.4m from PLN 509.1m for H1 2009 and represented 67% of total revenue for H1 2010 and 68% for H1 2009.

Network operations and maintenance costs increased by 8% YoY to PLN 258.9m for H1 2010 from PLN 239.7m for H1 2009. This rise was driven by the growing regulated access customer base where WLR, LLU and BSA services combined increased by 15%.

Interconnection charges decreased by 4% YoY to PLN 103.5m in H1 2010 as compared to PLN 107.5m for H1 2009. This was mainly an impact of mobile termination rate reductions.

Salaries and benefits related to cost of sales (excluding restructuring costs) decreased by 17% YoY to PLN 9.8m from PLN 11.8m in H1 2009 reflecting the reduced employment level following the "Profit" project.

Costs of goods sold increased by 29% YoY to PLN 7.3m from PLN 5.6m in H1 2009, driven by higher broadband gross additions, and introduction of Wi-Fi router modems into broadband promotional offers and sales of mobile devices sold to new mobile data and mobile voice customers.

Taxes, frequency fees and other expenses increased by 2% YoY to PLN 19.8m in H1 2010 as compared to PLN 19.3m for H1 2009.

Depreciation and amortization related to cost of sales was stable YoY and amounted to PLN 123.1m in H1 2010 and PLN 123.4m in H1 2009.

Gross profit for H1 2010 was PLN 258.2m as compared to PLN 240.3m for H1 2009. Gross profit margin was 33.1% for H1 2010 and 32.1% for H1 2009. Lower ARPUs and higher volumes of lower margin wholesale regulated access customers in the subscriber mix plus higher costs associated with activation of a much higher volume of new broadband customers in H1 2010 were more than offset by cost savings and the increased share of LLU based customers.

Selling and distribution costs decreased by 8% YoY to PLN 155.1m in H1 2010 from PLN 169.4m for H1 2009 and represented 20% of total revenue as compared to 23% in H1 2009. This improvement fully reflects the positive impact of Tele2 Polska related synergies and the impact of the "Profit" Project on the structure of selling and distribution costs as broadband additions were higher in H1 2010, whilst total selling and distribution cost fell supported mainly by lower billing, mailing and logistics costs as well as lower advertising spending.

Billing, mailing and logistics costs decreased significantly by 37% YoY to PLN 17.8m from PLN 28.0m in H1 2009 partially as a result of more customers accepting electronic bill presentation.

Advertising and promotion expenditure was down by 13% YoY to PLN 25.8m from PLN 29.6m in H1 2009. The decrease reflected cost savings on media spending and the elimination of SOHO/ SME focused campaigns for Q2 2010.

Third party commissions paid for the acquisition of new customers were down by 16% YoY to PLN 19.0m from PLN 22.6m in H1 2009, reflecting changes in the commission systems for third parties reselling Netia services and in particular the shift in Q1 2010 of legacy Tele2 Polska distribution channels onto the Netia commission system and practices, as well as ongoing optimization of sales channel-mix.

Salaries and benefits costs related to selling and distribution (excluding restructuring costs) decreased by 4% YoY to PLN 43.6m from PLN 45.3m in H1 2009 reflecting the reduced employment level following the “Profit” project and the restructuring in the SOHO/ SME segment in Q1 2010.

Outsourced customer service costs grew by 2% YoY to PLN 14.6m from PLN 14.3m in H1 2009 due to much higher customer volumes offset by efficiency gains.

Depreciation and amortization related to selling and distribution remained at the same level in H1 2010 and H1 2009 and amounted to PLN 16.3m in 2010 and PLN 16.2m in 2009, respectively.

Restructuring costs related to selling and distribution were PLN 0.2m, down by 86% compared to H1 2009 as the majority of costs attributable to the “Profit” Project were incurred in 2009.

General and administration costs decreased by 18% YoY to PLN 72.1m from PLN 88.2m for H1 2009 and represented 9% of total revenue as compared to 12% in H1 2009, reflecting expenditure reductions following the Project “Profit” and the positive impact of Tele2 Polska related synergies.

Office and car maintenance costs decreased by 41% YoY to PLN 5.9m from PLN 10.0m in H1 2009, mainly thanks to growing revenue from office space rental and the “Profit” Project related cost reductions. A positive exchange rate comparative for most of H1 reduced the cost of Euro denominated office leases.

Salaries and benefits costs related to general administration (excluding restructuring costs) decreased by 10% YoY to PLN 36.7m from PLN 40.8m in H1 2009, reflecting the headcount decrease within the “Profit” Project.

Electronic data processing costs related to general administration were down by 38% YoY to PLN 5.3m from PLN 8.5m in H1 2009 as these cost no longer include the cost of outsourced billing system services payable to Tele2 Sverige.

Restructuring costs related to general administration were PLN 0.05m compared to PLN 2.4m in H1 2009 as the vast majority of costs in connection with the “Profit” project were incurred in 2009.

Adjusted EBITDA increased by 28% YoY to PLN 186.2m from PLN 145.3m for H1 2009. Including restructuring expenses related to the “Profit” Project executed during 2009, which amounted to PLN 0.3m in H1 2010 and PLN 6.0m in H1 2009 and the PLN 2.9m gain on the disposal of the second tranche of transmission equipment to P4 in Q1 2010, EBITDA was PLN 188.8m, 36% up on H1 2009. Adjusted EBITDA margin increased to 23.9% and EBITDA margin increased to 24.2% as compared to 19.4% and 18.6% respectively in H1 2009.

Depreciation and amortization remained almost stable YoY and amounted to PLN 148.7m as compared to PLN 147.3m in H1 2009.

Operating profit (EBIT) was PLN 40.0m as compared to an operating loss of PLN 8.0m for H1 2009, reflecting increased scale, synergies realized on the Tele2 Polska acquisition, the “Profit” Project savings, and falling interconnection costs as a percentage of revenue partly offset by falling voice ARPU. Excluding restructuring expenses related to the “Profit” Project of PLN 0.3m in H1 2010, as compared to PLN 6.0m in H1 2009, and the PLN 2.9m gain on the disposal of the second tranche of transmission equipment to P4 in Q1 2010, EBIT for H1 2010 would have been PLN 37.5m versus EBIT loss of PLN 2.0m in H1 2009.

Income tax charge, which was mainly related to deferred taxes, of PLN 10.3m was recorded in H1 2010 following the recognition of the deferred income tax assets in Q4 2009. An income tax benefit amounted to PLN 0.5m in H1 2009. The PLN 59.6m paid to the tax office in relation to a tax dispute in Q1 2010 (see Other Highlights) was not expensed as Management expects, based on advice received, to recover this amount, with interest, through the courts.

Net profit was PLN 30.0m for H1 2010 versus net loss of PLN 14.6m for H1 2009.

Capital investment for the purchase of fixed assets and computer software decreased by 32% to PLN 95.7m for H1 2010 from PLN 141.5m for H1 2009 in line with the forecasted decline in capital investments level in 2010. The year-on-year decrease in capital investments largely results from tight spending controls on legacy networks, completion of several IT projects and the run-down of spending related the P4 transmission contract whilst spending in support of broadband services continues to increase.

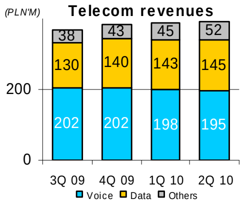
Other significant cash items during the first half of 2010 included a PLN 68.7m outflow related to the purchases of short-dated treasury bills and a PLN 59.6m outflow in Q1 2010 to meet the claim of an enforceable decision of the Director of the Tax Chamber in Warsaw relating to Netia’s corporate income tax (“CIT”) due for the year 2003, partially offset by a PLN 26,2m gross inflow in a Q2 2010 prepayment for the third and final tranche of transmission equipment sold to P4 on 1 July 2010.

Cash and cash equivalents at June 30, 2010 totalled PLN 272.5m (PLN 145.2m in cash and cash equivalents plus PLN 127.2m in treasury bills at market value), up by PLN 159.5m versus H1 2009.

Netia was virtually debt free at June 30, 2010.

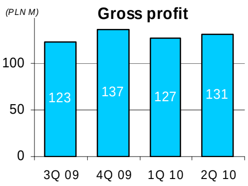
Q2 2010 vs. Q1 2010

Revenue rose by 2% quarter on quarter and amounted to PLN 393.7m in Q2 2010 as compared to 387.0m in Q1 2010.



Telecommunication revenue QoQ was PLN 392.5m in Q2 2010 and PLN 385.7m in Q1 2010. Data revenue increased by 2% to PLN 145.5m in Q2 2010. Voice revenue decreased sequentially by 1% to PLN 195.5m mainly due to lower traffic volumes. Significantly higher transit traffic volumes in Q2 2010 compared to Q1 2010 resulted in wholesale revenue increasing by PLN 6.9m or 30% driven by several opportunistic deals in the carriers segment.

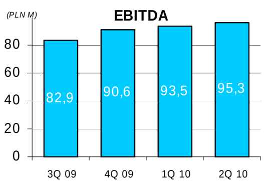
Cost of sales remained almost stable QoQ and amounted to PLN 262.2m in Q2 2010 versus PLN 260.2m in Q1 2010 and represented 67% of total revenue in both quarters. Interconnection charges increased by 12% due to higher transit and wholesale termination volumes. The above increase was offset by decreased cost of goods sold, lower by 19% QoQ or PLN 0.7m due to slower gross additions offset by more expensive modems. In addition, network maintenance decreased slightly to PLN 128.5m in Q2 2010 versus PLN 130.4m in the previous quarter in relation to rearranging the model of cooperation with the key partner (Ericsson). Taxes, frequency fees and other expenses in Q2 2010 were lower by 11% versus the previous quarter as in Q1 2010 the company incurred a penalty of PLN 0.9m for over-running its broadband customer forecast to TP.



Gross profit was PLN 131.5m in Q2 2010 as compared to PLN 126.7m in Q1 2010, with gross profit margin increasing from 32.8% to 33.4%.

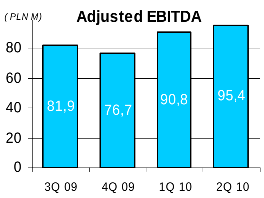
Selling and distribution costs decreased QoQ by 1% from PLN 77.1m in Q2 2010 as compared to PLN 77.9m in Q1 2010 and represented 20% of total revenue in both quarters. The decrease was mainly due to lower sales volumes. Additionally, outsourced customer service cost decreased by 23% compared to Q1 2010 in relation to the shift between the number of outsourced and in-house performed tasks. These costs are expected to grow again in H2 2010. The above decreases were offset by 32% q-o-q growth in other expenses driven mainly by external consultancy costs for the Klientomania project. In addition, Q2 2010 observed higher advertising and promotion expenses concerning new ATL advertising campaigns to support the less aggressive promotional offer relative to Q1 2010.

General and administrative expenses decreased by 5% to PLN 35.1m in Q2 2010 from PLN 36.9m in Q1 2010, and represented 9% and 10% of total revenue, respectively. This drop is attributable to the reduction of office and car maintenance expenditure following the increased revenues from office space rental offsetting expenses related to Taśmowa office rental cost. Salaries and benefits dropped in Q2 2010 by 11% or PLN 2.1m versus the previous quarter due to lower cost of the stock option plan and lower social security related expenditure.



EBITDA was PLN 95.3m as compared to PLN 93.5m in Q1 2010. Excluding restructuring expenses related to "Profit" Project, and the profit recorded on the sale of the second tranche of transmission equipment to P4 in Q1 2010, **Adjusted EBITDA** was PLN 95.4m for Q2 2010, up by 5% over Q1 2010 and Adjusted EBITDA margin was 24.2% in Q2 2010 versus 23.5% for Q1 2010.

Operating profit (EBIT) was PLN 20.5m as compared to operating profit of PLN 19.5m in Q1 2010. Excluding the impact of one-offs, operating profit was PLN 20.6m in Q2 2010 as compared to PLN 16.8m in Q1 2010.



Income tax charge of PLN 7.2m was recorded in Q2 2010 versus PLN 3.1m in Q1 2010. The higher effective tax rate in Q2 mainly reflects increased deferred tax liabilities relating to short term differences in revenue recognition between accounting and tax principles.

Net profit of PLN 15.6m was recorded in Q2 2010 as compared to net profit of PLN 14.3m in Q1 2010.

Key Figures

PLN'000	H1 2009	H1 2010	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Revenues	749,344	780,677	373,679	370,281	386,246	386,979	393,698
y-o-y % change	*55.8%*	*4.2%*	*53.5%*	*36.6%*	*4.7%*	*3.0%*	*5.4%*
Adjusted EBITDA	145,282	186,232	73,752	81,907	76,729	90,799	95,433
Margin %	*19.4%*	*23.9%*	*19.7%*	*22.1%*	*19.9%*	*23.5%*	*24.2%*
y-o-y change %	*109.8%*	*28.2%*	*108.1%*	*86.9%*	*33.3%*	*57.7%*	*29.4%*
EBITDA	139,315	188,797	69,404	82,893	90,594	93,526	95,271
Margin %	*18.6%*	*24.2%*	*18.6%*	*22.4%*	*23.5%*	*24.2%*	*24.2%*
EBIT	(8,019)	40,039	(4,984)	7,061	15,210	19,554	20,485
Margin %	*(1.1%)*	*5.1%*	*(1.3%)*	*1.9%*	*3.9%*	*5.1%*	*5.2%*
Profit/(Loss) of the Netia Group *(consolidated)*	(14,635)	29,908	(8,250)	4,228	99,088	14,344	15,564
Margin %	*(2.0%)*	*3.8%*	*(2.2%)*	*1.1%*	*25.7%*	*3.7%*	*4.0%*
Profit/(Loss) of Netia SA *(stand alone)* [1]	(28,558)	31,287	4,134	10,286	255,091	14,228	17,059
Cash and cash equivalents	112,975	145,224	112,975	163,338	181,203	108,703	145,224
Treasury bills (market value)	49,911	127,248	49,911	48,303	58,489	97,636	127,248
Bank debt	-	-	-	-	-	-	-
Capex related payments	141,549	94,869	66,783	50,174	46,858	56,565	38,304
Investments in tangible and intangible fixed assets	121,220	81,100	51,436	49,098	76,105	29,029	52,071

EUR '000 [2]	H1 2009	H1 2010	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Revenues	180,748	188,306	90,134	89,315	93,166	93,342	94,963
y-o-y % change	*55.8%*	*4.2%*	*53.5%*	*36.6%*	*4.7%*	*3.0%*	*5.4%*
Adjusted EBITDA	35,043	44,921	17,790	19,757	18,508	21,901	23,019
Margin %	*19.4%*	*23.9%*	*19.7%*	*22.1%*	*19.9%*	*23.5%*	*24.2%*
y-o-y change %	*109.8%*	*28.2%*	*108.1%*	*86.9%*	*33.3%*	*57.7%*	*29.4%*
EBITDA	33,604	45,539	16,741	19,994	21,852	22,559	22,980
Margin %	*18.6%*	*24.2%*	*18.6%*	*22.4%*	*23.5%*	*24.2%*	*24.2%*
EBIT	(1,938)	9,658	(1,202)	1,703	3,669	4,717	4,941
Margin %	*(1.1%)*	*5.1%*	*(1.3%)*	*1.9%*	*3.9%*	*5.1%*	*5.2%*
Profit/(Loss) of the Netia Group *(consolidated)*	(3,534)	7,214	(1,990)	1,020	23,901	3,460	3,754
Margin %	*(2.0%)*	*3.8%*	*(2.2%)*	*1.1%*	*25.7%*	*3.7%*	*4.0%*
Profit/(Loss) of Netia SA *(stand alone)* [2]	(6,892)	7,547	997	2,481	61,530	3,432	4,115
Cash and cash equivalents	27,250	35,029	27,250	39,398	43,708	26,220	35,029
Treasury bills (market value)	12,039	30,693	12,039	11,651	14,108	23,551	30,693
Bank debt	-	-	-	-	-	-	-
Capex related payments	34,143	22,883	16,109	12,102	11,303	13,644	9,239
Investments in tangible and intangible fixed assets	29,239	19,562	12,407	11,843	18,357	7,002	12,560

[1] The profit of Netia SA (stand alone) is being used for purpose of calculation of the amounts available for potential cash distribution to shareholders through dividends or share buy-backs.

[2] The EUR amounts shown in this table and in the entire document have been translated using an exchange rate of PLN 4.1458 = EUR 1.00, the average rate announced by the National Bank of Poland on June 30, 2010. These figures are included for the convenience of the reader only.

Key Operational Indicators

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Broadband data services						
Netia infrastructure-based services	189,047	191,910	196,123	217,418	223,392	225,189
Own fixed-line networks	*174,874*	*176,769*	*179,733*	*200,060*	*205,045*	*206,154*
WiMAX	*13,416*	*14,467*	*15,791*	*17,079*	*18,094*	*18,828*
Others	*757*	*674*	*599*	*279*	*253*	*207*
Bitstream access	248,455	259,626	272,419	293,782	320,470	325,289
LLU	3,764	7,324	21,281	48,117	59,505	73,101
Total broadband data services (end of period)	**441,266**	***458,860***	***489,823***	***559,317***	***603,367***	***623,579***
Voice services (excl. CPS)						
Netia network subscriber voice services	390,714	390,919	392,102	391,084	392,278	393,858
Traditional direct voice	*361,963*	*359,024*	*355,726*	*349,824*	*346,731*	*342,975*
incl. ISDN equivalent of lines	*129,810*	*132,002*	*134,478*	*136,350*	*139,182*	*141,884*
incl. legacy wireless	*39,728*	*38,791*	*39,324*	*37,316*	*37,582*	*37,629*
Voice over IP (excl. LLU)	*11,421*	*13,546*	*16,618*	*19,734*	*23,848*	*29,549*
WiMAX voice	*17,330*	*18,349*	*19,758*	*21,526*	*21,699*	*21,334*
WLR	710,633	730,913	740,086	743,231	746,959	745,248
LLU voice over IP	3,696	6,896	14,688	24,133	33,771	43,210
Total voice services (cumulative)	**1,105,043**	**1,128,728**	**1,146,876**	**1,158,448**	**1,173,008**	**1,182,316**
Total Broadband and Voice services (end of period)	**1,546,309**	**1,587,588**	**1,636,699**	**1,717,765**	**1,776,375**	**1,805,895**
Corporate segment	143,621	147,385	151,993	157,280	161,981	168,769
Carrier segment	5,243	5,124	5,020	2,711	2,566	2,576
Residential segment	1,224,394	1,257,681	1,293,243	1,362,318	1,401,749	1,412,543
Share of lines with multiplay services	*15%*	*17%*	*19%*	*21%*	*24%*	*26%*
SOHO/SME segment	173,051	177,398	186,443	195,456	210,079	222,007
Share of lines with multiplay services	*28%*	*30%*	*31%*	*36%*	*39%*	*41%*
Other						
Total net additions in Broadband data services	27,621	17,594	30,963	69,494	44,050	20,212
Monthly Broadband APRU (PLN)	59	59	59	60	56	54
Monthly Broadband SAC (PLN)	184	194	197	206	186	212
Total net additions in Voice services	39,527	23,685	18,148	11,572	14,560	9,308
Business mix of total subscriber lines (cumulative)	22.6%	22.6%	25.1%	25.3%	26.1%	27,1%
Monthly Voice ARPU in own network (PLN)	66	64	62	62	60	58
Monthly Voice ARPU for WLR (PLN)	51	50	50	51	50	49
Monthly Voice ARPU blended (PLN)	56	55	54	55	53	53
CPS lines (cumulative)	150,076	132,159	122,501	116,628	108,705	98,287
Monthly Voice ARPU for CPS	40	40	41	36	34	32
Headcount	1,609	1,606	1,477	1,432	1,410	1,416
Active headcount	1,557	1,504	1,413	1,369	1,359	1,366

(Tables to Follow)

Income Statement (PLN in thousands unless otherwise stated)

Time periods: Telecommunications revenue	**H1 2009** *unaudited*	**H1 2010** *unaudited*	**Q1 2010** *unaudited*	**Q2 2010** *unaudited*
Direct Voice	368,072	372,190	186,581	185,609
Incl. monthly fees	*221,099*	*238,410*	*118,007*	*120,403*
Incl. calling charges	*146,731*	*133,640*	*68,456*	*65,184*
Indirect Voice	36,816	21,515	11,632	9,883
Data	251,207	288,310	142,811	145,499
Interconnection revenues	37,937	32,250	16,191	16,059
Wholesale services	41,217	53,381	23,217	30,164
Other telecommunications revenues	11,588	10,541	5,275	5,266
Total telecommunications revenue	**746,837**	**778,187**	**385,707**	**392,480**
Radio communications revenue	2,507	2,490	1,272	1,218
Total revenue	**749,344**	**780,677**	**386,979**	**393,698**
Cost of sales	(509,065)	(522,431)	(260,224)	(262,207)
Interconnection charges	*(107,474)*	*(103,503)*	*(48,880)*	*(54,623)*
Network operations and maintenance	*(239,672)*	*(258,878)*	*(130,367)*	*(128,511)*
Costs of goods sold	*(5,638)*	*(7,296)*	*(4,027)*	*(3,269)*
Depreciation and amortization	*(123,431)*	*(123,099)*	*(61,313)*	*(61,786)*
Salaries and benefits	*(11,801)*	*(9,839)*	*(5,123)*	*(4,716)*
Restructuring (Project Profit)	*(1,712)*	-	-	-
Taxes, frequency fees and other expenses	*(19,337)*	*(19,816)*	*(10,514)*	*(9,302)*
Gross profit	**240,279**	**258,246**	**126,755**	**131,491**
Margin (%)	***31.2%***	***33.1%***	***32.8%***	***33.4%***
Selling and distribution costs	(169,420)	(155,061)	(77,936)	(77,125)
Advertising and promotion	*(29,620)*	*(25,812)*	*(11,258)*	*(14,554)*
Third party commissions	*(22,633)*	*(18,958)*	*(11,089)*	*(7,869)*
Billing, mailing and logistics	*(28,017)*	*(17,776)*	*(9,227)*	*(8,549)*
Outsourced customer service	*(14,324)*	*(14,605)*	*(8,253)*	*(6,352)*
Impairment of receivables	*(3,483)*	*(5,395)*	*(2,668)*	*(2,727)*
Depreciation and amortization	*(16,223)*	*(16,289)*	*(7,986)*	*(8,303)*
Salaries and benefits	*(45,342)*	*(43,640)*	*(22,059)*	*(21,581)*
Restructuring (Project Profit)	*(1,806)*	*(246)*	*(84)*	*(162)*
Other costs	*(7,972)*	*(12,340)*	*(5,312)*	*(7,028)*
General and administration costs	(88,173)	(72,067)	(36,949)	(35,118)
Professional services	*(5,210)*	*(4,330)*	*(1,933)*	*(2,397)*
Electronic data processing	*(8,529)*	*(5,315)*	*(2,481)*	*(2,834)*
Office and car maintenance	*(10,034)*	*(5,913)*	*(3,327)*	*(2,586)*
Depreciation and amortization	*(7,696)*	*(9,370)*	*(4,673)*	*(4,697)*
Salaries and benefits	*(40,760)*	*(36,669)*	*(19,389)*	*(17,280)*
Restructuring (Project Profit)	*(2,449)*	*(54)*	*(54)*	-
Other costs	*(13,495)*	*(10,416)*	*(5,092)*	*(5,324)*
Other income	6,062	6,404	4,913	1,491
Other expense	(200)	(782)	-	(782)
Other gains/ (losses), net	3,433	3,299	2,771	528
EBIT	**(8,019)**	**40,039**	**19,554**	**20,485**
Margin (%)	***-1.1%***	**5.1%**	***5.1%***	**5.2%**
Finance income	3,834	7,172	2,763	4,409
Finance cost	(10,922)	(6,973)	(4,892)	(2,081)
Profit before tax	**(15,107)**	**40,238**	**17,425**	**22,813**
Tax benefit / (charge)	472	(10,330)	(3,081)	(7,249)
Profit	**(14,635)**	**29,908**	**14,344**	**15,564**

EBITDA Reconciliation to Loss

(PLN in thousands unless otherwise stated)

Time periods:	H1 2009 *unaudited*	H1 2010 *unaudited*	Q1 2010 *unaudited*	Q2 2010 *unaudited*
Operating Profit / (Loss)	**(8,035)**	**40,039**	**19,554**	**20,485**
Add back:				
Depreciation and amortization	147,350	148,758	73,972	74,786
EBITDA	139,315	188,797	93,526	95,271
Add back:				
Project Profit restructuring costs	5,967	300	138	162
Less:				
Gain on disposal of transmission equipment to P4	-	(2,865)	(2,865)	-
Adjusted EBITDA	**145,282**	**186,232**	**90,799**	**95,433**
Margin (%)	***19,4%***	***23.9%***	***23.5%***	***24.2%***

Note to Other Income

(PLN in thousands unless otherwise stated)

Time periods:	H1 2009 *unaudited*	H1 2010 *unaudited*	Q1 2010 *unaudited*	Q2 2010 *unaudited*
Reminder fees and penalties	4,139	2,771	1,889	882
Settlement with Tele2 Sverige	-	1,461	1,461	-
Forgiveness of liabilities	149	-	-	-
Fair value adjustments on other receivables and reversal of provisions	597	693	693	-
Other operating income	1,180	1,478	870	608
Total	**6,065**	**6,403**	**4,913**	**1,490**

Note to Other Expense

(PLN in thousands unless otherwise stated)

Time periods:	H1 2009 *unaudited*	H1 2010 *unaudited*	Q1 2010 *unaudited*	Q2 2010 *unaudited*
Impairment charges for specific individual assets	200	782	-	782

Note to Other Gains / (losses), net

(PLN in thousands unless otherwise stated)

Time periods:	H1 2009 *unaudited*	H1 2010 *unaudited*	Q1 2010 *unaudited*	Q2 2010 *unaudited*
Gain on sale of impaired receivables	687	782	-	782
Gain on disposal of fixed assets	1,522	3,716	3,283	433
Net foreign exchange gains / (losses)	1,224	(1,199)	(512)	(687)
Total	**3,433**	**3,299**	**2,771**	**528**

Total comprehensive Income

(PLN in thousands unless otherwise stated)

Time periods:	H1 2009 *unaudited*	H1 2010 *unaudited*	Q1 2010 *unaudited*	Q2 2010 *unaudited*
Profit	**(14,651)**	**29,908**	**14,344**	**15,564**
Cash flow hedges	(3,627)	3,265	(451)	3,716
Income tax relating to components of other comprehensive income	(67)	(640)	(25)	(615)
Other comprehensive Income / (Loss)	**(3,694)**	**2,625**	**(476)**	**3,101**
Total comprehensive Income / (Loss)	**(18,345)**	**32,533**	**13,868**	**18,665**
Attributable to:				
Equity holders of the Company	(18,345)	32,533	13,868	18,665

Balance Sheet (PLN in thousands unless otherwise stated)

Time Periods	Dec. 31,2009 *audited*	March 31, 2010 *unaudited*	June 30, 2010 *unaudited*
Property, plant and equipment, net	1,386,727	1,335,542	1,324,510
Intangible assets	388,891	374,754	364,654
Investment property	35,574	35,538	35,340
Deferred income tax assets	79,400	76,379	68,552
Available for sale financial assets	10	10	10
Long-term receivables	676	217	217
Prepaid expenses and accrued income	7,555	7,721	16,203
Total non-current assets	**1,898,833**	**1,830,161**	**1,809,486**
Inventories	3,143	4,446	5,973
Trade and other receivables	173,519	162,965	173,047
Current income tax receivables	59	59,645	58,384
Prepaid expenses and accrued income	20,216	32,888	38,109
Derivative financial instruments	110	63	2,128
Financial assets at fair value through profit and loss	3,660	-	-
Held to maturity investments	58,489	97,636	127,248
Restricted cash	2,330	2,330	2,330
Cash and cash equivalents	181,203	108,703	145,224
	442,729	**468,676**	**552,443**
Non-current assets classified as held for sale	87	-	-
Total current assets	**442,816**	**468,676**	**552,443**
TOTAL ASSETS	**2,341,649**	**2,298,837**	**2,361,929**
Share capital	389,277	389,338	389,338
Share premium	1,356,652	1,356,666	1,599,287
Retained earnings	247,984	261,602	35,272
Other components of equity	32,264	34,894	38,976
TOTAL EQUITY	**2,026,177**	**2,042,500**	**2,062,873**
Provisions	1,401	1,319	1,246
Deferred income	7,289	7,275	10,766
Other long-term liabilities	5,895	5,367	4,388
Total non-current liabilities	**14,585**	**13,961**	**16,400**
Trade and other payables	256,035	196,695	236,477
Derivative financial instruments	4,423	4,453	367
Borrowings	347	-	-
Other financial liabilities	80	-	-
Current income tax liabilities	1	1	1
Provisions	4,888	4,012	3,708
Deferred income	35,113	37,215	42,103
Total current liabilities	**300,887**	**242,376**	**282,656**
Total liabilities	**315,472**	**256,337**	**299,056**
TOTAL EQUITY AND LIABILITIES	**2,341,649**	**2,298,837**	**2,361,929**

Cash Flow Statement (PLN in thousands unless otherwise stated)

Time periods:	H1 2009 *unaudited*	H1 2010 *unaudited*	Q1 2010 *unaudited*	Q2 2010 *unaudited*
Profit / (Loss)	**(14,651)**	**29,908**	**14,344**	**15,564**
Depreciation and amortization	147,350	148,758	73,972	74,786
Impairment charges for specific individual assets	200	782	-	782
Reversal of impairment charges	-	(58)	-	(58)
Deferred income tax charge / (benefit	(986)	10,172	2,996	7,176
Interest expense and fees charged on bank loans	1,744	5,741	2,838	2,903
Other interest charged	1,142	(1,505)	(530)	(975)
Interest accrued on loans granted	(4)	-	-	-
Share-based compensation	5,375	4,396	3,327	1,069
Fair value (gains)/losses on financial assets/liabilities	692	(697)	(697)	-
Fair value (gains)losses on derivative financial instruments	(131)	(2,443)	368	(2,811)
Foreign exchange losses	5,815	1,286	1,172	114
Gain on disposal of fixed assets	(1,334)	(3,630)	(3,196)	(434)
Loss on sale of investments	-	881	881	-
Changes in working capital	9,758	(30,638)	(14,315)	(16,323)
Overpaid tax	-	(58,325)	(59,586)	1,261
Net cash provided by operating activities	**154,970**	**104,628**	**21,574**	**83,054**
Purchase of fixed assets and computer software	(140,742)	(94,869)	(56,565)	(38,304)
Purchase of operational networks	(807)	(818)	(818)	-
Proceeds from sale of non-core assets	2,191	23,760	1,540	22,220
Proceeds from sale of group of assets	2,000	-	-	-
Purchase of subsidiaries, net of received cash	(39,724)	(516)	-	(516)
Purchase of treasury bills /notes, net	(49,491)	(67,008)	(38,487)	(28,521)
Sale of investments	-	3,395	3,395	-
Loan and interest repayments	139	-	-	-
Net cash used in investing activities	**(226,434)**	**(136,056)**	**(90,935)**	**(45,121)**
Finance lease payments	(1,272)	(2,828)	(1,414)	(1,414)
Loan repayments	-	(347)	(347)	-
Payments of fees relating to bank loans	(1,587)	(1,113)	(552)	(561)
Net cash used in financing activities	**(2,859)**	**(4,288)**	**(2,313)**	**(1,975)**
Net change in cash and cash equivalents	**(74,323)**	**(35,716)**	**(71,674)**	**35,958**
Effect of exchange rate change on cash and cash equivalents	**(5,387)**	**(263)**	**(826)**	**563**
Cash and cash equivalents at the beginning of the period	192,685	181,203	181,203	108,703
Cash and cash equivalents at the end of the period	**112,975**	**145,224**	**108,703**	**145,224**

Definitions

Active headcount	–	Full-time employment equivalent with regard to employees who are not during maternity leaves, non-paid leaves nor long-term sick leaves (above 33 days during calendar year), who are not at military service or who were relieved from the obligation to perform work
Backbone	–	a telecommunications network designed to carry the telecommunications traffic between the main junctions of the network;
Bitstream access	–	a type of regulatory broadband access enabling provision of broadband service by an altnet to customers connected by a copper line owned by TPSA. The altnet connects to the TPSA data network and may only offer services identical to those of TPSA, paying TPSA on a retail minus basis for use of the TPSA network.
Broadband SAC	–	a cost per unit related to the acquisition of new customers through broadband access (i.e., Bitstream, LLU, WiMAX, xDSL), including a one-time payment to TP (the incumbent), sales commissions, postal services and the cost of modems sold;
Broadband ARPU	–	average monthly revenue per broadband port during the period; Broadband ARPU is obtained by dividing the amount of monthly revenues from data services related to provisioning fixed Internet access by the average number of broadband ports, in each case for the referenced three-month period; Where significant promotional discounts are given at the beginning of contracts, revenues are averaged over the life of the contract.
Broadband port	–	a broadband port which is active at the end of a given period;
Cash	–	cash and cash equivalents at the end of period;
Cost of network operations and maintenance	–	cost of rentals of lines and telecommunications equipment, as well as maintenance, services and related expenses necessary to operate our network;
Data revenues	–	revenues from provisioning Frame Relay (including IP VPN-virtual private network services), lease of lines (including leased lines for carriers), Internet fixed-access services (provided, among others, through bitsteam and WiMAX types of access) and IP Transit;
Direct voice revenues	–	telecommunications revenues from voice services offered by Netia to its subscribers (through various types of access, including, among others, WiMAX). Direct voice services include the following traffic fractions: local calls, domestic long-distance (DLD) calls, international long distance (ILD) calls, fixed-to-mobile calls and other services (incl. Internet dial-in, emergency calls and 0-80x/0-70x -type calls originated by Netia's subscribers);
DSLAM	–	Technical infrastructure that splits data from voice traffic over a copper line and is deployed in the local network of a telecommunications operator to provide ADSL services to customers connected to a given local network node.
EBITDA / Adjusted EBITDA	–	to supplement the reporting of our consolidated financial information under IFRS, we will continue to present certain financial measures, including EBITDA. We define EBITDA as profit/(loss) as measured by IFRS, adjusted for depreciation and amortization, financial income and expense, income taxes and results of investments in associates. EBITDA has been further

		adjusted for one-off restructuring expenses related to the cost reduction program (the “Profit” project), a gain on disposal of the transmission equipment to P4 and a positive accounting impact from the settlement agreement with TP and is therefore defined as Adjusted EBITDA. We believe EBITDA and related measures of cash flow from operating activities serve as useful supplementary financial indicators in measuring the operating performance of telecommunication companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of profit/(loss) or as an indicator of operating performance or as a measure of cash flows from operations under IFRS or as an indicator of liquidity. The presentation of EBITDA, however, enables investors to focus on period-over-period operating performance, without the impact of non-operational or non-recurring items. It is also among the primary indicators we use in planning and operating the business. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself provides no grounds for comparison with other companies;
Headcount	–	full time employment equivalents;
Indirect voice revenues	–	telecommunications revenues from the services offered through Netia’s prefix (1055) or Tele2 Polska’s prefix (1061) to customers being subscribers of other operators. Indirect access services include the following traffic fractions: domestic long-distance (DLD) calls, international long distance (ILD) calls and fixed-to-mobile calls;
Interconnection charges	–	payments made by Netia to other operators for origination, termination or transfer of traffic using other operators’ networks;
Interconnection revenues	–	payments made by other operators to Netia for origination, termination or transfer of traffic using Netia’s network, netted against the cost of traffic termination;
Local Loop Unbundling (LLU)	–	A type of regulatory broadband access enabling provision of broadband service by an altnet to customers connected by a copper line owned by TPSA. The altnet installs DSLAM equipment at a TPSA local network node and connects it to its own backbone network. The altnet may offer broadband and voice service to any customer connected by TPSA copper line to the given node. The alnet can offer an unrestricted range of services and pays TPSA space rental and monthly fees per customer line used.
Professional services	–	costs of legal, financial and other services (excluding insurance and taxes and fees, which are presented separately) provided to Netia by third parties;
Other telecommunications services revenues	–	revenues from provisioning Internet dial-in services for Netia’s indirect customers (based on a call-back principle and an access number (0-20)); revenues from provisioning free-phone, split-charge and premium rate services (i.e., 0-800, 0-801 and 0-70x type services), netted against the cost of revenue sharing; as well as other non-core revenues;
Radiocommunications revenue	–	revenues from radio-trunking services provided by Netia’s subsidiary, UNI-Net Sp. z o.o.;
Subscriber line	–	a connected line which became activated and generated revenue at the end of the period;

Voice ARPU	–	average monthly revenue per direct voice line during the period; ARPU is obtained by dividing the amount of monthly revenues from direct voice services (excluding installation fees) by the average number of subscriber lines, in each case for the referenced three-month period;
Wholesale Line Rental (WLR)	–	A type of regulatory voice access enabling provision of voice service by an altnet to customers connected by a copper line owned by TPSA. The altnet connects to the TPSA voice network and charges the customer for both line rental and calls made. TPSA receives a payment for line rental plus call origination fees and keeps all interconnection revenues from incoming calls.
Wholesale services	–	revenues from providing commercial network services such as voice termination, incoming Voice over Internet Protocol (VoIP), telehousing and collocation as well as backbone-based services.

Netia management will hold a conference call to review the results on August 5, 2010 at 09:00 AM (UK) / 10:00 AM (Continent) / 04:00 AM (Eastern).

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A link to an audio recording of the conference call for replay on a later date will be posted on Netia's investor website (www.investor.netia.pl)

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Some of the information contained in this news release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Netia undertakes no obligation to publicly update or revise any forward-looking statements.

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