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NETIA SA REPORTS 2008 FIRST HALF RESULTS

WARSAW, Poland – August 12, 2008 – 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 second quarter and six months ended June 30, 2008.

1. KEY DEVELOPMENTS

1.1. Financial

- **Revenue growth from continuing activities accelerated** to 25% versus H1 2007 and 28% versus Q2 2007. Total revenue from continuing activities rose in H1 2008 to PLN 472.2m (EUR 140.8m) and Q2 2008 revenue was PLN 243.5m (EUR 72.6m), up by 6% from Q1 2008.

- **Netia completed the sale of its shares in P4 Sp. z o.o. ("P4") for EUR 131.8m** on April 30, 2008 and recorded a gain on this transaction of PLN 353.4m (EUR 105.4m) in Q2 2008.

- **EBITDA** was PLN 69.2m (EUR 20.6m) for H1 2008 and PLN 35.4m (EUR 10.6m) for Q2 2008, growing by 5% over Q1 2008.

- **Netia's growth plans are fully funded** following the receipt of EUR 131.8m for its stake in P4. As at June 30, 2008, **Netia had net cash of PLN 324.0m (EUR 96.6m)** and PLN 275.0m (EUR 82.0m) in undrawn senior debt. In addition, a further PLN 100.0m (EUR 29.8m) of debt financing has been arranged to finance the acquisition of Tele2 Polska Sp. z o.o. ("Tele2 Polska").

- **Netia is increasing guidance for 2008**. Revenue guidance is being raised from PLN 950.0m to PLN 960.0m – PLN 975.0m (EUR 286.2m – EUR 290.1m) and EBITDA guidance is maintained at PLN 125.0m (EUR 37.3m). Total capex and M&A guidance (excluding the Tele2 Polska acquisition) is being reduced from PLN 320.0m to PLN 300.0m (EUR 89.4m), while guidance for local loop unbundling is being raised from 100 to 125 nodes.

1.2. Operational

- On June 29, 2008, **Netia agreed to acquire Tele2 Polska** for an enterprise value between EUR 29.1m – EUR 33.9m, depending on post acquisition performance. The maximum acquisition price represents 2.8 times forecast EBITDA for 2008 and Netia management is targeting at least PLN 30.0m (EUR 8.9m) of annual operating synergies to be realized within 12 months following the acquisition. The combined business of Netia and Tele2 Polska is projected to have revenues almost 3 times higher than the next largest altnet on a pro forma basis, with over 1,000,000 fixed voice customers (own network + WLR) and over 400,000 broadband customers, representing a projected 10% and 7% of market share, respectively.

- **Netia's broadband subscriber base** reached 292,470 at June 30, 2008, growing by 14% from 256,922 at March 31, 2008 and by 118% from 133,978 at June 30, 2007. Of the total broadband customers served at June 30, 2008, 48% received service over Netia's own copper, Fast Ethernet or WiMAX infrastructure. Netia's market share of net additions increased further to 22% in Q2 2008 from 17% in Q1 2008. As of August 12, 2008, Netia had nearly 303,000 broadband subscribers in total. The Company aims to have more than 400,000 broadband customers by the end of 2008.

- **Netia's voice service customer base** (own network + WLR) reached 489,028 at June 30, 2008, increasing 8% from 451,284 at March 31, 2008 and by 23% from 396,463 at June 30, 2007. The Company aims to have more than 580,000 voice customers (own network + WLR) by the end of 2008.

- **Netia leads the roll-out of LLU services in Poland** with 41 nodes unbundled for a total coverage of 468,000 lines as at June 30, 2008. Following a soft launch, Netia began offering a differentiated 4Mb/s broadband + voice bundle to LLU customers in June 2008. Management now expects to unbundle 125 nodes by the end of 2008, up from the previous estimate of 100 nodes.

- In June 2008, **Netia signed a letter of intent with telewizja nowej generacji n**, Poland's satellite HDTV platform from the ITI Group, for the joint development of 3play (TV + Internet + phone) and 2play (TV + Internet) product offerings using IPTV technology. The pilot project of this new service is planned for Q4 2008 in the cities of Warsaw and Wrocław. Commercial launch is to include the full package of telewizja n's programs, including HD channels, as well as new services and functionalities offered by IPTV. Netia and telewizja n started their cooperation in May 2008, offering joint 3play service packages through selected sales channels with TV service based on satellite technology.

Mirosław Godlewski, Netia's President and CEO, commented: "Netia has had an extremely busy and exciting first half of 2008. Our broadband driven strategy has delivered year-on-year revenue growth accelerating to 28% in the second quarter. We continue to solidify our leadership position as the principal altnet telecom provider of broadband, with our market share of net additions rising to a record 22% last quarter from 17% in Q1 2008."

"Whilst the organization has stayed focused on the execution of our strategy, we have simultaneously successfully exited our investment in P4 with a 66% profit and agreed to acquire the Tele2's Polish business at an attractive valuation of 2.8 times projected 2008 cash earnings. These two transactions transform Netia's profile, fully funding our growth strategy, reducing our risk profile and making us the undisputed number one altnet in voice and broadband with over 1 million voice customers projected by the end of 2008."

"In the second half of 2008, we will be fully focused on reaching our 400 thousand broadband customer target by speeding up organic growth and closing out our pipeline of bolt-on Ethernet acquisitions. Our key objectives are improving sales rates on newly unbundled TP nodes, launching our mobile offering and preparing our IPTV offering together with telewizja n."

"Last but not least, we are getting ready to welcome the customers and employees of Tele2 Polska into the Netia group by preparing our detailed integration plan and by considering the impact of our greatly improved market position on our medium term strategic objectives."

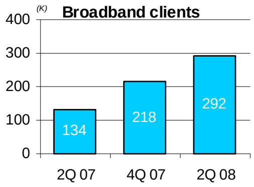
Jon Eastick, Netia's CFO, commented: "The first two quarters of 2008 have delivered year-to-year revenue growth on continuing activities of 22% and 28%, fuelled by strong growth in data, wholesale and interconnect services. This excellent performance allows us today to increase our revenue guidance from PLN 950.0m to between PLN 960.0m – PLN 975.0m. Moreover, EBITDA performance strengthened further in Q2 2008, with a 5% sequential improvement to PLN 35.4m and an improving EBITDA margin of 14.6%. This keeps us fully on track to deliver PLN 125.0m EBITDA for the full year despite our H2 2008 forecasts factoring in greater acquisition spending on faster organic growth, fixed costs of new LLU nodes rental and an absence of significant one-off gains from sales of non-core assets."

"Capital investment spending now looks set to come in at around PLN 240.0m for 2008, PLN 40.0m below original guidance. Investments in H1 2008, excluding M&A, fell by 2% versus the prior year to PLN 87.3m. Our strategy to focus on more profitable opportunities in the corporate segment is starting to deliver with a relatively stable revenue contribution being achieved whilst capital investment in our fully-owned access networks and IT systems is down 27% on H1 2007."

"Most importantly, following the P4 disposal and amendments to our debt facility agreements, our growth plans are fully funded. Our PLN 324.0m of net cash and an undrawn PLN 275.0m senior debt facility should be sufficient to get us to our medium term objective of 1 million broadband customers and create a cash generative business with at least 20% EBITDA margins. In addition, a further PLN 100.0m has been secured from our bank syndicate to fund the acquisition of Tele2 Polska, which we expect to close in September or October."

2. OPERATIONAL OVERVIEW

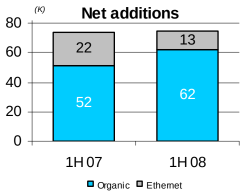
2.1. Broadband



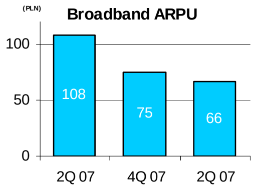
Broadband subscribers increased to 292,470 at June 30, 2008 from 256,922 at March 31, 2008 and 133,978 at June 30, 2007. By the end of 2008, Netia aims to have more than 400,000 broadband customers. As at August 12, 2008, the broadband subscriber base was nearly 303,000 ports.

Netia provides its broadband services using the following technologies:

Number of broadband ports	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
xDSL and FastEthernet over Netia's own fixed-line network	132,398	120,209	111,223	94,621	88,468
WiMAX Internet	8,444	7,192	5,861	4,658	3,516
Bitstream access	150,641	128,499	99,346	70,945	40,770
Others	987	1,022	1,088	1,144	1,224
Total	**292,470**	**256,922**	**217,518**	**171,368**	**133,978**



Broadband net additions during H1 2008 comprised 62,420 from organic growth and 12,532 from the acquisition of Ethernet operators. Broadband net additions during Q2 2008 comprised 27,383 from organic growth and 8,165 from the acquisition of Ethernet operators. Market share of broadband net additions reached a record 22% in Q2 2008, up from 17% in the previous quarter. Although satisfied with its share of net additions, management has observed a slowdown in broadband market growth rate over the past few months. Reaching the full year target will be dependent on our current expectations of faster growth in H2 2008 and good progress on the pipeline of Ethernet network acquisitions.



Broadband ARPU was PLN 66 (EUR 19) in Q2 2008 as compared to PLN 105 in Q2 2007. The year-on-year decline in broadband ARPU reflects the growing proportion of residential customers in the customer mix. Broadband ARPU is expected to continue to trend downwards as Netia continues to add residential broadband subscribers. It is expected to settle between PLN 50 and PLN 60 per month in the medium term as the business/residential mix stabilizes.

Broadband SAC fell further to PLN 182 in Q2 2008 from PLN 187 in Q1 2008. The beneficial impact of the regulator's decision to cut bitstream activation fees by PLN 40 should start to be reflected in further SAC reductions during Q3 2008.

Important developments in broadband:

Local loop unbundling (LLU). Netia connected its first clients through an unbundled TP loop under a pilot project in Warsaw during December 2007, and the soft launch of LLU-based services was made in Q1 2008. In May 2008, Netia began a promotion campaign targeted to approximately 170,000 customers who were connected to the nodes unbundled thus far. This was followed by a TV-supported advertising campaign launched in July 2008 to approximately 460,000 customers who are currently within the reach of the service. Netia is offering the best value in the market with 4Mb/s for PLN 52 (EUR 16) gross per month when bundled with telephony service.

The number of unbundled nodes was 41 at June 30, 2008 versus 10 at March 31, 2008 and reached 50 by August 12, 2008. The rate of nodes unbundling is expected to continue to accelerate and Netia is now targeting to unbundle 125 nodes by the year-end, up by 25 nodes on the previous estimate, reaching approximately 1,25 million customer lines.

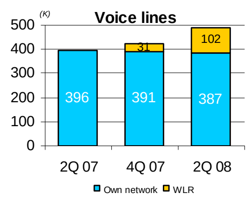
Acquisitions of local Ethernet network operators. During Q2 2008, Netia continued to consolidate local Ethernet networks into its business with the purchases of Cybertech Sp. z o.o. ("Cybertech") and Connect Systemy Komputerowe Sp. z o.o. ("Connect"), with a combined total of 8,165 customers operating in the towns of Białystok and Suwałki in North-Eastern Poland, for a total amount of PLN 8.0m (EUR 2.4m). Including these transactions and the organic growth post acquisition, the fifteen Ethernet networks acquired by Netia since mid 2007 provided broadband access to a total of 52,020 mostly residential customers as of June 30, 2008, with approximately 164,000 households passed. The acquisitions are part of Netia's strategic objective to acquire one million broadband customers. For 2008, Netia estimates that the total M&A investment in Ethernet networks may reach up to PLN 60.0m (EUR 17.9m), of which PLN 12.9m (EUR 3.8m) has been incurred in H1 2008. Cybertech and Connect were consolidated into Netia's financial results from June 1 and 30, 2008, respectively.

Content streaming. During Q2 2008 Netia enriched its broadband offering, adding the first elements of an extensive multimedia content package that is currently under preparation. From April 2008, Netia offered, in association with the Polsat TV station, an access to an Internet platform containing high quality materials concerning the UEFA European Football Championship Euro 2008. From May 2008, Netia clients can use Internet cinema and video on demand services offered by iplex.pl and from June 2008, the video on demand services of cinema@n.

Co-operation with n. In June 2008 Netia signed a letter of intent with telewizja nowej generacji n, Poland's satellite HDTV platform from the ITI Group, for the joint development of 3play (TV + Internet + phone) and 2play (TV + Internet) product offerings using IPTV technology. The pilot project of this new service is planned for Q4 2008 in the cities of Warsaw and Wrocław. Commercial launch is to include the full package of telewizja n's programs, including HD channels, as well as new services and functionalities offered by IPTV. Netia and telewizja n have already started their cooperation in May 2008, offering the joint 3play service packages through selected sales channels with TV service based on satellite technology. This cooperation is intended to split the costs and risks of investing in IPTV services, bringing Netia top quality content and an additional sales channel and giving telewizja n access to households who would not normally purchase a satellite-based TV service.

Other value added services. Beside the content streaming, Netia offers its broadband customers a variety of value added services, including hosting, security functions and personal Internet portal mynet.pl. The set of security functionalities, based on F-Secure solutions, includes antivirus and spyware protection modules, firewall, spam filter and parental control devices. As of today, over 50,000 clients are using Netia's Internet protection service, which is priced competitively at PLN 10 per month once introductory discounts have expired.

2.2. Voice (own network + WLR)

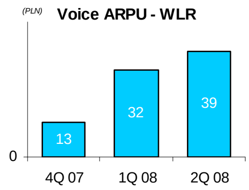


Voice lines (own network and WLR *(wholesale line rental)***)** totaled 489,028 at June 30, 2008 as compared to 396,463 at June 30, 2007 and 451,294 at March 31, 2008.

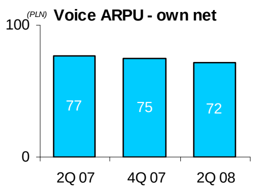
The sequential increase in the number of voice lines resulted from growth within WLR-based voice services, sold to both voice-only customers and bitstream broadband customers as a double play offering. Netia began offering WLR during Q4 2007 and the number of WLR active lines reached 102,002 at June 30, 2008 as compared to 64,341 at March 31, 2008 and 31,128 WLR clients at December 31, 2007. Management expects that in the next several quarters it will continue to dynamically expand its base of voice clients thanks to newly connected WLR voice customers and thereby stabilize voice revenues.

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

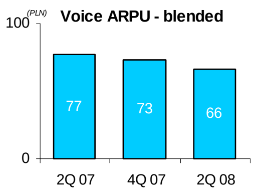
Number of voice lines	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Traditional direct voice	368,151	370,418	377,104	383,625	389,584
Incl. ISDN	*119,312*	*116,262*	*113,704*	*111,962*	*110,352*
Incl. Legacy wireless	*42,304*	*42,703*	*44,755*	*48,680*	*52,820*
Voice over IP	5,365	4,840	2,495	2,169	1,340
WiMAX voice	13,510	11,695	11,025	8,646	5,539
Netia network subscriber voice lines	**387,026**	**386,953**	**390,624**	**394,440**	**396,463**
WLR	102,002	64,341	31,128	n/a	n/a
Total	**489,028**	**451,294**	**421,752**	**394,440**	**396,463**



Voice ARPU per WLR line amounted to PLN 39 (EUR 12) in Q2 2008 as compared to PLN 32 in Q1 2008 and PLN 13 in Q4 2007 and is expected to continue to increase steadily in the coming quarters.



Voice ARPU per Netia network subscriber line amounted to PLN 72 (EUR 21) in Q2 2008 as compared to PLN 77 in Q2 2007 and PLN 75 in Q1 2008, with the sequential decline reflecting fewer business days in Q2 2008.

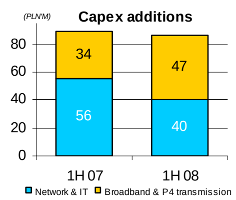


Blended voice ARPU decreased by 14% to PLN 66 (EUR 20) in Q2 2008 from PLN 77 in Q2 2007 and by 6% from PLN 70 in Q1 2008. The decrease reflects continued overall tariff reduction trends and the sequential introduction to the voice ARPU definition of WLR customers.

2.3. Other

Headcount for the Netia group was 1,570 at June 30, 2008, compared to 1,227 at June 30, 2007 and 1,487 at March 31, 2008. The increase is driven by the transfer of temporary employees onto normal employment contracts with the objective of reducing cost associated with staff turnover, and by the acquisition of Ethernet networks. During H1 2008, 264 contracts were converted to 221 full-time equivalent employees and the total base of temporary contractors fell by 45%. In the same period, 55 employees were added in new Ethernet acquisitions, bringing the total headcount to 115 employees at the fifteen Ethernet companies acquired to date in connection with Netia's broadband-focused strategy.

The number of Netia's active business clients from the SME/SOHO sector grew by 5% to 89,132 at June 30, 2008 from 85,113 at March 31, 2008 and by 13% from 78,820 at December 31, 2007. Increasing Netia's focus on SOHO/SME customers and reducing dependence on revenues from large accounts and bespoke offerings for business customers is an important element of Netia's strategy.



Capital investment additions.

Capital investment additions *(PLN'M)*	H1 2008	H1 2007	*Change%*
Existing network and IT	40.5	55.6	-27%
Broadband networks & P4 transmission project	46.8	33.7	+39%
Total	**87.3**	**89.3**	**- 2%**

Cash paid out for capital investments in H1 2008 was PLN 117.3m (EUR 35.0m), reflecting Q1 2008 payments for investments made in Q4 2007.

3. OTHER HIGHLIGHTS

Sale of Netia's minority stake in P4 for EUR 131.8m. On April 30, 2008 Netia sold all its shares in P4 to Novator Telecom Poland S.a.r.l ("Novator") and Tollerton Investments Limited ("Tollerton"), Netia's partners in the P4 project. Netia received EUR 131.8m and other agreed terms of the sale transaction included, among others, the additional price payable to Netia in case of future change of control at P4 during 12 months after signing, and amendments to the trade contracts between the Company and P4 to reflect the fact that following the transaction Netia will no longer be a shareholder of P4. Furthermore, Novator and Tollerton have committed to hold Netia harmless from its guarantee obligations towards P4's banker, China Development Bank ("CDB"), from closing until CDB formally transfers these obligations to the buyers.

Despite the sale of its stake in P4, Netia expects to continue to leverage its status as a founding shareholder to continue a close business partnership with P4. This partnership includes: (i) full implementation of the pre-existing mobile service provider agreement that enables Netia to sell convergent fixed and mobile offers under its own brand, (ii) provision of backhaul transmission services to P4's network, and (iii) continued use of the Play Germanos distribution chain for Netia's services.

Netia realized a 66% return on its equity investments in P4 (representing an annualized IRR of 26%).

The transaction resulted in recording a gain of PLN 353.4m (EUR 105.4m) in Netia's income statement in Q2 2008.

Netia diversifying into mobile services. Netia and P4 signed a long-term service provisioning contract under which Netia will become a mobile service provider, selling P4's mobile services under its own brand and introducing convergent fixed-mobile products together with Play (Play is the brand developed by P4). The agreement on both initiatives was signed by Netia and P4 on December 7, 2007 and came into effect during January 2008. This allows Netia to achieve a primary strategic objective of providing its customers with bundles of fixed-mobile products and services. The commercial launch of bundled services to Netia's business customers is planned for Q4 2008.

Netia to acquire Tele2 Polska. On June 29, 2008, Netia concluded an agreement to buy a 100% interest in Tele2 Polska. Netia will pay EUR 31.4m in cash upon the close of the transaction and the above price may increase by up to EUR 4.8m, depending on Tele2 Polska's performance during 12 months post closing. The completion of the transaction is dependant on, among other factors, the satisfaction of certain conditions precedent, such as a positive decision from the President of the Antimonopoly Office (UOKiK), Netia taking over the obligations under the guarantee issued by Tele2 Sverige AB for the benefit of Polkomtel SA and no material adverse change.

The transaction values Tele2 Polska's enterprise at between EUR 29.1m and EUR 33.9m, depending on the level of additional payments. This valuation translates to a maximum of PLN 156 (EUR 46) per voice customer, which is broadly comparable to direct acquisition costs for new customers acquired organically.

The acquisition of Tele2 Polska is a transformational move in realizing Netia's mass market strategy. Netia projects to increase its annual revenue base by over 40%, becoming nearly 3 times larger by revenue than the next largest altnet. The pro forma combined business should increase its customer base to over 1,000,000 fixed voice customers (own network + WLR) and over 400,000 broadband services, gaining a significant potential to upsell its broadband, value added and content services to Tele2 Polska's clients. Netia management is targeting to deliver at least PLN 30.0m (EUR 8.9m) in annualized synergies within 12 months of closing, principally from marketing and network cost savings.

Netia expects to complete the acquisition of Tele2 Polska in September/October 2008 and that the integration processes post closing will not exceed 12 months.

Amendment to credit facility. On June 27, 2008, Netia restructured its original credit facility agreement with Rabobank Polska SA from May 2007 by extending the draw-down availability period to December 31, 2010 from November 15, 2008 and reducing the facility amount to PLN 275.0m (EUR 82.0m) from PLN 300.0m (EUR 89.4m). These changes were made to reflect Netia moving into a cash positive position after disposal of its shares in P4, which limited the Company's short-term need for external funding. The facility is fully secured and is to be repaid by December 31, 2012. It continues to bear interest at a variable interest rate of WIBOR plus a margin dependant on financial ratios. The proceeds from the facility will be used to finance the Netia Group's capital expenditures, its general corporate purposes and the acquisition of companies whose business activities are substantially similar to the business activities of the Group. Moreover, in accordance with the amended agreement, an additional facility of PLN 100.0m (EUR 29.8m) has been secured by Netia to finance the acquisition of Tele2 Polska.

Mr. Marek Gul was appointed as Chairman of Netia's supervisory board effective June 24, 2008. Mr. Gul is a Senior Advisor of Credit Suisse and the Head of Credit Suisse in Poland. He joined Netia's supervisory board as a member on May 7, 2008.

Disposal of non-core assets. An important component of Netia's strategy is improving the cash flow and profitability of its business customer segment. In line with this objective, Netia's subsidiary Premium Internet SA disposed of its activities related to wholesale international voice termination *(IVT).* The related customer relationships, employees and switching equipment were acquired by Mediatel SA on March 19, 2008 for PLN 13.6m (EUR 4.1m). Netia retained the Premium Internet SA legal entity and its interconnection infrastructure, used for the provision of WLR and indirect access voice services to Netia's retail customers as well as for IVT. The IVT market has been intensely competitive and the decline in Netia's wholesale revenues during 2007 was largely driven by IVT revenues falling to PLN 57.1m (EUR 17.0m) in 2007 from PLN 82.0m (EUR 24.4m) in 2006.

Property disposals. Netia has begun a process to dispose of property assets that are not core to providing services to its customers. During Q2 2008 land was sold for PLN 7.4m (EUR 2.2m), realising a gain of PLN 6.3m (EUR 1.9m) in "Other gains/(losses), net" and bringing total receipts to PLN 8.9m (EUR 2.7m) in the past 12 months. Netia is looking to dispose of further properties, including its former head office.

4. GUIDANCE FOR 2008

The following guidance is for Netia group before including the impact of the announced acquisition of Tele2 Polska.

2008 Guidance	Original	Updated
Number of broadband service clients	> 400,000	> 400,000
Number of voice service clients *(own network and WLR)*	> 580,000	> 580,000
Unbundled local loop (LLU) nodes	100	125
Revenues *(PLN m)*	> 950.0	960.0 – 975.0
EBITDA/Adjusted EBITDA *(PLN m)*	125.0	125.0
Of which regulatory start-up losses for the development of the regulatory access methods (i.e., bitstream access, local loop unbundling, wholesale line rental) and reaching 400,000 broadband subscribers	*80.0*	*80.0*
Investment outlays (excl. M&A) *(PLN m)*	280.0	240.0
M&A investment in Ethernet networks *(PLN m)*	40.0	60.0

Netia is increasing guidance for 2008. Following the strong H1 2008, revenue guidance is being raised from PLN 950.0m to PLN 960.0m – PLN 975.0m (EUR 286.2m – EUR 290.1m). Customer base targets are being maintained, along with EBITDA guidance at PLN 125.0 (EUR 37.3m).

The unchanged EBITDA guidance reflects forecasts for the H2 2008 that include increased acquisition expenses to support accelerated organic growth, incremental fixed network costs associated with the higher number of LLU nodes to be rolled-out and an the absence of one-off gains from significant non-core asset divestments.

Projected capital investment savings allow for a PLN 40.0m (EUR 11.9m) cut in anticipated capital expenditures to PLN 240.0m (EUR 71.6m). Moreover, this lower amount should cover an additional 25 nodes to be unbundled during 2008. At the same time, funding for bolt-on acquisitions of Ethernet operators is being increased to PLN 60.0m (EUR 17.9m) due to the increasing potential of the deal pipeline.

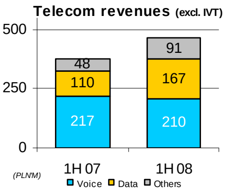
In view of the uncertain closing date for the Tele2 Polska acquisition, full-year guidance including Tele2 Polska will not be given until the close of the transaction.

Consolidated Financial Information

Please also see our interim consolidated financial statements for the six-month period ended June 30, 2008.

H1 2008 vs. H1 2007

Revenue rose by 17% from PLN 410.0m for H1 2007 to PLN 481.0m (EUR 143.4m) in H1 2008. Excluding revenues from the IVT activities sold in Q1 2008, revenues rose by 25% to PLN 472.2m (EUR 140.8m) from PLN 378.3m in H1 2007.



Total telecommunications revenues, excluding IVT, increased by 25% to PLN 468.0m (EUR 139.5m) from PLN 374.5m in H1 2007. Data revenues increased to PLN 167.0m (EUR 49.8m) in H1 2008, up by 52% from PLN 109.5m in H1 2007, with 34 percentage points from general organic growth, 9 percentage points from acquisitions of Ethernet operators and 9 percentage points from data transmission connections sold to P4. Revenues from direct voice services decreased by 2% to PLN 185.8m (EUR 55.4m) from PLN 190.2m for H1 2007, due to tariff reductions and rates for fixed to mobile calls in particular. The rapid addition of WLR voice customers is helping to slow the overall decline in voice revenues, and management anticipates stabilising voice revenues by the end of 2008.

The overall revenue increase was also supported by higher interconnection revenues (an increase of 316% or PLN 30.4m (EUR 9.1m)), driven mostly by the introduction of the new interconnection agreement with TP from Q4 2007 and transit traffic carried to mobile networks. Wholesale revenues from continuing activities rose from PLN 26.7m to PLN 35.7m (EUR 10.6m).

The IVT activities excluded from the above analysis, sold during Q1 2008, amounted to PLN 31.7m in H1 2007 versus PLN 8.7m in Q1 2008 prior to disposal.

Cost of sales increased by 21% to PLN 373.4m (EUR 111.3m) from PLN 309.0m for H1 2007 and represented 78% of total revenues in H1 2008 as compared to 75% in H1 2007.

<u>Interconnection charges</u> increased by 39% to PLN 108.3m (EUR 32.3m) for H1 2008 as compared to PLN 77.9m for H1 2007 mainly as a result of the introduction of the new interconnect regime with TP as of Q4 2007 that eliminated the bill and keep arrangement for local calls.

<u>Network operations and maintenance costs</u> increased by 35% to PLN 105.0m (EUR 31.3m) in H1 2008 from PLN 77.5m in H1 2007. This increase was driven by the costs of leased lines to large business customers, bitstream and WLR wholesale access, the new Ethernet networks and the WiMAX network rollout.

<u>Depreciation charges for fixed assets</u> related to cost of sales decreased by 8% to PLN 102.6m (EUR 30.6m) from PLN 112.1m in H1 2007 as a result of Netia completing the accelerated depreciation of the legacy narrowband radio equipment that has been retired.

<u>Other costs</u> increased by 36% to PLN 30.7m (EUR 9.2m) in H1 2008 from PLN 22.6m in H1 2007, including a PLN 6.7m increase in provisions.

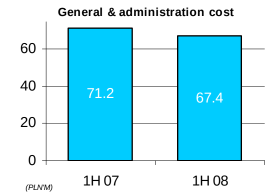
Gross margin for H1 2008 was PLN 107.6m (EUR 32.1m) as compared to PLN 100.9m for H1 2007. Gross profit margin decreased to 22.4% from 24.6% for H1 2007. The lower gross margin reflects the increasing importance of lower margin data and regulated access services in the sales mix and the new RIO interconnection regime.

Selling and distribution costs increased by 44% to PLN 117.6m (EUR 35.1m) from PLN 81.5m for H1 2007 and represented 24% of total revenues as compared to 20% in H1 2007. Expenditures associated with the acquisition of WLR customers in addition to broadband customers is the main cause of the increased spending.

<u>Advertising and promotion expenditures</u> were up by 131% to PLN 28.7m (EUR 8.6m) from PLN 12.5m in H1 2007 when Netia's regulated access offer to mass market clients was just getting underway.

Salaries and benefits costs related to selling and distribution increased by 33% to PLN 42.9m (EUR 12.8m) in H1 2008 from PLN 32.2m in H1 2007 in connection with addition of new staff and salary increases. As temporary staff have been switched to employment agreements, cost has migrated from other service costs to salaries and benefits.

Other services costs increased by 44% to PLN 23.4m (EUR 7.0m) from PLN 16.2m in H1 2007, mainly as a result of the third-party commissions paid for the acquisition of new customers and costs of outsourced call center support.



General and administration costs decreased by 6% to PLN 67.2m (EUR 20.0m) from PLN 71.2m for H1 2007 and represented 14% of total revenues as compared to 17% in H1 2007. Most categories of general and administrative expenses were reduced year over year, reflecting the success of our cost saving initiatives. Furthermore, non-cash costs of stock options recorded in administration expenses increased from PLN 4.2m to PLN 6.9m (EUR 2.1m). Excluding these stock option costs, general and administration costs fell by 10%.

Other income was PLN 3.6m (EUR 1.1m) as compared to PLN 29.6m in H1 2007. Other income recorded for H1 2007 included PLN 24.2m related to the Company's settlement of interconnection disputes with TP.

Other gains/(losses), net were PLN 11.4m (EUR 3.4m) as compared to PLN 3.8m in H1 2007 and included a gain of PLN 5.1m (EUR 1.5m) recorded in Q1 2008 on disposal of certain assets of Premium Internet SA comprising its IVT activities and a gain of PLN 6.2 (EUR 1.9m) on property sales in Q2 2008.

Operating costs related to Netia's bitstream, LLU and WLR projects, net of revenues, amounted to PLN 42.4m (EUR 12.6m) in H1 2008, out of which PLN 25.6m (EUR 7.7m) was attributable to the cost of subscriber' acquisitions and a further PLN 16.8m (EUR 5.0m) in incremental costs of bitstream, WLR and LLU wholesale access, IP transit, advertising and customer care.

EBITDA was PLN 69.2m (EUR 20.6m) for H1 2008 as compared PLN 116.8m for H1 2007. EBITDA margin was 14.4% as compared to 28.5% for H1 2007. Customer acquisition costs for WLR and broadband customers, increased advertising and commercial expenditures to support rapid growth and lower one-off gains are the main reasons for the EBITDA margin decline.

Depreciation and amortization decreased by 6% to PLN 131.5m (EUR 39.2m) as compared to PLN 140.0m for H1 2007 as a result of Netia completing the accelerated depreciation of the retiring legacy narrowband radio equipment.

Operating loss (EBIT) was PLN 62.3m (EUR 18.6) as compared to operating loss of PLN 23.2m for H1 2007 and was driven by the costs of the broadband and WLR expansion and lower one-off gains than in the prior year comparative period.

Net finance loss was PLN 7.3m (EUR 2.2m) as compared to net finance income of PLN 2.9m in H1 2007 and was related mainly to interest from the credit facility and foreign exchange losses. Net financial income recorded in the prior year period was related mainly to interest earned on cash.

Gain on disposal of P4 shares of PLN 353.4m (EUR 105.4m) was recorded in H1 2008.

Share of losses of associates was PLN 22.6m (EUR 6.7m) as compared to PLN 68.6m in H1 2007 and was related to Netia's equity participation in the P4 mobile venture. Netia ceased to consolidate its share of P4 loss from February 21, 2008, once the consent from the supervisory board to sell Netia's P4 shares was obtained.

Profit was PLN 259.2m (EUR 77.3m) as compared to loss of PLN 88.8m for H1 2007 and was driven by a gain from P4 shares disposal. Excluding this gain, loss recorded for H1 2008 was PLN 94.1m (EUR 28.1m) and the change in the net result was mainly due to increased costs associated with the aggressive expansion of Netia's broadband and WLR customer bases and lower one-off gains.

Net cash used for the purchase of fixed assets and computer software increased by 6% to PLN 117.3m (EUR 35.0m) for H1 2008 from PLN 110.2m for H1 2007. Investments in Netia's existing network and IT combined were down by 27% in comparison to H1 2007 while investment in broadband and the P4 transmission projects grew by 39% to PLN 46.8m (EUR 14.0m) from PLN 33.7m in H1 2007.

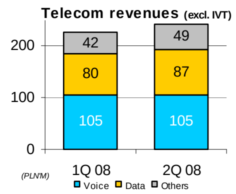
Other significant cash outflow / inflow items during H1 2008 included Netia's proceeds from the disposal of its P4 investment of PLN 453.8m (EUR 135.3m), PLN 16.1m (EUR 4.8m) of purchase consideration for the acquisition of the Ethernet network operators, and PLN 13.7m (EUR 4.1m) received on disposal of fixed assets, including PLN 4.0m (EUR 1.2m) received in Q1 2008 on the sale of certain assets of Premium Internet SA related to its international voice termination (IVT) business and PLN 7.4m (EUR 2.2m) from disposal of real estate property in Q2 2008. As a result, net cash provided by investing activities amounted to PLN 326.3m (EUR 97.3m) for H1 2008 as compared to PLN 162.2m of cash used in H1 2007.

Cash and cash equivalents at June 30, 2008 were PLN 324.0m (EUR 96.6m).

Netia was debt free at June 30, 2008, with a PLN 275.0m (EUR 82.0m) credit facility available until December 31, 2010 to finance Netia's future investment requirements and an additional facility of PLN 100.0m (EUR 29.8m) being secured for the acquisition of Tele2 Polska.

Q2 2008 vs. Q1 2008

Revenues were sequentially up by 3% to PLN 243.5m (EUR 72.6m) in Q2 2008 from PLN 237.5m in Q1 2008. Excluding revenues from IVT activities sold to Mediatel SA in Q1 2008, revenue growth was up sequentially by 6% to PLN 243.5m (EUR 72.6m) from PLN 228.7m.



Total telecommunications revenues, excluding IVT, increased by 7% to PLN 241.4m (EUR 72.0m) from PLN 226.6m in Q1 2008. Interconnection revenues increased by 86% to PLN 26.1m (EUR 7.8m) from PLN 14.0m in Q1 2008, as a result of higher transit traffic business. Data revenues increased sequentially by 8% to PLN 86.7m (EUR 25.8m) in Q2 2008 from PLN 80.3m in Q1 2008. The above growth in data revenues was coupled with an increase in revenues from direct voice services, which amounted to PLN 93.6m (EUR 27.9m) as compared to PLN 92.1m in Q1 2008 - data and direct voice revenues combined were up by 5% to PLN 180.3m (EUR 53.7m) in Q2 2008 from PLN 172.4m in Q1 2008.

Cost of sales increased by 5% to PLN 191.6m (EUR 57.1m) from PLN 181.8m in Q1 2008 and represented 79% of total revenues in Q2 2008 as compared to 77% in Q1 2008.

<u>Depreciation charges for fixed assets</u> related to cost of sales increased by 12% to PLN 54.1m (EUR 16.1m) from PLN 48.5m in Q1 2008 as a result of completion of new investments and final adjustments to legacy narrowband depreciation charges.

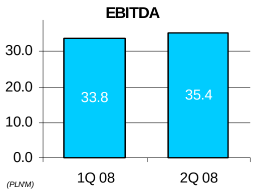
<u>Network operations and maintenance costs</u> increased by 9% to PLN 54.9m (EUR 16.4m) in Q2 2008 from PLN 50.2m in Q1 2008, driven by the acquisition of new broadband and WLR customers.

<u>Interconnection charges</u> increased by 6% to PLN 55.7m (EUR 16.6m) in Q2 2008 from PLN 52.6m in Q1 2008.

<u>Other costs</u> decreased by 18% to PLN 13.8m (EUR 4.1m) from PLN 16.9m in Q1 2008 mainly due to a slow-down in the creation of new provisions.

Selling and distribution costs increased by 6% to PLN 60.6m (EUR 18.1m) from PLN 57.1m in Q1 2008 and represented 25% of total revenues in Q2 2008 as compared to 24% in Q1 2008. The main driver of growth was advertising and promotion costs, which increased by 12% to PLN 15.2m (EUR 4.5m) due to higher media spending.

General and administrative expenses decreased by 5% to PLN 32.7m (EUR 9.7m) as compared to PLN 34.6m in Q1 2008 and represented 13% of total revenues as compared to 15% in Q1 2008. The reduction reflects ongoing cost control activities and certain seasonality in implementation of discretionary projects.



EBITDA increased by 5% to PLN 35.4m (EUR 10.6m) as compared to PLN 33.8m in Q1 2008. EBITDA margin improved slightly to 14.6% in Q2 208 from 14.2% in the prior quarter.

Profit of PLN 314.6m (EUR 93.8m) was recorded in Q2 2008 as compared to a loss of PLN 55.3m in Q1 2008. Excluding a gain on the P4 transaction, Netia recorded a loss of PLN 38.8m (EUR 11.6m) in Q2 2008, with an improvement in the net result attributable to Netia's ceasing the consolidation of its share of P4 loss.

Key Figures

PLN'000	H1 2008	H1 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Revenues from continuing activities	472,179	378,260	243,483	228,696	211,055	191,569	190,505
Revenues from IVT activities	8,744	31,712	-	8,744	11,439	13,990	15,075
Total revenues	480,953	409,972	243,483	237,470	222,494	205,559	205,580
y-o-y % change	*17.3%*	*(2.8%)*	*18.4%*	*16.2%*	*6.1%*	*(10.8%)*	*1.1%*
EBITDA	69,236	116,845	35,436	33,800	17,677	36,160	62,236
Margin %	*14.4%*	*28.5%*	*14.6%*	*14.2%*	*7.9%*	*17.6%*	*30.3%*
y-o-y change %	*(49.5%)*	*9.4%*	*(43.1%)*	*(38.1%)*	*(70.8%)*	*(33.0%)*	*29.6%*
EBIT	(62,309)	(23,159)	(33,230)	(29,079)	(44,967)	(35,714)	(8,249)
Margin %	*(13.0%)*	*(5.6%)*	*(13.6%)*	*(12.2%)*	*(20.2%)*	*(17.4%)*	*(4.0%)*
Profit/(Loss) of the Netia Group *(consolidated)*	259,287	(88,812)	314,581	(55,294)	(99,526)	(80,543)	(51,010)
Margin %	*53.9%*	*(21.7%)*	*129.2%*	*(23.3%)*	*(44.7%)*	*(39.2%)*	*(24.8%)*
Adjusted profit/(loss) of the Netia Group (consolidated) ~	(94,140)	(88,812)	(38,864)	(55,294)	(99,526)	(80,543)	(51,010)
Margin %	*(19.6%)*	*(21.7%)*	*(16.0%)*	*(23.3%)*	*(44.7%)*	*(39.2%)*	*(24.8%)*
Profit/(Loss) of Netia SA *(stand alone)^*	(65,889)	(5,651)	(37,320)	(28,569)	(36,798)	(30,768)	(2,131)
Cash and cash equivalents	324,041	103,954	324,041	74,242	57,700	48,416	103,954
Debt	-	4,059	-	179,478	94,741	-	4,059
Capex related payments	117,301	110,161	47,167	70,134	57,806	67,415	48,255
Investments in tangible and intangible fixed assets	87,308	89,342	52,103	35,205	91,013	64,049	51,687

EUR '000 *	H1 2008	H1 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Revenues from continuing activities	140,772	112,772	72,590	68,182	62,923	57,113	56,796
Revenues from IVT activities	2,607	9,454	-	2,607	3,410	4,171	4,494
Revenues	143,388	122,226	72,590	70,798	66,333	61,284	61,290
y-o-y % change	*17.3%*	*(2.8%)*	*18.4%*	*16.2%*	*6.1%*	*(10.8%)*	*1.1%*
EBITDA	20,642	34,835	10,565	10,077	5,270	10,781	18,555
Margin %	*14.4%*	*28.5%*	*14.6%*	*14.2%*	*7.9%*	*17.6%*	*30.3%*
y-o-y change %	*(49.5%)*	*9.4%*	*(43.1%)*	*(38.1%)*	*(70.8%)*	*(33.0%)*	*29.6%*
EBIT	(18,576)	(6,904)	(9,907)	(8,669)	(13,406)	(10,648)	(2,459)
Margin %	*(13.0%)*	*(5.6%)*	*(13.6%)*	*(12.2%)*	*(20.2%)*	*(17.4%)*	*(4.0%)*
Profit/(Loss) of the Netia Group *(consolidated)*	77,302	(26,478)	93,787	(16,485)	(29,672)	(24,013)	(15,208)
Margin %	*53.9%*	*(21.7%)*	*129.2%*	*(23.3%)*	*(44.7%)*	*(39.2%)*	*(24.8%)*
Adjusted profit/(loss) of the Netia Group (consolidated) ~	(28,066)	(26,478)	(11,581)	(16,485)	(29,672)	(24,013)	(15,208)
Margin %	*(19.6%)*	*(21.7%)*	*(16.0%)*	*(23.3%)*	*(44.7%)*	*(39.2%)*	*(24.8%)*
Profit/(Loss) of Netia SA *(stand alone)^*	(19,580)	(1,685)	(11,126)	(8,517)	(10,971)	(9,173)	(635)
Cash and cash equivalents	96,608	30,992	96,608	22,134	17,202	14,434	30,992
Debt	-	1,210	-	53,508	28,245	-	1,210
Capex related payments	34,971	32,843	14,062	20,909	17,234	20,099	14,386
Investments in tangible and intangible fixed assets	26,029	26,636	15,534	10,496	27,134	19,095	15,410

* The EUR amounts shown in this table and in the entire document have been translated using an exchange rate of PLN 3.3542 = EUR 1.00, the average rate announced by the National Bank of Poland on June 30, 2008. These figures are included for the convenience of the reader only.

^ 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.

~ Net result for H1 2008 and Q2 2008 excluding the impact of the gain from the disposal of P4 shares.

Key Operational Indicators

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Broadband data					
Total number of broadband ports (cumulative)	292,470	256,922	217,518	171,368	133,987
xDSL and FastEthernet over Netia's own fixe-line network	*132,398*	*120,209*	*111,223*	*94,621*	*88,468*
bitstream access ports	*150,641*	*128,499*	*99,346*	*70,945*	*40,770*
WiMAX Internet ports	*8,444*	*7,192*	*5,861*	*4,658*	*3,516*
Others	*987*	*1,022*	*1,088*	*1,144*	*1,224*
Total net additions	35,548	39,404	46,150	37,390	32,156
Monthly Broadband APRU (PLN)	66	69 ~	75	86	105
Monthly Bitstream SAC (PLN)	182	187	264	308	434
Subscriber data *(own network and WLR)*					
Subscriber lines (cumulative)	489,028	451,294	421,752	394,440	396,463
Traditional direct voice	*368,151*	*370,418*	*377,104*	*383,652*	*389,584*
incl. ISDN equivalent of lines	*119,312*	*116,262*	*113,704*	*111,962*	*110,352*
Voice over IP	*5,365*	*4,840*	*2,495*	*2,169*	*1,340*
WiMAX voice	*13,510*	*11,695*	*11,025*	*8,646*	*5,539*
WLR	*102,002*	*64,341*	*31,128*	*n/a*	*n/a*
Total net additions	37,734	29,532	27,312	(2,023)	(2,486)
Business mix of total subscriber lines (cumulative)	44.6%	45.2%	42.0%	40.9%	39.6%
Monthly Voice ARPU in own network (PLN) ^	72	75	75	76	77
Monthly Voice ARPU for WLR (PLN) ^	39	32	13	n/a	n/a
Monthly Voice ARPU blended (PLN) ^	66	70	73	n/a	n/a
Network data					
Backbone (km)	5,002	5,002	5,002	5,002	5,002
Number of connected lines (cumulative)	539,942	539,942	536,432	533,372	531,062
Other					
Headcount	1,570	1,487	1,281	1,237	1,227

^ Monthly ARPUs presented in this report are given for the relevant three-month period.

~ Broadband APRU for Q1 2008 was previously reported as PLN 75 in the report for Q1 2008 but has now been corrected downwards to PLN 69.

(Tables to Follow)

Income Statement *(unaudited)* (PLN in thousands unless otherwise stated)

Time periods:	**H1 2008**	**H1 2007**	**Q2 2008**	**Q1 2008**
Telecommunications revenue				
Direct Voice	185,679	190,163	93,567	92,112
monthly charges	67,366	61,934	35,396	31,970
calling charges	118,313	128,229	58,171	60,142
– *local calls*	*27,362*	*34,949*	*12,817*	*14,545*
– *domestic long-distance calls*	*16,692*	*20,819*	*7,861*	*8,831*
– *international long-distance calls*	*13,493*	*14,082*	*6,567*	*6,926*
– *fixed-to-mobile calls*	*46,875*	*51,071*	*23,119*	*23,756*
– *other*	*13,891*	*7,308*	*7,807*	*6,084*
Indirect Voice	24,487	26,872	11,756	12,731
Data	166,962	109,502	86,701	80,261
Interconnection revenues	40,062	9,622	26,058	14,004
Wholesale services	35,694	26,749	16,594	19,100
Intelligent network services	7,983	7,432	3,559	4,424
Other telecommunications revenues	5,768	4,031	2,458	3,310
Total telecommunications services revenues	**466,635**	**374,371**	**240,693**	**225,942**
Sales of goods	1,398	128	720	678
Total telecommunications revenue	**468,033**	**374,499**	**241,413**	**226,620**
Radio communications revenue	4,146	3,761	2,070	2,076
Revenues from continuing activities	**472,179**	**378,260**	**243,483**	**228,696**
Revenues from IVT activities	8,774	31,712	-	8,774
Total revenues	**480,953**	**409,972**	**243,483**	**237,470**
Cost of sales	(373,351)	(309,026)	(191,557)	(181,794)
Interconnection charges	*(108,333)*	*(77,871)*	*(55,687)*	*(52,646)*
Network operations and maintenance	*(105,037)*	*(77,471)*	*(54,856)*	*(50,181)*
Costs of goods sold	*(4,070)*	*(2,661)*	*(1,676)*	*(2,394)*
Depreciation of fixed assets	*(102,631)*	*(112,082)*	*(54,105)*	*(48,526)*
Amortization of intangible assets	*(12,589)*	*(11,507)*	*(6,361)*	*(6,228)*
Salaries and benefits	*(9,961)*	*(4,830)*	*(5,055)*	*(4,906)*
Other costs	*(30,730)*	*(22,604)*	*(13,817)*	*(16,913)*
Gross profit	**107,602**	**100,946**	**51,926**	**55,676**
Margin (%)	***22.4%***	***24.6%***	***21.3%***	***23.4%***
Selling and distribution costs	(117,617)	(81,536)	(60,562)	(57,055)
Advertising and promotion	*(28,689)*	*(12,446)*	*(15,162)*	*(13,527)*
Mailing services	*(6,113)*	*(4,468)*	*(3,065)*	*(3,048)*
Information technology services	*(2,759)*	*(2,446)*	*(1,219)*	*(1,540)*
Other services	*(23,358)*	*(16,195)*	*(12,020)*	*(11,338)*
Impairment of receivables	*(1,574)*	*(1,185)*	*(1,043)*	*(531)*
Depreciation of fixed assets	*(2,080)*	*(2,379)*	*(1,130)*	*(950)*
Amortization of intangible assets	*(8,812)*	*(8,776)*	*(4,433)*	*(4,379)*
Salaries and benefits	*(42,865)*	*(32,169)*	*(21,479)*	*(21,386)*
Other costs	*(1,367)*	*(1,472)*	*(1,011)*	*(356)*
General and administration costs	(67,218)	(71,197)	(32,662)	(34,556)
Professional services	*(3,854)*	*(5,847)*	*(1,306)*	*(2,548)*
Information technology services	*(4,102)*	*(3,608)*	*(2,194)*	*(1,908)*
Office and car maintenance	*(3,237)*	*(4,052)*	*(1,551)*	*(1,686)*
Insurance	*(698)*	*(1,365)*	*(260)*	*(438)*
Other services	*(6,402)*	*(6,610)*	*(3,167)*	*(3,235)*
Depreciation of fixed assets	*(1,994)*	*(2,372)*	*(923)*	*(1,071)*
Amortization of intangible assets	*(3,439)*	*(2,888)*	*(1,714)*	*(1,725)*
Salaries and benefits	*(38,618)*	*(38,992)*	*(19,196)*	*(19,422)*
Other costs	*(4,874)*	*(5,463)*	*(2,351)*	*(2,523)*
Other income	3,570	29,613	1,207	2,363
Other expense	(51)	(4,764)	(31)	(20)
Other gains/ (losses), net	11,405	3,779	6,892	4,513
EBIT	**(62,309)**	**(23,159)**	**(33,230)**	**(29,079)**
Margin (%)	***(13.0%)***	***(5.6%)***	***(13.6%)***	***(12.2%)***
Finance income	4,718	3,010	4,085	633
Finance cost	(12,041)	(61)	(9,707)	(2,334)
Gain on sale of investment in P4	353,427	-	353,427	-
Share of losses of associates	(22,625)	(68,612)	-	(22,625)
Profit / (Loss) before tax	**261,170**	**(88,822)**	**314,575**	**(53,405)**
Tax benefit / (charge)	(1,883)	10	6	(1,889)
Profit / (Loss)	**259,287**	**(88,812)**	**314,581**	**(55,294)**
Attributable to:				
Equity holders of the Company	259,287	(88,940)	314,581	(55,294)
Minority interest	-	128	-	-
Margin (%)	***54.0%***	***(21.7%)***	***129.2%***	***(23.3%)***
Earnings per share for loss attributable to equity holders (not in thousands)	0.67	(0.23)	0.81	(0.14)
Diluted earnings per share for loss attributable to equity holders (not in thous.)	0.67	(0.23)	0.81	(0.14)

EBITDA Reconciliation to Operating Profit / (Loss) *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	H1 2008	H1 2007	Q2 2008	Q1 2008
Operating profit / (loss)	**(62,309)**	**(23,159)**	**(33,230)**	**(29,079)**
Add back:				
Depreciation of fixed assets	106,705	116,833	56,158	50,547
Amortization of intangible assets	24,840	23,171	12,508	12,332
EBITDA	**69,236**	**116,845**	**35,436**	**33,800**
Margin (%)	***14.4%***	***28.5%***	***14.6%***	***14.2%***

Note to Other Income *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	H1 2008	H1 2007	Q2 2008	Q1 2008
Sale of services to P4	662	1,212	255	407
Settlement of disputes with TP	-	24,239	-	-
Fair value adjustments on other receivables	184	-	-	184
Financial guarantee contract	435	2,630	-	435
Other operating income	2,289	1,532	952	1,337
Total	**3,570**	**29,613**	**1,207**	**2,363**

Note to Other Expense *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	H1 2008	H1 2007	Q2 2008	Q1 2008
Impairment charges for specific individual assets	(51)	-	(31)	(20)
Transaction tax on contribution in-kind to subsidiary company	-	4,764	-	-
Total	**(51)**	**4,761**	**(31)**	**(20)**

Note to Other Gains / (losses), net *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	H1 2008	H1 2007	Q2 2008	Q1 2008
Decrease of purchase consideration	-	1,940	-	-
Gain on sale of impaired receivables	701	1,108	701	-
Gain on sale of fixed assets	6,214	1,234	6,434	(220)
Gain on disposal of a group of assets comprising Premium Internet's IVT activities	5,093	-	-	5,093
Net foreign exchange gains / (losses)	(603)	(503)	(243)	(360)
Total	**11,405**	**3,779**	**6,892**	**4,513**

Balance Sheet

(PLN in thousands unless otherwise stated)

Time Periods	June 30, 2008 *unaudited*	December 31, 2007 *audited*
Property, plant and equipment, net	1,365,414	1,408,597
Intangible assets	273,956	267,946
Investments in associates	-	150,435
Deferred income tax assets	428	2,162
Available for sale financial assets	10	10
Long-term receivables	125	250
Other financial assets	1,591	-
Prepaid expenses	14,092	5,667
Total non-current assets	**1,655,616**	**1,835,067**
Inventories	2,478	2,903
Trade and other receivables	133,867	127,339
Current income tax receivables	2	22
Prepaid expenses and accrued income	15,506	10,899
Restricted cash	761	-
Cash and cash equivalents	324,041	57,700
	476,655	**198,863**
Non-current assets classified as held for sale	36,943	36,721
Total current assets	**513,598**	**235,584**
TOTAL ASSETS	**2,169,214**	**2,070,651**
Share capital	389,277	389,277
Share premium	1,556,489	1,641,398
Other supplementary capital	-	40,102
Other reserves	21,423	14,251
Retained earnings	(12,563)	(356,759)
TOTAL EQUITY	**1,954,626**	**1,728,269**
Borrowings	-	87,344
Provisions	-	97
Deferred income	8,024	8,567
Deferred income tax liabilities	2,608	1,954
Other financial liabilities	259	-
Other long-term liabilities	3,294	3,454
Total non-current liabilities	**14,185**	**101,416**
Trade and other payables	183,944	219,486
Borrowings	214	7,397
Current income tax liabilities	29	154
Provisions	2,259	562
Financial guarantee contract	-	435
Deferred income	13,957	12,932
Total current liabilities	**200,403**	**240,966**
Total liabilities	**214,588**	**342,382**
TOTAL EQUITY AND LIABILITIES	**2,169,214**	**2,070,651**

Cash Flow Statement *(unaudited)*

(PLN in thousands unless otherwise stated)

Time periods:	**H1 2008**	**H1 2007**	**Q2 2008**	**Q1 2008**
Profit / (Loss)	**259,287**	**(88,812)**	**314,581**	**(55,294)**
Depreciation and amortization	131,545	140,004	68,666	62,879
Impairment charges for specific individual assets	51	-	31	20
Share of losses of associates held for sale	22,625	68,612	-	22,625
Deferred income tax charge / (benefit)	1,626	(195)	(136)	1,762
Interest expense accrued on credit facility	7,040	-	4,908	2,132
Other interest accrued	197	-	101	96
Financial guarantee contract	(435)	(2,630)	-	(435)
Interest accrued on loans granted	(14)	(24)	(6)	(8)
Share-based compensation	7,223	4,232	2,599	4,624
Fair value gains/(losses) on financial assets/liabilities	(113)	(21)	(219)	106
Fair value adjustments on other receivables	(184)	-	-	(184)
Foreign exchange (gains) / losses	3,663	(325)	3,754	(91)
Gain on sale of an associate (P4)	(353,427)	-	(353,427)	
Gain on disposal of group of assets	(5,093)	-	-	(5,093)
Loss on disposal of fixed assets	(5,990)	(1,234)	(6,390)	400
Decrease of purchase consideration	-	(1,940)	-	-
Changes in working capital	(21,704)	(406)	(3,509)	(18,195)
Net cash provided by operating activities	**46,297**	**117,261**	**30,953**	**15,344**
Purchase of fixed assets and computer software	(117,301)	(110,161)	(47,167)	(70,134)
Proceeds from sale of fixed assets	9,687	4,169	9,659	28
Investment in associate	(8,124)	(44,805)	-	(8,124)
Proceeds from sale of Netia's investment in P4	453,770	-	453,770	-
Purchase of subsidiaries, net of received cash	(16,070)	(26,362)	(8,222)	(7,848)
Proceeds from sale of group of assets	4,000	-	-	4,000
Sale of financial assets at fair value through profit and loss	-	14,777	-	-
Loan and interest repayments	323	139	70	253
Net cash used in investing activities	**326,285**	**(162,243)**	**408,110**	**(81,825)**
Finance lease payments	(1,191)	(68)	(716)	(475)
Proceeds from borrowings	85,000	5,000	-	85,000
Loan repayments	(180,006)	-	(180,006)	-
Interest repayments	(5,814)	-	(4,229)	(1,585)
Redemption of notes for warrants	-	(1)	-	
Net cash provided by financing activities	**(102,011)**	**4,931**	**(184,951)**	**82,940**
Net change in cash and cash equivalents	**270,571**	**(40,051)**	**254,112**	**16,459**
Effect of exchange rate change on cash and cash equivalents	(4,251)	326	(4,337)	86
Cash and cash equivalents at the beginning of the period	57,697	143,586	74,242	57,697
Cash and cash equivalents at the end of the period	**324,017**	**103,861**	**324,017**	**74,242**

Definitions

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.
Bitstream SAC	–	a cost per unit related to the acquisition of new customers through a bitstream access, including a one-time payment to TP (the incumbent), the third-party 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;
Connected line	–	a telecommunications line which was constructed, tested and connected to Netia's network/switching node and is ready for activation after signing an agreement for providing telecommunications services;
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. 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) 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;
Intelligent network services	–	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;
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)), 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 12, at 09:00 AM (UK) / 10:00 AM (Continent) / 04:00 AM (Eastern). To register for the call and obtain dial in numbers please contact Emilia Whitbread at Taylor Rafferty London on +44 (0) 20 7614 2900 or Jessica McCormick at Taylor Rafferty New York on +1 212 889 4350.

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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