

POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly report Q 3 / 2007

(In accordance with § 86, section 1 point 1 of the Decree of the Minister of Finance dated 19 October, 2005 – Journal of Laws Nr 209, item 1744)

for issuers of securities involved in production, construction, trade or services activities

for the third quarter of **2007**, comprising the period from **1 July 2007** to **30 September 2007** containing the condensed financial statements according to International Financial Reporting Standards in PLN.

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| KGHM Polska Miedź Spółka Akcyjna (name of the issuer) | |
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| SELECTED FINANCIAL ITEMS | in '000 PLN | | in '000 EUR | |
|--|--|--|--|--|
| | 3 quarters accrued period from 1 January 2007 to 30 September 2007 | 3 quarters accrued period from 1 January 2006 to 30 September 2006 | 3 quarters accrued period from 1 January 2007 to 30 September 2007 | 3 quarters accrued period from 1 January 2006 to 30 September 2006 |
| I. Sales | 9 270 778 | 8 941 232 | 2 419 684 | 2 282 615 |
| II. Operating profit | 3 695 265 | 3 851 979 | 964 469 | 983 375 |
| III. Profit before taxation | 3 675 232 | 3 834 500 | 959 240 | 978 913 |
| IV. Profit for the period | 3 007 146 | 3 177 975 | 784 869 | 811 308 |
| V. Number of shares issued | 200 000 000 | 200 000 000 | 200 000 000 | 200 000 000 |
| VI. Earnings per ordinary share (in PLN/EUR) | 15.04 | 15.89 | 3.92 | 4.06 |
| VII. Net cash generated from operating activities | 2 927 508 | 1 681 396 | 764 083 | 429 245 |
| VIII. Net cash used in/generated from investing activities | (426 312) | 191 695 | (111 268) | 48 938 |
| IX. Net cash used in financing activities | (1 707 394) | (2 041 171) | (445 632) | (521 092) |
| X. Total net cash flow | 793 802 | (168 080) | 207 183 | (42 909) |
| | At 30.09.2007 | At 31.12.2006 | At 30.09.2007 | At 31.12.2006 |
| XI. Current assets | 5 908 919 | 5 234 938 | 1 564 241 | 1 366 396 |
| XII. Non-current assets | 7 270 865 | 7 100 481 | 1 924 782 | 1 853 331 |
| XIII. Non-current assets held for sale | 254 | - | 67 | - |
| XIV. Total assets | 13 180 038 | 12 335 419 | 3 489 090 | 3 219 727 |
| XV. Current liabilities | 3 546 099 | 2 847 050 | 938 742 | 743 122 |
| XVI. Non-current liabilities | 1 334 216 | 1 320 741 | 353 201 | 344 733 |
| XVII. Equity | 8 299 723 | 8 167 628 | 2 197 147 | 2 131 872 |

Balance sheet

| | At | |
|--|-------------------|-------------------|
| | 30 September 2007 | 31 December 2006 |
| | comparable data | |
| | (unaudited) | (unaudited) |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 4 542 807 | 4 378 301 |
| Intangible assets | 73 670 | 75 425 |
| Shares in subsidiaries | 2 048 756 | 1 904 368 |
| Investments in associates | 438 559 | 438 559 |
| Deferred income tax assets | - | 130 150 |
| Available-for-sale financial assets | 22 988 | 78 364 |
| Held-to-maturity investments | 43 340 | 32 169 |
| Derivative financial instruments | 54 056 | 16 411 |
| Trade and other receivables | 46 689 | 46 734 |
| | 7 270 865 | 7 100 481 |
| Current assets | | |
| Inventories | 1 566 122 | 1 638 271 |
| Trade and other receivables | 1 263 756 | 1 220 583 |
| Derivative financial instruments | 214 423 | 282 648 |
| Cash and cash equivalents | 2 864 618 | 2 093 436 |
| | 5 908 919 | 5 234 938 |
| Non-current assets held for sale | 254 | - |
| TOTAL ASSETS | 13 180 038 | 12 335 419 |
| Equity and liabilities | | |
| EQUITY | | |
| Share capital | 7 413 573 | 7 413 573 |
| Registered share capital | 2 000 000 | 2 000 000 |
| Share capital from revaluation due to hyperinflation | 5 413 573 | 5 413 573 |
| Other reserves | 87 423 | (431 526) |
| Retained earnings | 798 727 | 1 185 581 |
| TOTAL EQUITY | 8 299 723 | 8 167 628 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Trade and other payables | 6 502 | 6 522 |
| Borrowings | 22 895 | 29 552 |
| Derivative financial instruments | - | 881 |
| Deferred income tax liabilities | 5 632 | - |
| Liabilities due to employee benefits | 818 981 | 803 875 |
| Provisions for other liabilities and charges | 480 206 | 479 911 |
| | 1 334 216 | 1 320 741 |
| Current liabilities | | |
| Trade and other payables | 2 978 094 | 1 280 401 |
| Borrowings | 8 706 | 10 808 |
| Current income tax liabilities | 344 107 | 400 846 |
| Derivative financial instruments | 111 377 | 1 047 112 |
| Liabilities due to employee benefits | 67 147 | 63 234 |
| Provisions for other liabilities and charges | 36 668 | 44 649 |
| | 3 546 099 | 2 847 050 |
| TOTAL LIABILITIES | 4 880 315 | 4 167 791 |
| TOTAL EQUITY AND LIABILITIES | 13 180 038 | 12 335 419 |

Income statement

| | Period | | | |
|---|--|--|--|--|
| | for the 3 months ended 30 September 2007 | for the 9 months ended 30 September 2007 | for the 3 months ended 30 September 2006 | for the 9 months ended 30 September 2006 |
| | comparable data | | comparable data | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| CONTINUED ACTIVITIES: | | | | |
| Sales | 3 410 701 | 9 270 778 | 3 339 176 | 8 941 232 |
| Cost of sales | (1 732 251) | (4 933 835) | (1 940 682) | (5 145 611) |
| Gross profit | 1 678 450 | 4 336 943 | 1 398 494 | 3 795 621 |
| Selling costs | (18 506) | (59 521) | (18 689) | (58 393) |
| Administrative expenses | (152 530) | (431 027) | (127 370) | (369 549) |
| Other operating income | 38 109 | 322 764 | 4 910 | 609 350 |
| Other operating costs | (117 534) | (473 894) | (75 772) | (125 050) |
| Operating profit | 1 427 989 | 3 695 265 | 1 181 573 | 3 851 979 |
| Finance costs - net | (7 849) | (20 033) | (6 619) | (17 479) |
| Profit before income tax | 1 420 140 | 3 675 232 | 1 174 954 | 3 834 500 |
| Income tax expense | (257 239) | (668 086) | (227 315) | (656 525) |
| Profit for the period | 1 162 901 | 3 007 146 | 947 639 | 3 177 975 |
| Earnings per share during the period (PLN per share) | | | | |
| - basic | 5.81 | 15.04 | 4.74 | 15.89 |
| - diluted | 5.81 | 15.04 | 4.74 | 15.89 |

Statement of changes in equity

| | Share capital | Other reserves | Retained earnings | Total equity |
|--|------------------|--------------------|-------------------|------------------|
| At 1 January 2006 | 7 413 573 | (796 709) | (520 474) | 6 096 390 |
| Fair value gains on available-for-sale financial assets | - | 1 344 | - | 1 344 |
| Impact of cash flow hedges | - | (679 606) | - | (679 606) |
| Deferred income tax | - | 123 938 | - | 123 938 |
| Total income/(expenses) recognised directly in equity | - | (554 324) | - | (554 324) |
| Profit for the period | - | - | 3 177 975 | 3 177 975 |
| Total recognised income/ (expenses) | - | (554 324) | 3 177 975 | 2 623 651 |
| Dividends for 2005 | - | - | (2 000 000) | (2 000 000) |
| At 30 September 2006 (unaudited) | 7 413 573 | (1 351 033) | 657 501 | 6 720 041 |
| (comparable data) | | | | |
| At 1 January 2007 | 7 413 573 | (431 526) | 1 185 581 | 8 167 628 |
| Fair value losses on available-for-sale financial assets | - | (5 875) | - | (5 875) |
| Impact of cash flow hedges | - | 655 621 | - | 655 621 |
| Deferred income tax | - | (130 797) | - | (130 797) |
| Total income/(expenses) recognised directly in equity | - | 518 949 | - | 518 949 |
| Profit for the period | - | - | 3 007 146 | 3 007 146 |
| Total recognised income/(expenses) | - | 518 949 | 3 007 146 | 3 526 095 |
| Dividends for 2006 | - | - | (3 394 000) | (3 394 000) |
| At 30 September 2007 (unaudited) | 7 413 573 | 87 423 | 798 727 | 8 299 723 |

Cash flow statement

| | Period | |
|---|--|--|
| | for the 9 months ended 30 September 2007 | for the 9 months ended 30 September 2006 |
| | (unaudited) | comparable data (unaudited) |
| Cash flow from operating activities | | |
| Cash generated from operating activities | 3 647 347 | 2 335 531 |
| Income tax paid | (719 839) | (654 135) |
| Net cash generated from operating activities | 2 927 508 | 1 681 396 |
| Cash flow from investing activities | | |
| Purchase of subsidiaries' shares | (79 434) | (18 030) |
| Purchase of property, plant and equipment and intangible assets | (613 189) | (466 445) |
| Proceeds from sale of property, plant and equipment and intangible assets | 3 127 | 1 519 |
| Purchase of held-to-maturity investments | (85 170) | (23 920) |
| Proceeds from sale of held-to-maturity investments | 74 352 | 212 268 |
| Purchase of available-for-sale financial assets | (200 000) | - |
| Proceeds from sale of available-for-sale financial assets | 267 412 | 13 895 |
| Loans granted | (2 268) | (4 430) |
| Repayments of loans | 9 575 | 6 396 |
| Interest received | 469 | 4 767 |
| Dividends received | 205 564 | 469 598 |
| Other investment expenses | (6 750) | (3 923) |
| Net cash used in/generated from investing activities | (426 312) | 191 695 |
| Cash flow from financing activities | | |
| Repayments of loans and borrowings | (4 000) | (33 227) |
| Payments of liabilities due to finance leases | (4 789) | (6 004) |
| Interest paid | (605) | (1 940) |
| Dividends paid | (1 698 000) | (2 000 000) |
| Net cash used in financing activities | (1 707 394) | (2 041 171) |
| Total net cash flow | 793 802 | (168 080) |
| Exchange gains/(losses) on cash and cash equivalents | (22 620) | 17 609 |
| Movements in cash and cash equivalents | 771 182 | (150 471) |
| Cash and cash equivalents at beginning of the period | 2 093 436 | 1 609 455 |
| Cash and cash equivalents at end of the period | 2 864 618 | 1 458 984 |
| including restricted cash and cash equivalents | - | - |