

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.

Publication date: 5 November 2007

KGHM Polska Miedź Spółka Akcyjna (name of the issuer)	
KGHM Polska Miedź S.A. (short name of the issuer)	Metals industry (issuer branch title to the Warsaw Stock Exchange)
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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
	(unaudited)	comparable data (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 (unaudited)	comparable data (unaudited)	comparable data (unaudited)	comparable data (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) (comparable data)	7 413 573	(1 351 033)	657 501	6 720 041
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	-	-