

POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly report Q 4 / 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 fourth quarter of **2007**, comprising the period from **1 October 2007** to **31 December 2007**

containing the condensed financial statements according to International Financial Reporting Standards in PLN.

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<p>KGHM Polska Miedź Spółka Akcyjna (name of the issuer)</p>	
<p>KGHM Polska Miedź S.A. (short name of the issuer)</p>	<p>Metals industry (issuer branch title to the Warsaw Stock Exchange)</p>
<p>59-301 (postal code)</p>	<p>Lubin (city)</p>
<p>Marii Skłodowskiej-Curie (street)</p>	<p>48 (number)</p>
<p>(48 76) 74 78 200 (telephone)</p>	<p>(48 76) 74 78 500 (fax)</p>
<p>IR@BZ.KGHM.pl (e-mail)</p>	<p>www.kghm.pl (www)</p>
<p>692-000-00-13 (NIP)</p>	<p>390021764 (REGON)</p>

SELECTED FINANCIAL ITEMS	in '000 PLN		in '000 EUR	
	4 quarters accrued period from 1 January 2007 to 31 December 2007	4 quarters accrued period from 1 January 2006 to 31 December 2006	4 quarters accrued period from 1 January 2007 to 31 December 2007	4 quarters accrued period from 1 January 2006 to 31 December 2006
I. Sales	12 183 113	11 669 730	3 225 777	2 992 929
II. Operating profit	4 682 034	4 302 165	1 239 683	1 103 374
III. Profit before taxation	4 655 530	4 279 614	1 232 665	1 097 590
IV. Profit for the period	3 798 826	3 504 557	1 005 832	898 812
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)	18.99	17.52	5.03	4.49
VII. Net cash generated from operating activities	4 468 045	2 572 257	1 183 024	659 705
VIII. Net cash used in investing activities	(577 866)	(57 854)	(153 004)	(14 838)
IX. Net cash used in financing activities	(3 405 550)	(2 044 537)	(901 702)	(524 361)
X. Total net cash flow	484 629	469 866	128 318	120 506
	At 31.12.2007	At 31.12.2006	At 31.12.2007	At 31.12.2006
XI. Current assets	4 995 292	5 234 938	1 394 554	1 366 397
XII. Non-current assets	7 428 338	7 048 668	2 073 796	1 839 807
XIII. Total assets	12 423 630	12 283 606	3 468 350	3 206 204
XIV. Current liabilities	2 021 372	2 847 051	564 314	743 123
XV. Non-current liabilities	1 436 309	1 320 741	400 979	344 733
XVI. Equity	8 965 949	8 115 814	2 503 057	2 118 348

Balance sheet

	At	
	31 December 2007	31 December 2006
	(unaudited)	comparable data (unaudited)
Assets		
Non-current assets		
Property, plant and equipment	4 832 630	4 378 301
Intangible assets	74 830	75 424
Shares in subsidiaries	1 813 160	1 692 709
Investments in associates	438 559	438 559
Deferred income tax assets	160 781	289 997
Available-for-sale financial assets	23 165	78 364
Held-to-maturity investments	43 893	32 169
Derivative financial instruments	30 308	16 411
Trade and other receivables	11 012	46 734
	7 428 338	7 048 668
Current assets		
Inventories	1 603 487	1 638 271
Trade and other receivables	772 279	1 220 583
Derivative financial instruments	84 531	282 648
Cash and cash equivalents	2 534 995	2 093 436
	4 995 292	5 234 938
TOTAL ASSETS	12 423 630	12 283 606
Equity and liabilities		
EQUITY		
Share capital, of which:	2 000 000	7 413 573
Registered share capital	2 000 000	2 000 000
Share capital from revaluation due to hyperinflation	-	5 413 573
Other reserves	13 783	(431 526)
Retained earnings	6 952 166	1 133 767
TOTAL EQUITY	8 965 949	8 115 814
LIABILITIES		
Non-current liabilities		
Trade and other payables	6 305	6 522
Borrowings	20 319	29 552
Derivative financial instruments	-	881
Liabilities due to employee benefits	853 096	803 875
Provisions for other liabilities and charges	556 589	479 911
	1 436 309	1 320 741
Current liabilities		
Trade and other payables	1 510 841	1 489 816
Borrowings	8 612	10 808
Current income tax liabilities	343 022	400 846
Derivative financial instruments	17 422	837 698
Liabilities due to employee benefits	66 199	63 234
Provisions for other liabilities and charges	75 276	44 649
	2 021 372	2 847 051
TOTAL LIABILITIES	3 457 681	4 167 792
TOTAL EQUITY AND LIABILITIES	12 423 630	12 283 606

Income statement

	Period			
	for the 3 months ended 31 December 2007	for the 12 months ended 31 December 2007	for the 3 months ended 31 December 2006	for the 12 months ended 31 December 2006
	comparable data	comparable data	comparable data	comparable data
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CONTINUED ACTIVITIES:				
Sales	2 912 335	12 183 113	2 728 498	11 669 730
Cost of sales	(1 683 451)	(6 617 286)	(1 786 670)	(6 932 281)
Gross profit	1 228 884	5 565 827	941 828	4 737 449
Selling costs	(18 051)	(77 572)	(21 714)	(80 107)
Administrative expenses	(177 480)	(608 507)	(149 265)	(518 814)
Other operating income	140 578	463 342	(1 583)	607 767
Other operating costs	(187 162)	(661 056)	(319 080)	(444 130)
Operating profit	986 769	4 682 034	450 186	4 302 165
Finance costs - net	(6 471)	(26 504)	(5 072)	(22 551)
Profit before income tax	980 298	4 655 530	445 114	4 279 614
Income tax expense	(188 618)	(856 704)	(118 532)	(775 057)
Profit for the period	791 680	3 798 826	326 582	3 504 557
Earnings per share during the period (PLN per share)				
- basic	3.96	18.99	1.63	17.52
- diluted	3.96	18.99	1.63	17.52

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Total equity
At 1 January 2006	7 413 573	(796 709)	(520 475)	6 096 389
Changes in accounting principles	-		149 685	149 685
At 1 January 2006 comparable	7 413 573	(796 709)	(370 790)	6 246 074
Fair value losses on available-for-sale financial assets	-	(7 069)	-	(7 069)
Impact of cash flow hedges	-	467 184	-	467 184
Deferred income tax	-	(94 932)	-	(94 932)
Total income/(expenses) recognised directly in equity	-	365 183	-	365 183
Profit for the period	-	-	3 504 557	3 504 557
Total recognised income/ (expenses)	-	365 183	3 504 557	3 869 740
Dividends for 2005	-	-	(2 000 000)	(2 000 000)
At 31 December 2006 (unaudited) (comparable data)	7 413 573	(431 526)	1 133 767	8 115 814
At 1 January 2007	7 413 573	(431 526)	1 185 580	8 167 627
Changes in accounting principles	-		(51 813)	(51 813)
At 1 January 2007 comparable	7 413 573	(431 526)	1 133 767	8 115 814
Fair value losses on available-for-sale financial assets	-	(5 697)	-	(5 697)
Impact of cash flow hedges	-	567 423	-	567 423
Deferred income tax	-	(116 417)	-	(116 417)
Total income/(expenses) recognised directly in equity	-	445 309	-	445 309
Profit for the period	-	-	3 798 826	3 798 826
Total recognised income/(expenses)	-	445 309	3 798 826	4 244 135
Dividends for 2006	-	-	(3 394 000)	(3 394 000)
Settlement of share capital revaluation	(5 413 573)	-	5 413 573	-
At 31 December 2007 (unaudited)	2 000 000	13 783	6 952 166	8 965 949

Cash flow statement

	Period	
	for the 12 months ended 31 December 2007	for the 12 months ended 31 December 2006
	(unaudited)	comparable data (unaudited)
Cash flow from operating activities		
Cash generated from operating activities	5 369 774	3 351 568
Income tax paid	(901 729)	(779 311)
Net cash generated from operating activities	4 468 045	2 572 257
Cash flow from investing activities		
Purchase of subsidiaries' shares	(79 443)	(20 040)
Proceeds from sale of subsidiaries' shares	10 052	-
Purchase of property, plant and equipment and intangible assets	(845 596)	(674 905)
Proceeds from sale of property, plant and equipment and intangible assets	8 378	3 219
Purchase of held-to-maturity investments	(41 846)	-
Proceeds from sale of held-to-maturity investments	42 200	200 000
Purchase of available-for-sale financial assets	(200 000)	(50 000)
Proceeds from sale of available-for-sale financial assets	267 412	21 813
Purchase of financial assets from the resources of Mine Closure Fund	(43 876)	(24 478)
Proceeds from sale of financial assets from the resources of Mine Closure Fund	32 153	12 268
Loans granted	(2 268)	(4 430)
Repayments of loans	10 326	6 804
Interest received	496	5 809
Dividends received	270 363	469 598
Other investment expenses	(6 217)	(3 512)
Net cash used in investing activities	(577 866)	(57 854)
Cash flow from financing activities		
Repayments of loans and borrowings	(6 000)	(35 227)
Payments of liabilities due to finance leases	(4 795)	(7 028)
Interest paid	(755)	(2 282)
Dividends paid to the shareholders of the Company	(3 394 000)	(2 000 000)
Net cash used in financing activities	(3 405 550)	(2 044 537)
Total net cash flow	484 629	469 866
Exchange gains/(losses) on cash and cash equivalents	(43 070)	14 115
Movements in cash and cash equivalents	441 559	483 981
Cash and cash equivalents at beginning of the period	2 093 436	1 609 455
Cash and cash equivalents at end of the period	2 534 995	2 093 436
including restricted cash and cash equivalents	2 597	-