

**POLISH FINANCIAL SUPERVISION AUTHORITY**

**Consolidated quarterly report QS 3 / 2007**

(In accordance with § 86, section 2 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 consolidated financial statements according to International Financial Reporting  
Standards in PLN.

Publication date: 14 November 2007

<b>KGHM Polska Miedź Spółka Akcyjna</b> (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	10 220 222	9 827 000	2 667 490	2 508 744
II. Operating profit	3 587 088	3 410 184	936 234	870 589
III. Profit before taxation	3 760 809	3 554 574	981 576	907 450
IV. Profit for the period	3 076 010	2 887 794	802 842	737 228
V. Profit for the period attributable to shareholders of parent entity of the Group	3 074 499	2 887 152	802 448	737 064
VI. Profit for the period attributable to minority interest	1 511	642	394	164
VII. Number of shares issued	200 000 000	200 000 000	200 000 000	200 000 000
VIII. Earnings per ordinary share (in PLN/EUR)	15.37	14.44	4.01	3.69
IX. Net cash generated from operating activities	3 086 503	1 886 127	805 581	481 511
X. Net cash used in investing activities	(588 110)	(156 646)	(153 497)	(39 990)
XI. Net cash used in financing activities	(1 665 737)	(1 889 700)	(434 759)	(482 423)
XII. Total net cash flow	832 656	(160 219)	217 325	(40 902)
	<b>At 30.09.2007</b>	<b>At 31.12.2006</b>	<b>At 30.09.2007</b>	<b>At 31.12.2006</b>
XIII. Current assets	6 505 984	5 799 573	1 722 299	1 513 774
XIV. Non-current assets	7 391 248	7 244 478	1 956 651	1 890 916
XV. Non-current assets held for sale	311	24 507	82	6 397
XVI. Total assets	13 897 543	13 068 558	3 679 032	3 411 087
XVII. Current liabilities	3 770 695	3 186 005	998 199	831 594
XVIII. Non-current liabilities	1 592 225	1 547 124	421 502	403 822
XIX. Liabilities associated with non-current assets held for sale	-	3 302	-	862
XX. Equity	8 534 623	8 332 127	2 259 331	2 174 809
XXI. Minority interest	48 138	44 725	12 743	11 674

## Consolidated balance sheet

	At	
	30 September 2007	31 December 2006
	(unaudited)	
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6 279 994	6 031 547
Intangible assets	127 791	125 615
Investment property	12 817	18 853
Investments in associates	685 113	690 074
Deferred income tax assets	101 258	222 518
Available-for-sale financial assets	36 496	81 826
Held-to-maturity investments	43 384	32 213
Other investments	11 106	11 106
Derivative financial instruments	54 056	16 411
Trade and other receivables	39 233	14 315
	<b>7 391 248</b>	<b>7 244 478</b>
<b>Current assets</b>		
Inventories	1 710 797	1 768 750
Trade and other receivables	1 431 081	1 403 112
Receivables due to current income tax	2 623	4 860
Held-to-maturity investments	15 367	19 070
Derivative financial instruments	214 507	282 650
Cash and cash equivalents	3 131 609	2 321 131
	<b>6 505 984</b>	<b>5 799 573</b>
<b>Non-current assets held for sale</b>	<b>311</b>	<b>24 507</b>
<b>TOTAL ASSETS</b>	<b>13 897 543</b>	<b>13 068 558</b>
<b>Equity and liabilities</b>		
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	2 000 000	2 000 000
Other reserves	87 423	(431 161)
Retained earnings	6 399 062	6 718 563
	<b>8 486 485</b>	<b>8 287 402</b>
<b>Minority interest</b>	<b>48 138</b>	<b>44 725</b>
<b>TOTAL EQUITY</b>	<b>8 534 623</b>	<b>8 332 127</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	24 167	15 361
Borrowings	163 432	150 568
Derivative financial instruments	-	880
Deferred income tax liabilities	35 667	26 538
Liabilities due to employee benefits	880 137	864 950
Provisions due to other liabilities and charges	488 822	488 827
	<b>1 592 225</b>	<b>1 547 124</b>
<b>Current liabilities</b>		
Trade and other payables	3 095 190	1 532 723
Borrowings	84 369	54 756
Current income tax liabilities	347 361	402 842
Derivative financial instruments	111 385	1 047 124
Liabilities due to employee benefits	76 455	72 603
Provisions for other liabilities and charges	55 935	75 957
	<b>3 770 695</b>	<b>3 186 005</b>
<b>Liabilities associated with non-current assets held for sale</b>	<b>-</b>	<b>3 302</b>
<b>TOTAL LIABILITIES</b>	<b>5 362 920</b>	<b>4 736 431</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13 897 543</b>	<b>13 068 558</b>

## Consolidated income statement

	Period			
	for 3 months ended at 30 September 2007	for 9 months ended at 30 September 2007	for 3 months ended at 30 September 2006	for 9 months ended at 30 September 2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>CONTINUED ACTIVITIES:</b>				
Sales	3 752 884	10 220 222	3 650 943	9 827 000
Cost of sales	(1 979 307)	(5 618 493)	(2 158 863)	(5 726 586)
<b>Gross profit</b>	<b>1 773 577</b>	<b>4 601 729</b>	<b>1 492 080</b>	<b>4 100 414</b>
Selling costs	(51 092)	(146 744)	(45 466)	(136 839)
Administrative expenses	(175 946)	(520 721)	(174 828)	(510 223)
Other operating income	53 419	159 260	(8 403)	107 410
Other operating costs	(139 356)	(506 436)	(87 010)	(150 578)
<b>Operating profit</b>	<b>1 460 602</b>	<b>3 587 088</b>	<b>1 176 373</b>	<b>3 410 184</b>
Financial costs - net	(9 255)	(24 467)	(6 981)	(20 361)
Share of profits of associates accounted for using the equity method	75 758	198 188	64 910	164 751
<b>Profit before income tax</b>	<b>1 527 105</b>	<b>3 760 809</b>	<b>1 234 302</b>	<b>3 554 574</b>
Income tax expense	(263 120)	(684 799)	(227 880)	(666 780)
<b>Profit for the period</b>	<b>1 263 985</b>	<b>3 076 010</b>	<b>1 006 422</b>	<b>2 887 794</b>
attributable to:				
shareholders of the parent entity	1 262 781	3 074 499	1 006 150	2 887 152
minority interest	1 204	1 511	272	642
<b>Earnings per share attributable to the shareholders of the parent entity during the period</b> (PLN per share)				
- basic / diluted	6.31	15.37	5.03	14.44

## Consolidated statement of changes in equity

	Attributable to shareholders of Company			Attributable to minority interests	Total equity
	Share capital	Other reserves	Retained earnings		
<b>At 1 January 2006</b>	<b>2 000 000</b>	<b>(796 342)</b>	<b>5 139 032</b>	<b>14 631</b>	<b>5 655 951</b>
<b>Prior period errors</b>	-	-	<b>110 823</b>	-	<b>110 823</b>
<b>At 1 January 2006 comparable</b>	<b>2 000 000</b>	<b>(796 342)</b>	<b>5 249 855</b>	<b>14 631</b>	<b>6 468 144</b>
Impact of cash flow hedges	-	(679 607)	-	-	(679 607)
Fair value losses on available-for-sale financial assets	-	(870)	-	-	(870)
Deferred income tax	-	124 359	-	-	124 359
<b>Total income/(expenses) recognised directly in equity</b>	-	<b>(556 118)</b>	-	-	<b>(556 118)</b>
Profit for the period	-	-	2 887 152	642	2 887 794
Transactions with minority interest	-	-	-	29 897	29 897
<b>Total recognised income/(expenses)</b>	-	<b>(556 118)</b>	<b>2 887 152</b>	<b>30 539</b>	<b>2 361 573</b>
Dividends for 2005	-	-	(2 000 000)	-	(2 000 000)
<b>At 30 September 2006 (unaudited)</b>	<b>2 000 000</b>	<b>(1 352 460)</b>	<b>6 137 007</b>	<b>45 170</b>	<b>6 829 717</b>
<b>At 1 January 2007</b>	<b>2 000 000</b>	<b>(431 161)</b>	<b>6 648 838</b>	<b>44 725</b>	<b>8 262 402</b>
<b>Prior period errors</b>	-	-	<b>69 725</b>	-	<b>69 725</b>
<b>At 1 January 2007 comparable</b>	<b>2 000 000</b>	<b>(431 161)</b>	<b>6 718 563</b>	<b>44 725</b>	<b>8 332 127</b>
Impact of cash flow hedges	-	655 621	-	-	655 621
Fair value losses on available-for-sale financial assets	-	(6 240)	-	-	(6 240)
Deferred income tax	-	(130 797)	-	-	(130 797)
<b>Total income/(expenses) recognised directly in equity</b>	-	<b>518 584</b>	-	-	<b>518 584</b>
Profit for the period	-	-	3 074 499	1 511	3 076 010
Transactions with minority interest	-	-	-	1 902	1 902
<b>Total recognised income/(expenses)</b>	-	<b>518 584</b>	<b>3 074 499</b>	<b>3 413</b>	<b>3 596 496</b>
Dividends for 2006	-	-	(3 394 000)	-	(3 394 000)
<b>At 30 September 2007 (unaudited)</b>	<b>2 000 000</b>	<b>87 423</b>	<b>6 399 062</b>	<b>48 138</b>	<b>8 534 623</b>

## Consolidated cash flow statement

	Period	
	for 9 months ended at 30 September 2007  (unaudited)	for 9 months ended at 30 September 2006  (unaudited)
<b>Cash flow from operating activities</b>		
Cash generated from operating activities	3 825 223	2 552 785
Income tax paid	(738 720)	(666 658)
<b>Net cash generated from operating activities</b>	<b>3 086 503</b>	<b>1 886 127</b>
<b>Cash flow from investing activities</b>		
Purchase of a subsidiary, less acquired cash and cash equivalents	(718)	(1 518)
Purchase of property, plant and equipment and intangible assets	(883 924)	(616 838)
Proceeds from sale of property, plant and equipment and intangible assets	12 425	3 924
Purchase of investment property	-	(20)
Proceeds from sale of investment property	35 924	-
Purchase of held-to-maturity investments	(290 950)	(29 365)
Proceeds from sale of held-to-maturity investments	284 097	17 627
Purchase of available-for-sale financial assets	(210 120)	(300)
Proceeds from sale of available-for-sale financial assets	267 412	-
Repayments of loans	250	-
Interest received	904	405
Dividends received	203 564	462 209
Other investment proceeds/(expenses)	(6 974)	7 230
<b>Net cash used in investing activities</b>	<b>(588 110)</b>	<b>(156 646)</b>
<b>Cash flow from financing activities</b>		
Proceeds connected with transactions with minority interest	546	28 925
Proceeds from loans and borrowings	64 369	151 098
Repayments of loans and borrowings	(20 606)	(59 009)
Interest paid	(6 895)	(4 728)
Payments of liabilities due to finance leases	(5 151)	(5 484)
Dividends paid	(1 698 000)	(2 000 000)
Other finance expenses	-	(502)
<b>Net cash used in financing activities</b>	<b>(1 665 737)</b>	<b>(1 889 700)</b>
<b>Total net cash flow</b>	<b>832 656</b>	<b>(160 219)</b>
Exchange gains/(losses) on cash and cash equivalents	(22 178)	18 821
<b>Movements in cash and cash equivalents</b>	<b>810 478</b>	<b>(141 398)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>2 321 131</b>	<b>1 841 981</b>
<b>Cash and cash equivalents at end of the period</b>	<b>3 131 609</b>	<b>1 700 583</b>
including restricted cash and cash equivalents	3 308	241