

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QS 4 / 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 fourth quarter of **2007**, comprising the period from **1 October 2007** to **31 December 2007**
containing the condensed consolidated financial statements according to International Financial Reporting
Standards in PLN.

Publication date: 29 February 2008

KGHM Polska Miedź Spółka Akcyjna (name of the issuer)	
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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	13 496 317	12 862 861	3 573 479	3 298 931
II. Operating profit	4 530 838	4 022 300	1 199 650	1 031 597
III. Profit before taxation	4 760 772	4 215 978	1 260 531	1 081 270
IV. Profit for the period	3 943 037	3 478 947	1 044 015	892 244
V. Profit for the period attributable to shareholders of parent entity of the Group	3 942 080	3 478 750	1 043 762	892 193
VI. Profit for the period attributable to minority interest	957	197	253	51
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)	19.71	17.39	5.22	4.46
IX. Net cash generated from operating activities	4 668 405	2 817 917	1 236 074	722 710
X. Net cash used in investing activities	(799 384)	(473 346)	(211 656)	(121 399)
XI. Net cash used in financing activities	(3 335 447)	(1 880 514)	(883 141)	(482 294)
XII. Total net cash flow	533 574	464 057	141 277	119 017
	At 31.12.2007	At 31.12.2006	At 31.12.2007	At 31.12.2006
XIII. Current assets	5 572 660	5 798 968	1 555 740	1 513 617
XIV. Non-current assets	7 868 241	7 379 023	2 196 606	1 926 034
XV. Non-current assets held for sale	184	24 507	51	6 397
XVI. Total assets	13 441 085	13 202 498	3 752 397	3 446 048
XVII. Current liabilities	2 244 909	3 157 385	626 719	824 124
XVIII. Non-current liabilities	1 709 848	1 550 701	477 345	404 756
XIX. Liabilities associated with non- current assets held for sale	-	3 302	-	862
XX. Equity	9 486 328	8 491 110	2 648 333	2 216 306
XXI. Minority interest	47 621	44 762	13 295	11 684

Consolidated balance sheet

	At	
	31 December 2007	31 December 2006
	(unaudited)	
Assets		
Non-current assets		
Property, plant and equipment	6 593 327	6 031 547
Intangible assets	118 613	125 615
Investment property	16 517	18 853
Investments in associates	690 096	690 074
Deferred income tax assets	324 300	388 627
Available-for-sale financial assets	47 155	92 932
Held-to-maturity investments	41	44
Derivative financial instruments	33 395	17 016
Trade and other receivables	44 797	14 315
	7 868 241	7 379 023
Current assets		
Inventories	1 744 495	1 768 750
Trade and other receivables	927 070	1 403 112
Receivables due to current income tax	7 377	4 860
Held-to-maturity investments		19 070
Derivative financial instruments	81 622	282 045
Cash and cash equivalents	2 812 096	2 321 131
	5 572 660	5 798 968
Non-current assets held for sale	184	24 507
TOTAL ASSETS	13 441 085	13 202 498
Equity and liabilities		
EQUITY		
Equity attributable to shareholders of the Company		
Share capital	2 000 000	2 000 000
Other reserves	13 118	(431 161)
Retained earnings	7 425 589	6 877 509
	9 438 707	8 446 348
Minority interest	47 621	44 762
TOTAL EQUITY	9 486 328	8 491 110
LIABILITIES		
Non-current liabilities		
Trade and other payables	23 798	15 361
Borrowings	162 909	150 568
Derivative financial instruments	3 087	275
Deferred income tax liabilities	29 804	26 538
Liabilities due to employee benefits	919 923	864 950
Provisions due to other liabilities and charges	570 327	493 009
	1 709 848	1 550 701
Current liabilities		
Trade and other payables	1 600 338	1 709 969
Borrowings	113 201	54 756
Current income tax liabilities	343 377	402 842
Derivative financial instruments	14 335	838 314
Liabilities due to employee benefits	77 402	72 603
Provisions for other liabilities and charges	96 256	78 901
	2 244 909	3 157 385
Liabilities associated with non-current assets held for sale	-	3 302
TOTAL LIABILITIES	3 954 757	4 711 388
TOTAL EQUITY AND LIABILITIES	13 441 085	13 202 498

Consolidated income statement

	Period			
	for the 3 months ended 31 December 2007 (unaudited)	for the 12 months ended 31 December 2007 (unaudited)	for the 3 months ended 31 December 2006	for the 12 months ended 31 December 2006
CONTINUED ACTIVITIES:				
Sales	3 276 095	13 496 317	3 035 861	12 862 861
Cost of sales	(1 959 835)	(7 578 328)	(2 031 578)	(7 758 164)
Gross profit	1 316 260	5 917 989	1 004 283	5 104 697
Selling costs	(59 711)	(206 455)	(56 162)	(193 001)
Administrative expenses	(217 155)	(737 876)	(187 546)	(697 769)
Other operating income	93 294	252 554	67 234	174 644
Other operating costs	(188 938)	(695 374)	(215 693)	(366 271)
Operating profit	943 750	4 530 838	612 116	4 022 300
Finance costs - net	(10 692)	(35 159)	(6 741)	(27 102)
Share of profits of associates accounted for using the equity method	66 905	265 093	56 029	220 780
Profit before income tax	999 963	4 760 772	661 404	4 215 978
Income tax expense	(132 936)	(817 735)	(70 251)	(737 031)
Profit for the period	867 027	3 943 037	591 153	3 478 947
attributable to:				
shareholders of the parent entity	867 581	3 942 080	591 598	3 478 750
minority interest	(554)	957	(445)	197
Earnings per share attributable to the shareholders of the parent entity during the period (PLN per share)				
- basic / diluted	4.34	19.71	2.96	17.39

Consolidated statement of changes in equity

	Attributable to shareholders of Company			Attributable to minority interests	Total equity
	Share capital	Other reserves	Retained earnings		
At 1 January 2006	2 000 000	(796 342)	5 139 032	14 631	6 357 321
Changes in accounting principles			154 753	37	154 790
Prior period errors	-	-	104 974	-	104 974
At 1 January 2006 comparable	2 000 000	(796 342)	5 398 759	14 668	6 617 085
Impact of cash flow hedges	-	467 185	-	-	467 185
Fair value losses on available-for-sale financial assets	-	(7 071)	-	-	(7 071)
Deferred income tax	-	(94 933)	-	-	(94 933)
Total income/(expenses) recognised directly in equity	-	365 181	-	-	365 181
Profit for the period	-	-	3 478 750	197	3 478 947
Transactions with minority interest	-	-	-	29 897	29 897
Total recognised income/(expenses)	-	365 181	3 478 750	30 094	3 874 025
Dividends for 2005	-	-	(2 000 000)	-	(2 000 000)
At 31 December 2006	2 000 000	(431 161)	6 877 509	44 762	8 491 110
At 1 January 2007	2 000 000	(431 161)	6 648 838	44 725	8 262 402
Changes in accounting principles			165 754	37	165 791
Prior period errors	-	-	62 917	-	62 917
At 1 January 2007 comparable	2 000 000	(431 161)	6 877 509	44 762	8 491 110
Impact of cash flow hedges	-	567 424	-	-	567 424
Fair value losses on available-for-sale financial assets	-	(6 728)	-	-	(6 728)
Deferred income tax	-	(116 417)	-	-	(116 417)
Total income/(expenses) recognised directly in equity	-	444 279	-	-	444 279
Profit for the period	-	-	3 942 080	957	3 943 037
Transactions with minority interest	-	-	-	1 902	1 902
Total recognised income/(expenses)	-	444 279	3 942 080	2 859	4 389 218
Dividends for 2006	-	-	(3 394 000)	-	(3 394 000)
At 31 December 2007 (unaudited)	2 000 000	13 118	7 425 589	47 621	9 486 328

Consolidated cash flow statement

	Period	
	for the 12 months ended 31 December 2007 (unaudited)	for the 12 months ended 31 December 2006
Cash flow from operating activities		
Cash generated from operating activities	5 597 215	3 616 516
Income tax paid	(928 810)	(798 599)
Net cash generated from operating activities	4 668 405	2 817 917
Cash flow from investing activities		
Purchase of a subsidiary, less acquired cash and cash equivalents	(724)	(4 807)
Purchase of property, plant and equipment and intangible assets	(1 182 361)	(891 935)
Proceeds from sale of property, plant and equipment and intangible assets	20 001	5 527
Proceeds from sale of investment property	35 924	-
Purchase of held-to-maturity investments	(278 024)	(82 670)
Proceeds from sale of held-to-maturity investments	297 875	63 873
Purchase of available-for-sale financial assets	(210 123)	(50 300)
Proceeds from sale of available-for-sale financial assets	267 412	21 813
Repayments of loans	305	-
Interest received	867	1 348
Dividends received	265 468	462 209
Other investment proceeds/(expenses)	(16 004)	1 596
Net cash used in investing activities	(799 384)	(473 346)
Cash flow from financing activities		
Proceeds connected with transactions with minority interest	546	28 873
Proceeds from loans and borrowings	89 733	156 856
Repayments of loans and borrowings	(17 166)	(54 783)
Interest paid	(9 059)	(6 576)
Payments of liabilities due to finance leases	(5 501)	(4 228)
Dividends paid	(3 394 000)	(2 000 000)
Other finance expenses	-	(656)
Net cash used in financing activities	(3 335 447)	(1 880 514)
Total net cash flow	533 574	464 057
Exchange gains/(losses) on cash and cash equivalents	(42 609)	15 093
Movements in cash and cash equivalents	490 965	479 150
Cash and cash equivalents at beginning of the period	2 321 131	1 841 981
Cash and cash equivalents at end of the period	2 812 096	2 321 131
including restricted cash and cash equivalents	3 006	1 043