

**Notes to the condensed consolidated financial statements of
KGHM Polska Miedz S.A. prepared for the fourth quarter of 2007**

I. Principles applied in preparing financial statements

1. Introduction

The Parent Entity of the KGHM Polska Miedz S.A. Group is KGHM Polska Miedz S.A. with its head office in Lubin, whose shares are traded on a regulated market. The core business of the Company is the production of copper and silver.

In the current quarter KGHM Polska Miedz S.A. consolidated 25 subsidiary entities, while 2 associated entities were accounted for using the equity method.

Beginning from 1 January 2005 (*based on IAS 8 par. 8, which allows exemption from the application of principles described in IFRS if the results of such an exemption are immaterial*), the following subsidiaries were not consolidated - Polskie Centrum Promocji Miedzi sp. z o.o., TUW Cuprum and PU „Mercus Serwis” Sp. z o.o. Altogether, in the presented consolidated financial statements 3 subsidiaries were not consolidated, and the shares in one associated entity were measured at cost less an impairment loss. Exclusion of these entities from consolidation does not effect the honest presentation of the assets, financial result and cash flow of the Group.

The following quarterly report includes condensed consolidated financial statements for the following periods:

- the current period from 1 October to 31 December 2007
- the comparable period from 1 October to 31 December 2006

2. Exchange rates applied

The following currency rates were applied in the calculation of selected financial data in EUR:

- for the calculation of turnover, financial results and cash flow for the current period, the rate of **3.7768 PLN/EUR**,
- for the calculation of assets, equity and liabilities at 31 December 2007, the rate of **3.5820 PLN/EUR**,
- for the calculation of turnover, financial results and cash flow for the comparative period, the rate of **3.8991 PLN/EUR**,
- for the calculation of assets, equity and liabilities at 31 December 2006, the rate of **3.8312 PLN/EUR**

3. Accounting principles

The following financial statements have been prepared in accordance with International Financial Reporting Standards approved by the European Union. The principles based on these standards were published on 23 October 2007 in the consolidated half-year report PS 2007.

Presentation of these statements is based on IAS 34, “Interim Financial Reporting”, applying these same principles for the current and comparable periods, adjusting the comparable period to the changes in accounting principles, the manner of presentation and the correction of a prior period error introduced in 2007.

These changes respect:

- setting the expected level of realisation of the deferred tax asset. As a result of this change retained earnings were credited at 1 January 2006 in the amount of PLN 154 753 thousand and the financial result for the 12 months ended 31 December 2006 in the amount of PLN 11 001 thousand (the financial result for the 3 months ended 31 December 2006 in the amount of PLN 11 001 thousand)
- the presentation of commodity derivative instruments which are settled on the second working day after the balance sheet date. This change caused a decrease at 31 December 2006 in liabilities due to derivative instruments in the amount of PLN 209 415 thousand, simultaneously increasing trade and other liabilities,
- the presentation of held-for-trading derivative instruments with a maturity of over 12 months, which do not meet the criteria for hedge accounting according to IAS 39. In order to emphasise their non-current nature, the Group presents them in non-current assets and liabilities due to derivative instruments, which at 31 December 2006 decreased current assets and liabilities due to derivative instruments by PLN 605 thousand, simultaneously increasing non-current assets and liabilities due to derivative instruments,

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- presentation of the Mine Closure Fund and of financial assets financed by this Fund. Due to the restrictions imposed by the Act on geology and mining which restrict their use to the liquidation of mines, the Company has limited control over these assets. Given the above, the Mine Fund's assets and liabilities are presented in the Company's financial statements on a net basis. This change caused a decrease in total assets at 31 December 2006 by PLN 32 169 thousand.

The correction of prior period errors respected:

- principles for the recognition of a deferred income tax liabilities on temporary differences related to investments in associates. This change caused an increase in equity at 1 January 2006 in the amount of PLN 93 597 thousand and a decrease in the financial result for the 12 months ended 31 December 2006 by PLN 45 809 thousand (the financial result for the 3 months ended 31 December 2006 in the amount of PLN 10 645 thousand)
- correction to the amount of depreciation related to differences in the valuation of assets transferred as a contribution in kind from KGHM Polska Miedz S.A. towards increases in the share capital of subsidiaries. This error caused a decrease at 1 January 2006 in retained earnings by PLN 17 226 thousand and in the financial result for the 12 months ended 31 December 2006 in the amount of PLN 4 711 thousand (the financial result for the 3 months ended 31 December 2006 in the amount of PLN 1 639 thousand)
- recognition in subsidiaries of a provision for contested issues with Social Insurance Institution for the years 1999 – 2006. This error caused a decrease at 1 January 2006 in retained earnings by PLN 5 849 thousand and in the financial result for the 12 months ended 31 December 2006 in the amount of PLN 959 thousand (the financial result for the 3 months ended 31 December 2006 in the amount of PLN 719 thousand)

II. Information on seasonal or cyclical activities

The entities of the KGHM Polska Miedz S.A. Group are not affected by seasonal or cyclical activities.

III. Items affecting assets, liabilities, equity, profit for the period or cash flow, which are unusual as respects their type, amount or degree of influence

1. Condition and financial results of significant companies

The largest impact on the Group is from the Parent Entity and from:

- DIALOG S.A., a subsidiary in which KGHM Polska Miedz S.A. owns 100% of the shares, and
- Polkomtel S.A., in which KGHM Polska Miedz S.A. owns 19.61% of the shares.

Polkomtel S.A. *

The carrying amount of the shares of Polkomtel S.A. at 31 December 2007 accounted for using the equity method in the consolidated financial statements of the KGHM Polska Miedz S.A. Group amounted to PLN 687 665 thousand.

The basic items of the company's income statement are presented in the table below:

Table 1. Financial results of Polkomtel S.A.

	X-XII 2006	X-XII 2007	I-XII 2006	I-XII 2007	Change*
Sales	1 886 078	2 036 778	7 359 014	7 799 020	106%
Operating profit	365 951	428 172	1 477 088	1 771 713	120%
EBITDA	619 664	697 005	2 486 493	2 832 632	114%
Profit for the period	284 874	340 372	1 123 121	1 358 676	121%
* I-XII 2006 = 100/I-XII 2007					

During the four quarters of 2007 the company, versus the comparable prior period of 2006, increased revenues from sales by 6 %. This increase in revenues was mainly due to a larger customer base, which increased during the twelve months of 2007 by 1 446 thousand persons, exceeding 13 454 thousand. The

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level of EBITDA generated during the four quarters amounted to PLN 2 832 632 thousand, with a profit for the period of PLN 1 358 676 thousand.

On 29 March 2007, the Ordinary General Shareholders' Meeting of Polkomtel S.A. resolved to pay a total shareholders dividend of PLN 1 031 765 thousand. Of this amount, the company paid an interim dividend of PLN 253 380 thousand in March 2007 based on a resolution of the Supervisory Board of the company. The remaining amount of PLN 778 385 thousand was paid on 8 June 2007. KGHM Polska Miedz S.A. received a total amount proportional to its shares in the company, i.e. PLN 202 316 thousand.

On 26 October 2007, the Supervisory Board of Polkomtel S.A. resolved to pay an interim dividend for 2007. The total amount of PLN 315 700 thousand was paid to shareholders, of which KGHM Polska Miedz S.A. on 18 December 2007 received, in proportion to its shares in the company, PLN 61 905 thousand.

In December 2005 a group of financial institutions announced a bid for the purchase of the shares in TDC. As a result of the settlement of this bid there was a change of control over this entity. Consequently, based on the statutes of Polkomtel S.A., TDC Mobile International A/S offered to sell the shares it holds to the remaining shareholders.

As a result of a so-called Change of Ownership in relation to TDC Mobile International A/S, the other shareholders of Polkomtel S.A. obtained the right to acquire a total of 4 019 780 shares of Polkomtel S.A. held by TDC Mobile International A/S. On 10 March 2006, KGHM Polska Miedz S.A., PKN ORLEN S.A., PSE S.A. and Weglokoks S.A. as the purchasers, and TDC Mobile International A/S as the seller, executed an "Agreement on the Acceptance of the Offer and Conditional Transfer of Shares in Polkomtel S.A." This agreement was described in detail in a current report dated 10 March 2006 and in the annual report for 2005.

On 10 March 2006, Vodafone Americas Inc. filed a claim with the International Court of Arbitration of the Federal Chamber of Commerce in Vienna, in which claims were made against six entities, naming TDC Mobile International A/S as the Principle Respondent, Polkomtel S.A. as the First Auxiliary Respondent and KGHM Polska Miedz S.A., PKN ORLEN S.A., PSE S.A. and Weglokoks S.A. as further Auxiliary Respondents. In the statement of its claims, Vodafone Americas Inc. has challenged, among others, the method of setting the price by TDC International A/S in the offer addressed to the other shareholders of Polkomtel S.A.

As at the date of this report this dispute has not yet reached a conclusion. It is not possible to determine the precise date when these proceedings will be concluded, nor the outcome of these proceedings.

***these preliminary results of Polkomtel S.A. are unaudited.**

DIALOG S.A.

The basic items of the company's income statement are presented in the table below:

Table 2. Financial results of DIALOG S.A.

	X-XII 2006	X-XII 2007	I-XII 2006	I-XII 2007	Change**
Sales	83 266	88 573	500 959	496 736	99%
Operating profit/(loss)	(20 744)	(12 338)	29 835	16 464	55%
EBITDA	(4 644)	6 614	121 496	120 056	99%
Profit for the period	26 521	42 851	71 271	66 508	93%

* Financial data for 2006 is presented based on the company's separate financial statements prepared under the Accounting Law of 29 September 1994.

** I-XII 2006 = 100/I-XII 2007

Telefonia Dialog S.A. is perceived as one of the most modern telecom operators in Poland. Thanks to the introduction of new services the company is diverging ever more from the traditional view of a fixed-line operator, although this requires additional investments and expenditures.

During the four quarters of 2007 the company generated revenues from sales of PLN 496 736 thousand, i.e. 1 % less than in the comparable period of 2006. Despite the general erosion of prices on the market and the strong competition from mobile phone operators, the company achieved EBITDA which was only 1 % less than in the four quarters of 2006. Profit for the period amounted to PLN 66 508 thousand.

The intensive development of new services (including mobile and IPTV) expected over the next several years is necessary, as the strong competition from mobile phone operators means that DIALOG S.A., like other fixed-line operators, is experiencing a fall in voice service subscribers. At the end of December 2007 the company had 409.7 thousand traditional ringing lines.

In accordance with the approved strategy and business plan of DIALOG S.A., the company expects, apart from the continuation of projects already begun, to commence in the near future a variety of investment projects and products which together are aimed at increasing revenues and expanding the activities of the company, as well as permanently improving its profitability. Thanks to an agreement entered into with TP S.A., in March 2007 the company commenced sales of its services beyond its own network by using the

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incumbent operator's network (WLR services). During the nine months following commencement of WLR services, 144.0 thousand contracts were signed, which was 25% higher than the planned amount. The Management Board expects that, over the next several years, WLR services will represent a significant share of the company's revenues.

The company is also expanding its broadband Internet access services. At the end of December 2007 the number of broadband Internet users amounted to PLN 110.0 thousand.

In December 2007 the company signed a contract of cooperation with Polkomtel S.A., thanks to which in 2008 it will be able to begin offering mobile services as a so-called virtual operator (MVNO services).

In order to achieve its strategic goals, i.e. increasing its client base and increasing revenues and EBITDA, DIALOG S.A. is finalising transactions involving the takeover of other telephone operators. These transactions will permit an increase in the subscriber base of DIALOG S.A. and, thanks to the acquisition of infrastructure, will enable additional services to be provided, which will result in an increase in the company's sales and profitability.

On 22 February 2007, DIALOG S.A. finalised a transaction for the purchase of an organised part of an enterprise called E-wro. As part of this transaction, the company purchased an Ethernet technology network together with a base of 6.5 thousand subscribers with Internet access, along with other tangible and intangible assets. The purchase of this network increases the ability of DIALOG S.A. to provide modern services (e.g. interactive television).

In the third quarter of 2007 the Management Board of DIALOG S.A. resolved to commence actions aimed at the public listing of this company on the Warsaw Stock Exchange. The market debut of the company is possible in 2008, although the final date will depend on an owner's analysis of the situation on the equity markets. As part of the preparations for this offer, on 6 December 2007 the Extraordinary General Shareholders' Meeting of Telefonia DIALOG S.A. resolved to decrease the share capital of the company from PLN 1 959 800 thousand to PLN 489 950 thousand, i.e. by PLN 1 469 850 thousand. The purpose of this operation was to improve the equity structure, i.e. to cover the accumulated losses in the amount of PLN 913 150 thousand, and to change the face value of the shares in connection with the planned IPO of the company's shares and their planned listing on a regulated market operated by the Warsaw Stock Exchange. This decrease in capital was carried out without payout to the company's shareholders.

2. Measurement of financial assets and property, plant and equipment

Financial assets

Due to the measurement and settlement in the Parent Entity of future cash flow hedging transactions in an amount reflecting the effective portion of the hedge, after reflecting the results in deferred tax, other reserves were decreased in the current quarter by PLN 73 784 thousand.

(an accrued increase in other reserves by PLN 449 925 thousand since the beginning of the year)

Due to the settlement and measurement of available-for-sale financial assets at fair value, after reflecting the results in deferred tax, other reserves were decreased in the current quarter by PLN 522 thousand.

(an accrued decrease in other reserves by PLN 5 646 thousand since the beginning of the year)

Due to the settlement and re-measurement of financial instruments there was an increase in profit for the current quarter of PLN 20 491 thousand, of which PLN 20 507 thousand relates to the settlement and measurement of derivative instruments to fair value, PLN 57 thousand relates to impairment loss on a loan, while PLN 41 thousand is due to the reversal of an impairment loss on available-for-sale financial assets.

(an accrued decrease in profit by PLN 309 927 thousand since the beginning of the year)

Property, plant and equipment and receivables

Due to the depreciation of property, plant and equipment and amortisation of intangible assets, the consolidated financial result was decreased in the current quarter by PLN 154 602 thousand.

(an accrued decrease in profit by PLN 597 832 thousand since the beginning of the year)

The re-measurement of property, plant and equipment decreased the financial result by PLN 3 616 thousand *(an accrued decrease in the result by PLN 10 441 thousand since the beginning of the year)*, of which PLN 2 270 thousand relates to the impairment of property, plant and equipment, while PLN 1 346 thousand relates to the measurement of inventories to the level of net selling price.

Assets and the financial result in the current quarter were also affected by the effects of provisions for receivables together with interest (an excess of provisions recognised over released), decreasing the result of the current quarter by PLN 29 941 thousand, of which PLN 25 549 thousand was in respect of provisions for receivables claimed from local authorities due to the payment of taxes on mining works. The Company is involved in an appeals process respecting the property tax on underground mining works.

(an accrued decrease in profit by PLN 38 952 thousand since the beginning of the year)

3. Borrowings

	31 December 2007	31 December 2006
Non-current	162 909	150 568
Bank loans	132 440	111 691
Loans	13 781	21 481
Liabilities due to finance leases	16 688	17 396
Current	113 201	54 756
Bank loans	101 890	41 713
Loans	7 722	7 707
Liabilities due to finance leases	3 589	5 336
Total	276 110	205 324

IV. Type and amount of changes in estimates

1. Provisions

The effects of revaluation or recognition of estimates of future liabilities (provisions) were settled in the financial result of the current quarter, and in particular:

1.1 provision for future costs of decommissioning (restoration) of the Parent Entity's mines. This provision also includes the estimated costs of dismantling and removing technological facilities, for which the obligation for restoration upon the conclusion of activities is a result of prevailing law or standard practice. The result of this change in estimates is an increase in the provision and a decrease in profit in the amount of PLN 12 022 thousand

(an accrued decrease in profit for the period by PLN 25 322 thousand since the beginning of the year),

1.2 provisions for future employee benefits due to one-off retirement or disability payments, jubilee awards and post-employment coal equivalent payments paid after the period of employment. The result of this change in estimates is an increase in the provision and a decrease in profit in the amount of PLN 30 834 thousand

(an accrued decrease in profit for the period by PLN 46 916 thousand since the beginning of the year),

In addition the financial result for 2007 was decreased by PLN 246 098 thousand, due to the accounted costs of the annual bonus, which will be paid after approval of the annual financial statements.

2. Deferred income tax

The result of changes of differences between the carrying amount and tax base of balance sheet items is a change in the estimated value of the deferred income tax asset and the deferred income tax liabilities.

There was an increase in the deferred income tax asset in the current quarter in the amount of PLN 50 345 thousand, of which the following was settled:

- as an increase of profit, PLN 50 225 thousand
- as an increase of the revaluation reserve on hedging instruments, PLN 120 thousand

(An accrued decrease in the deferred income tax asset by PLN 91 277 thousand since the beginning of the year, of which the following was settled:

- *as an increase of profit, PLN 26 222 thousand,*
- *as a decrease of the revaluation reserve on hedging instruments, PLN 117 499 thousand)*

There was a decrease in the deferred tax liability in the current quarter in the amount of PLN 12 467 thousand, of which the following was settled:

- as a decrease of profit, PLN 1 794 thousand
- as an increase of the revaluation reserve on hedging instruments and available-for-sale financial instruments, PLN 14 261 thousand

(An accrued decrease in the deferred tax liability in the amount of PLN 23 701 thousand since the beginning of the year, of which the following was settled:

- *as an increase of profit, PLN 22 618 thousand,*
- *as a decrease of the revaluation reserve on hedging instruments and available-for-sale financial instruments, PLN 1 083 thousand)*

After offsetting the deferred income tax asset and deferred income tax liability, the deferred tax asset at the end of the reporting period was set at PLN 324 300 thousand, while the deferred tax liability was set at PLN 29 804 thousand.

V. Information on the issuance, redemption and repayment of debt and equity securities

There was no issuance, redemption or repayment of debt and equity securities in the entities of the Group during the reported period.

VI. Information related to a paid (or declared) dividend

Pursuant to resolution no. 39/2007 of the Ordinary General Shareholders' Meeting of KGHM Polska Miedz S.A. dated 30 May 2007 respecting the distribution of profit for financial year 2006 and setting of the right to dividend date and dividend payment dates, corrected by resolution no. 3/2007 of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedz S.A. dated 9 July 2007 respecting the correction of resolution no. 39/2007 of the Ordinary General Shareholders' Meeting dated 30 May 2007, the amount of PLN 3 394 000 thousand, representing PLN 16.97 per share, was allocated as a shareholders' dividend from profit for financial year 2006.

The right to dividend date was set at 25 June 2007. The dividend payment dates were set as follows: on 10 July 2007 - the amount of PLN 1 698 000 thousand, i.e. PLN 8.49 per share, and on 10 September 2007 - the amount of PLN 1 696 000 thousand, i.e. PLN 8.48 per share.

The amount of PLN 1 698 000 thousand, i.e. PLN 8.49 per share, was paid on 10 July 2007.

In connection with a suit filed by a shareholder requesting the Court either to invalidate or to annul resolution no. 3/2007 of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedz S.A. dated 9 July 2007, along with a request to safeguard the suit by issuing a court injunction prohibiting the Company from paying the second tranche of the dividend in the amount of PLN 1 696 000 thousand, the Regional Court in Legnica, Section VI (Economic), by a ruling dated 1 August 2007, agreed to safeguard the suit by prohibiting the defendant from paying the second tranche of the dividend in the amount of PLN 1 696 000 thousand, which was to be paid on 10 September 2007. The Company submitted an appeal against the abovesaid ruling. On 6 September 2007, the Court of Appeal in Wrocław dismissed the appeal of the Company against a decision issued by the Regional Court in Legnica dated 1 August 2007 regarding prohibiting payment of the second tranche of the dividend.

On 18 September 2007, the Regional Court in Legnica, Section VI (Economic) issued a decision in which the Court ascertained the invalidity of resolution no. 3/2007 of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedz S.A. dated 9 July 2007.

On 10 October 2007, the law office of Sołtysinski & Szlezak Kancelaria Radców Prawnych i Adwokatów Spółka Komandytowa in Warsaw, acting as counsel to the Company, submitted to the Court of Appeal in Wrocław an appeal against the decision issued by the Regional Court in Legnica, Section VI (Economic) dated 18 September 2007 concerning the invalidity of resolution no. 3/2007 of the Extraordinary General Shareholders' Meeting dated 9 July 2007.

The Court of Appeals in Wrocław, in a decision announced on 28 November 2007, found in favor of the appeal of the Company and changed the decision of the Regional Court in Legnica dated 18 September 2007 by dismissing the shareholder suit alleging the invalidity of resolution no. 3/2007 of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedz S.A. dated 9 July 2007.

In respect of the decision of the Court of Appeals in Wrocław dated 28 November 2007, the Management Board of the Company, by a resolution dated 30 November 2007, set the date of payment of the second tranche of the dividend for 2006 in the amount of PLN 1 696 000 thousand, i.e. PLN 8.48 per share, at 12 December 2007.

The amount of PLN 1 696 000 thousand, i.e. PLN 8.48 per share, was paid on 12 December 2007.

All of the Company's shares are ordinary shares.

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VII. Business segments

Information on business segments for the period from 1 January 2007 to 31 December 2007

	Copper and precious metals, other smelter products	Telecom and IT services	Other	Eliminations	Consolidated amount
REVENUE					
External sales	12 333 092	494 866	668 359	-	13 496 317
Inter-segment sales	123 803	3 943	1 481 453	(1 609 199)	-
Total revenue	12 456 895	498 809	2 149 812	(1 609 199)	13 496 317
RESULT					
Segment result	5 453 763	67 542	171 358	(424 340)	5 268 323
Unallocated expenses of Group as a whole	-	-	-	-	(737 485)
Operating profit	-	-	-	-	4 530 838
Finance costs - net	-	-	-	-	(35 159)
Share of profit of associates	-	264 191	902	-	265 093
Profit before income tax	-	-	-	-	4 760 772
Income tax expense	-	-	-	-	(817 735)
Profit for the period	-	-	-	-	3 943 037

	Copper and precious metals, other smelter products	Telecom and IT services	Other	Eliminations	Consolidated amount
OTHER INFORMATION					
Segment assets	9 834 759	1 195 241	1 469 501	(451 069)	12 048 432
Investments in segment - in entities accounted for using the equity method	-	687 665	2 431	-	690 096
Unallocated assets of Group as a whole	-	-	-	-	702 557
Total consolidated assets	-	-	-	-	13 441 085
Segment liabilities	2 527 617	66 049	377 845	(222 157)	2 749 354
Unallocated liabilities of Group as a whole	-	-	-	-	1 205 403
Total consolidated liabilities	-	-	-	-	3 954 757

Capital expenditures	828 556	108 236	197 917	(16 552)	1 118 157
Depreciation of property, plant and equipment	412 272	98 207	78 001	(11 912)	576 568
Amortisation of intangible assets	9 793	5 892	5 118	461	21 264
Impairment of property, plant and equipment and intangible assets recognised in income statement	3 711	5 153	(991)	-	7 873
Other non-cash expenses	74 367	6 389	18 008	(2 824)	95 940

VIII. Subsequent events

Changes in the Management Board of the Parent Entity

At its meeting on 17 January 2008, the Supervisory Board dismissed Krzysztof Skóra from the function of President of the Management Board and Dariusz Kaśków from the function of Member of the Management Board

The Supervisory Board of the Company set the size of the Management Board of KGHM Polska Miedź S.A. at three members.

The Supervisory Board appointed Ireneusz Reszczyński I Vice President of the Management Board Ireneusz Reszczyński to fill the function of President of the Management Board until the appointment of the President of the Management Board.

Trade contract

On 30 January 2008, a contract was signed between KGHM Polska Miedź S.A. and Tele-Fonika Kable S.A. for the sale of 8 mm copper wire rod and oxygen-free wire rod. The estimated value of the contract ranges from around USD 658 461 thousand (PLN 1 613 296 thousand) to around USD 844 362 thousand (PLN 2 068 771 thousand).

Resignation of a Member of the Supervisory Board

Marcin Ślęzak, Member of the Supervisory Board of KGHM Polska Miedź S.A., submitted his resignation from 13 February 2008 from membership on the Supervisory Board of KGHM Polska Miedź S.A.

Changes in the Supervisory Board of the Parent Entity

On 14 February 2008, the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A. dismissed the following persons from the Supervisory Board of the Parent Entity:

1. Leszek Jakubów
2. Anna Mańk
3. Remigiusz Nowakowski
4. Stanisław Andrzej Potycz
5. Jerzy Żyżyński

Simultaneously on 14 February 2008 the following persons were appointed to the Supervisory Board of the Company:

1. Marcin Dyl
2. Arkadiusz Kawecki
3. Jacek Kuciński
4. Marek Panfil
5. Marek Trawiński
6. Marzenna Weresa

IX. Effects of changes in the structure of the economic entity, including due to the combination of economic entities, to the takeover or sale of entities of the Group, to long-term investments, or to the separation, restructurisation or discontinuation of activities

1. On 1 October 2007, ownership rights to 29 shares of Polskie Centrum Promocji Miedzi spółka z o.o., with a total nominal value of PLN 87 thousand, were transferred to KGHM Polska Miedź S.A. based on four sales contracts signed on 24 September 2007 with entities of the KGHM Polska Miedź S.A. Group, i.e.:
 - with KGHM Ecoren S.A. – a contract to sell 26 shares of PCPM sp. z o.o., representing 74.286% of the share capital of PCPM sp. z o.o.; acquired for the total amount of PLN 239 thousand,
 - with WM „LABEDY” S.A., KGHM Metraco S.A. and KGHM CUPRUM sp. z o.o.-CBR – contracts to sell to each of these companies one share of PCPM sp. z o.o., representing 2.857% of the share capital of PCPM sp. z o.o. for the amount of PLN 9 thousand (a total of 3 shares representing 8.571% of the share capital of PCPM sp. z o.o., for the amount of PLN 27 thousand).

All of the shares acquired by KGHM Polska Miedź S.A. represent 82.857% of the share capital of PCPM sp. z o.o. and the same number of votes. This transaction improves the structure of the KGHM Polska Miedź S.A. Group.

2. On 1 October 2007 the Regional Court in Jelenia Góra, Section VIII (Economic) on bankruptcies and amelioration proceedings issued a decision on the conclusion of bankruptcy proceedings for Przedsiębiorstwo Eksploatacji Wód AQUAKONRAD S.A.

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KGHM Ecoren S.A. (subsidiary of KGHM Polska Miedz S.A.) owned 90.40% of the share capital of Przedsiębiorstwo Eksploatacji Wód AQUAKONRAD S.A. in bankruptcy. The carrying amount of the company in the accounts of KGHM Ecoren S.A. amounted to PLN 0.00.

This decision by the court concludes the bankruptcy process of the company, begun on 12 April 2006.

3. On 3 October 2007, a change of share capital was registered in the Regional Court for Wrocław-Fabryczna in Wrocław, Section IX (Economic) of the National Court Register for „Miedziowe Centrum Zdrowia” Spółka Akcyjna in Lubin (a subsidiary of KGHM Polska Miedz S.A.).

The share capital of „Miedziowe Centrum Zdrowia” Spółka Akcyjna was increased by PLN 4 300 thousand through the issuance of 60 560 shares with a nominal value of PLN 71 each, and amounts after the increase to PLN 51 118 thousand. All of the new shares were acquired by KGHM Polska Miedz S.A. and paid for in cash.

4. On 5 October 2007, a change of share capital was registered in the Regional Court for Wrocław-Fabryczna in Wrocław, Section IX (Economic) of the National Court Register for „Zagłębie” Lubin SSA. The share capital was increased by PLN 100 000 thousand. KGHM Polska Miedz S.A. acquired all of the shares in the increased share capital (100 thousand ordinary registered shares of the new issue, series „AE”, with an issue price equal to the face value amounting to PLN 1 000 per share), based on a contract entered into with the company on 30 July 2007. Payment was set to be made in three tranches:

- 1st tranche of PLN 25 000 thousand, paid on 30 September 2007,
- 2nd tranche of PLN 50 000 thousand – by 31 March 2008,
- 3rd tranche of PLN 25 000 thousand – by 30 June 2008.

The shares acquired by KGHM Polska Miedz S.A. represent 87.96% of the increased share capital of „Zagłębie” Lubin SSA.

Following this increase the share capital of „Zagłębie” Lubin SSA amounts to PLN 113 689 thousand and is divided into 113 689 ordinary shares with a face value of PLN 1 000 each. KGHM Polska Miedz S.A. owns 100% of the shares of this company, and the same number of votes. The funds arising from this increase in capital will be used for the building of a stadium.

X. Contingent and other off-balance sheet items

At the end of the financial period an estimation was made of contingent assets and liabilities, which were recognised in off-balance sheet accounts.

	At 31 December 2007	Increase/(decrease) since the end of the last financial year
1. Contingent receivables due to	158 816	(8 976)
- disputed State budget issues	146 054	(11 579)
- guarantees received	12 762	2 608
- disputed issues, issues under litigation	-	(5)
2. Contingent liabilities due to	698 660	(82 281)
- guarantees granted	30 002	2 363
- bill of trade liabilities	15 501	2 620
- disputed issues, issues under litigation	7 533	(10 076)
- contingent penalties	3 893	(350)
- agreement on the acceptance of the offer and conditional transfer of the shares in Polkomtel S.A.	641 731	(76 838)
3. Off-balance sheet liabilities due to implementation rights, invention projects	7 449	(23 088)