

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QSr 3 / 2010

(In accordance with § 82, section 2 and § 83, section 1 of the Decree of the Minister of Finance dated 19 February 2009 – Journal of Laws No. 33, point 259)

for issuers of securities involved in production, construction, trade or services activities

For the third quarter of the financial year **2010** comprising the period from **1 July 2010** to **30 September 2010**
Containing the interim condensed consolidated financial statements according to International Financial Reporting Standards in PLN, and interim condensed financial statements according to International Financial Reporting Standards in PLN.

publication date: 10 November 2010

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This report is a direct translation from the original Polish version. In the event of differences resulting from the translation, reference should be made to the official Polish version.

SELECTED FINANCIAL DATA

data concerning the interim condensed consolidated financial statements of KGHM Polska Miedź S.A.

	in '000 PLN		in '000 EUR	
	3 quarters accrued period from 1 January 2010 to 30 September 2010	3 quarters accrued period from 1 January 2009 to 30 September 2009	3 quarters accrued period from 1 January 2010 to 30 September 2010	3 quarters accrued period from 1 January 2009 to 30 September 2009
I. Sales	12 108 012	8 518 111	3 024 961	1 936 242
II. Operating profit	3 994 198	1 946 578	997 876	442 474
III. Profit before income tax	4 204 425	2 138 508	1 050 397	486 102
IV. Profit for the period	3 451 654	1 756 745	862 331	399 324
V. Profit for the period attributable to shareholders of the Parent Entity	3 447 883	1 755 778	861 389	399 104
VI. Profit for the period attributable to non-controlling interest	3 771	967	942	220
VII. Other comprehensive income	144 721	(449 524)	36 156	(102 181)
VIII. Total comprehensive income	3 596 375	1 307 221	898 487	297 143
IX. Total comprehensive income attributable to the shareholders of the Parent Entity	3 592 604	1 306 254	897 545	296 923
X. Total comprehensive income attributable to non-controlling interest	3 771	967	942	220
XI. Number of shares issued	200 000 000	200 000 000	200 000 000	200 000 000
XII. Earnings per ordinary share (in PLN/EUR) attributable to the shareholders of the Parent Entity	17.24	8.78	4.31	2.00
XIII. Net cash generated from operating activities	3 835 231	1 769 914	958 161	402 317
XIV. Net cash used in investing activities	(1 813 019)	(827 308)	(452 949)	(188 054)
XV. Net cash used in financing activities	(674 770)	(1 423 096)	(168 579)	(323 482)
XVI. Total net cash flow	1 347 442	(480 490)	336 633	(109 219)
	At 30 September 2010	At 31 December 2009	At 30 September 2010	At 31 December 2009
XVII. Non-current assets	11 688 608	9 777 030	2 931 680	2 379 882
XVIII. Current assets	7 304 005	5 089 786	1 831 955	1 238 934
XIX. Total assets	18 992 613	14 866 816	4 763 635	3 618 816
XX. Non-current liabilities	2 625 733	1 970 994	658 574	479 771
XXI. Current liabilities	2 758 179	2 302 604	691 793	560 490
XXII. Equity	13 608 701	10 593 218	3 413 268	2 578 555
XXIII. Non-controlling interest	90 754	67 875	22 762	16 522

data concerning the interim condensed financial statements of KGHM Polska Miedź S.A.

	in '000 PLN		in '000 EUR	
	3 quarters accrued period from 1 January 2010 to 30 September 2010	3 quarters accrued period from 1 January 2009 to 30 September 2009	3 quarters accrued period from 1 January 2010 to 30 September 2010	3 quarters accrued period from 1 January 2009 to 30 September 2009
I. Sales	11 191 808	7 735 698	2 796 065	1 758 393
II. Operating profit	4 011 821	2 243 646	1 002 279	510 001
III. Profit before income tax	3 987 433	2 218 648	996 186	504 318
IV. Profit for the period	3 244 224	1 854 834	810 509	421 620
V. Other comprehensive income	144 975	(450 816)	36 219	(102 474)
VI. Total comprehensive income	3 389 199	1 404 018	846 728	319 146
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)	16.22	9.27	4.05	2.11
IX. Net cash generated from operating activities	3 583 503	1 626 448	895 271	369 706
X. Net cash used in investing activities	(1 931 182)	(593 016)	(482 470)	(134 798)
XI. Net cash used in financing activities	(606 178)	(1 438 496)	(151 442)	(326 983)
XII. Total net cash flow	1 046 143	(405 064)	261 359	(92 075)
	At 30 September 2010	At 31 December 2009	At 30 September 2010	At 31 December 2009
XIII. Non-current assets	11 540 571	9 508 897	2 894 550	2 314 614
XIV. Current assets	6 314 259	4 444 133	1 583 712	1 081 772
XV. Total assets	17 854 830	13 953 030	4 478 262	3 396 386
XVI. Non-current liabilities	2 298 514	1 704 420	576 503	414 883
XVII. Current liabilities	2 363 160	1 844 653	592 716	449 017
XVIII. Equity	13 193 156	10 403 957	3 309 043	2 532 486

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Interim condensed consolidated financial statements

Interim consolidated statement of financial position

	Note	At	
		30 September 2010	31 December 2009
Assets			
Non-current assets			
Property, plant and equipment		8 050 168	7 673 437
Intangible assets		292 459	268 195
Investment property		54 368	17 164
Investments in associates		1 446 055	1 315 663
Deferred tax assets		480 155	347 395
Available-for-sale financial assets		639 968	19 412
Held-to-maturity investments		87 057	67 144
Derivative financial instruments		624 173	58 034
Trade and other receivables		14 205	10 586
		11 688 608	9 777 030
Current assets			
Inventories		2 261 400	2 072 434
Trade and other receivables		1 892 975	1 531 341
Current corporate tax receivables		1 933	9 329
Available-for-sale financial assets		310 316	8 976
Held-to-maturity investments		460	580
Derivative financial instruments		289 218	263 375
Cash and cash equivalents		2 541 207	1 197 077
Non-current assets held for sale		6 496	6 674
		7 304 005	5 089 786
TOTAL ASSETS		18 992 613	14 866 816
Equity and liabilities			
EQUITY			
Equity attributable to shareholders of the Parent Entity			
Share capital		2 000 000	2 000 000
Accumulated other comprehensive income		271 022	126 301
Retained earnings		11 246 925	8 399 042
		13 517 947	10 525 343
Non-controlling interest		90 754	67 875
TOTAL EQUITY		13 608 701	10 593 218
LIABILITIES			
Non-current liabilities			
Trade and other payables		40 355	36 230
Borrowings and finance lease liabilities	A.IV.6	166 429	120 854
Derivative financial instruments		478 842	61 354
Deferred tax liabilities		53 020	41 785
Liabilities due to employee benefits		1 283 990	1 183 350
Provisions for other liabilities and charges		603 097	527 421
		2 625 733	1 970 994
Current liabilities			
Trade and other payables		1 762 150	1 575 896
Borrowings and finance lease liabilities	A.IV.6	123 763	219 816
Current corporate tax liabilities		517 226	79 104
Derivative financial instruments		213 781	273 717
Liabilities due to employee benefits		103 612	106 704
Provisions for other liabilities and charges		37 647	47 367
		2 758 179	2 302 604
TOTAL LIABILITIES		5 383 912	4 273 598
TOTAL EQUITY AND LIABILITIES		18 992 613	14 866 816

Interim consolidated statement of comprehensive income

	Note	Financial period			
		for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Sales	A.IV.1	4 296 235	12 108 012	2 906 197	8 518 111
Cost of sales	A.IV.2	(2 390 235)	(6 933 445)	(1 884 697)	(5 557 979)
Gross profit		1 906 000	5 174 567	1 021 500	2 960 132
Selling costs	A.IV.2	(47 213)	(170 444)	(64 177)	(178 354)
Administrative expenses	A.IV.2	(210 794)	(562 754)	(172 893)	(531 041)
Other operating income	A.IV.3	(22 324)	510 577	39 846	323 665
Other operating costs	A.IV.4	(428 867)	(957 748)	(336 269)	(627 824)
Operating profit		1 196 802	3 994 198	488 007	1 946 578
Finance costs	A.IV.5	(11 319)	(35 506)	(9 225)	(35 062)
Share of profits of associates accounted for using the equity method		90 514	245 733	82 405	226 992
Profit before income tax		1 275 997	4 204 425	561 187	2 138 508
Income tax expense		(227 621)	(752 771)	(95 501)	(381 763)
Profit for the period		1 048 376	3 451 654	465 686	1 756 745
Other comprehensive income due to:					
Available-for-sale financial assets		106 589	93 105	1 591	(7 108)
Cash flow hedging instruments		(141 398)	85 563	77 335	(547 860)
Income tax related to items presented in other comprehensive income		6 614	(33 947)	(14 996)	105 444
Other comprehensive net income for the financial period		(28 195)	144 721	63 930	(449 524)
TOTAL COMPREHENSIVE INCOME		1 020 181	3 596 375	529 616	1 307 221
Profit for the period attributable to:					
shareholders of the Parent Entity		1 048 033	3 447 883	464 619	1 755 778
non-controlling interest		343	3 771	1 067	967
Total comprehensive income attributable to:					
shareholders of the Parent Entity		1 019 838	3 592 604	528 549	1 306 254
non-controlling interest		343	3 771	1 067	967
Earnings per share attributable to the shareholders of the Parent Entity during the period (in PLN per share)					
- basic		5.24	17.24	2.32	8.78
- diluted		5.24	17.24	2.32	8.78

Interim consolidated statement of changes in equity

	Attributable to shareholders of the Parent Entity						Attributable to non- controlling interest	Total equity
	Share capital	Accumulated other comprehensive income due to:		Retained earnings	Total			
		Available- for-sale financial assets	Cash flow hedging instruments					
At 1 January 2010 as previously stated	2 000 000	561	125 740	8 429 651	10 555 952	67 875	10 623 827	
Prior periods error	-	-	-	(30 609)	(30 609)	-	(30 609)	
At 1 January 2010	2 000 000	561	125 740	8 399 042	10 525 343	67 875	10 593 218	
Dividends for 2009 resolved and paid	-	-	-	(600 000)	(600 000)	-	(600 000)	
Total comprehensive income	-	75 416	69 305	3 447 883	3 592 604	3 771	3 596 375	
Other changes in equity attributable to non-controlling interest	-	-	-	-	-	19 108	19 108	
At 30 September 2010	2 000 000	75 977	195 045	11 246 925	13 517 947	90 754	13 608 701	
At 1 January 2009	2 000 000	8 972	508 484	8 407 049	10 924 505	58 360	10 982 865	
Dividends for 2008 resolved but unpaid	-	-	-	(904 000)	(904 000)	-	(904 000)	
Dividends for 2008 paid	-	-	-	(1 432 000)	(1 432 000)	-	(1 432 000)	
Total comprehensive income	-	(5 757)	(443 767)	1 755 778	1 306 254	967	1 307 221	
Other changes in equity attributable to non-controlling interest	-	-	-	-	-	(8 626)	(8 626)	
At 30 September 2009	2 000 000	3 215	64 717	7 826 827	9 894 759	50 701	9 945 460	

Interim consolidated statement of cash flows

	Note	Financial period	
		for the 9 months ended 30 September 2010	for the 9 months ended 30 September 2009
Cash flow from operating activities			
Profit for the period		3 451 654	1 756 745
Adjustments to profit for the period	A.IV.7	853 031	430 515
Income tax paid		(469 454)	(417 346)
Net cash generated from operating activities		3 835 231	1 769 914
Cash flow from investing activities			
Purchase of subsidiaries, less acquired cash and cash equivalents		(26 072)	(14 895)
Purchase of property, plant and equipment and intangible assets		(916 392)	(1 124 723)
Proceeds from sale of property, plant and equipment and intangible assets		10 984	14 718
Proceeds from sale of investment property		461	-
Purchase of available-for-sale financial assets		(835 605)	(58)
Proceeds from sale of available-for-sale financial assets		6 928	20 000
Purchase of held-to-maturity investments financed from the resources of Mine Closure Fund		(19 794)	(7 651)
Establishment of deposits		-	(400 500)
Termination of deposits		-	400 500
Proceeds from repayments of loans granted		-	1 314
Interest received		2 470	5 937
Dividends received		24 116	305 218
Advances granted for purchase of property, plant and equipment and intangible assets		(55 157)	(16 747)
Other investment expenses		(4 958)	(10 421)
Net cash used in investing activities		(1 813 019)	(827 308)
Cash flow from financing activities			
Proceeds from transactions with non-controlling interest		-	57
Proceeds from loans and borrowings		117 615	86 616
Repayments of loans and borrowings		(169 838)	(60 794)
Payments of liabilities due to finance leases		(9 816)	(5 640)
Interest paid		(13 168)	(11 326)
Dividends paid to shareholders of the Parent Entity		(600 000)	(1 432 000)
Other financial proceeds/(expenses)		437	(9)
Net cash used in financing activities		(674 770)	(1 423 096)
Total net cash flow		1 347 442	(480 490)
Exchange losses on cash and cash equivalents		(3 312)	(11 767)
Movements in cash and cash equivalents		1 344 130	(492 257)
Cash and cash equivalents at beginning of the period		1 197 077	2 065 763
Cash and cash equivalents at end of the period		2 541 207	1 573 506
including restricted cash and cash equivalents		13 770	16 935

Selected explanatory data to the interim condensed consolidated financial statements

I. Policies applied in preparing the financial statements

1. Introduction

The Parent Entity of the KGHM Polska Miedź S.A. Group is KGHM Polska Miedź S.A. with its registered 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.

The principal activities of the Parent Entity comprise:

- mining of copper and non-ferrous metals ore,
- excavation of gravel and sand,
- production of copper, precious and non-ferrous metals,
- production of salt,
- casting of light and non-ferrous metals,
- forging, pressing, stamping and roll forming of metal - powder metallurgy,
- waste management,
- wholesale based on direct or contractual payments,
- warehousing and storage of goods,
- holding management activities,
- geological and exploratory activities,
- general construction activities with respect to mining and production facilities,
- generation and distribution of electricity, steam and hot water, production of gas and distribution of gaseous fuels through a supply network,
- scheduled and non-scheduled air transport, and
- telecommunication and IT activities.

Activities involving the exploitation of copper ore, salt deposits and common minerals are carried out based on licenses held by KGHM Polska Miedź S.A., which were issued by the Minister of Environmental Protection, Natural Resources and Forestry in the years 1993-2004.

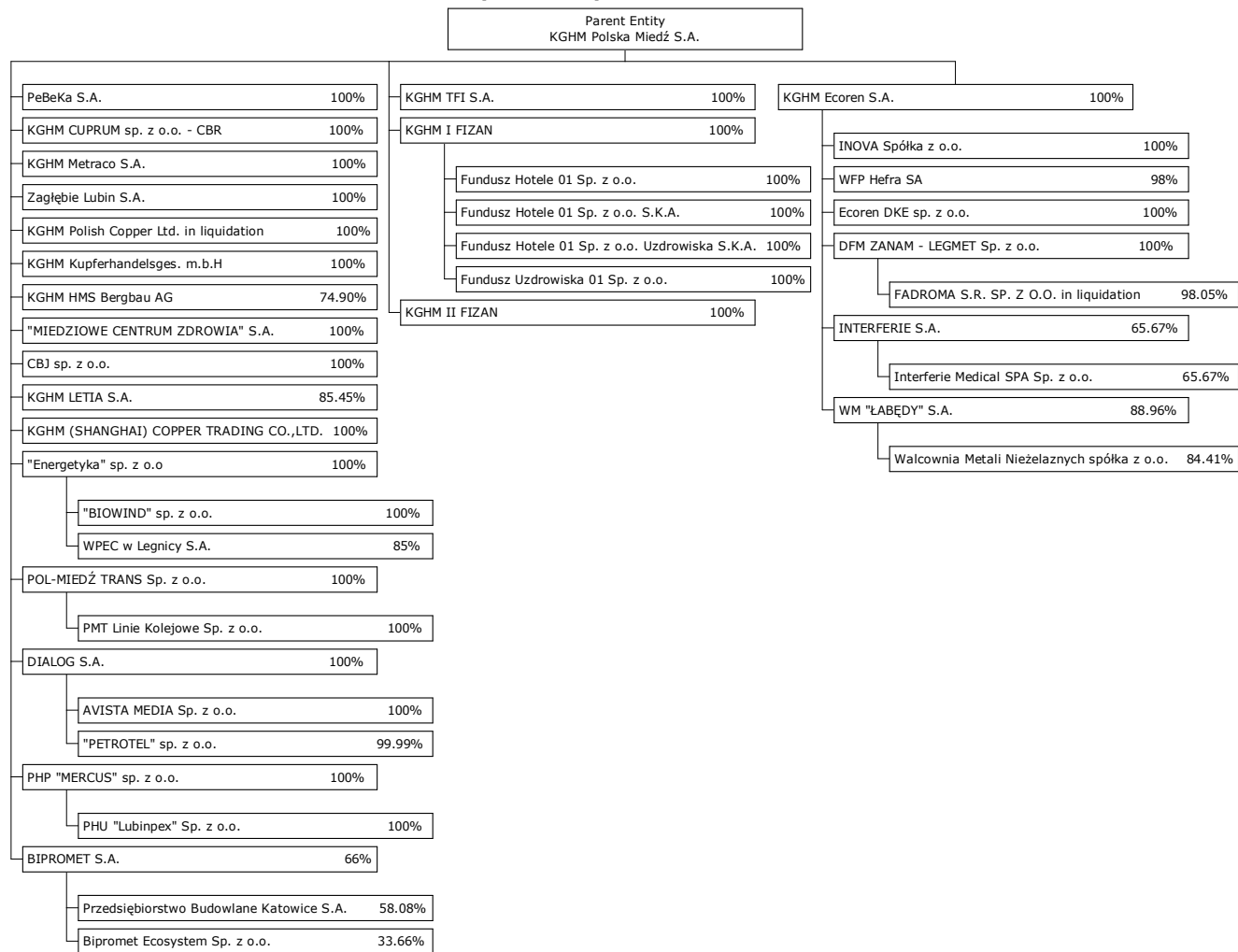
The business activities of the Group also include:

- production of goods from copper and precious metals,
- underground construction services,
- production of machinery and mining equipment,
- transport services,
- activities in the areas of research, analysis and design,
- production of road-building materials, and
- recovery of metals associated with copper ores.

Selected explanatory data to the consolidated financial statements (continuation)

2. Composition of the KGHM Polska Miedź S.A. Group at 30 September 2010

Subsidiaries
and indirect subsidiaries
subject to consolidation



The percentage share represents the total share of the Group.

Selected explanatory data to the interim condensed consolidated financial statements (continuation)

In the current quarter KGHM Polska Miedź S.A. consolidated 41 subsidiary entities, while one associated entity was 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 excluded from consolidation - PU „Mercus Software” Sp. z o.o. and TUW Cuprum. Altogether, in the presented consolidated financial statements 2 subsidiaries were not consolidated, and one associated entity was not accounted for using the equity method. At the end of the reporting period they were measured at cost less impairment. Exclusion of these entities from consolidation does not effect the honest presentation of the assets, profit or loss and cash flows of the Group.

The following quarterly report includes:

1. the interim condensed consolidated financial statements of KGHM Polska Miedź S.A. for the current period from 1 July to 30 September 2010 and the comparable period from 1 July to 30 September 2009, together with selected explanatory data to the interim condensed consolidated financial statements, and
2. other information to the consolidated quarterly report.

The quarterly financial information of KGHM Polska Miedź S.A. for the current period from 1 July to 30 September 2010 and the comparable period from 1 July to 30 September 2009 is an integral part of the report.

Neither the interim condensed consolidated financial statements at 30 September 2010 nor the separate financial statements at 30 September 2010 were audited by a certified auditor.

3. Exchange rates applied

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

- for the calculation of turnover, profit or loss and cash flow for the current period, the rate of **4.0027 PLN/EUR**,
- for the calculation of turnover, profit or loss and cash flow for the comparable period, the rate of **4.3993 PLN/EUR**,
- for the calculation of assets, equity and liabilities at 31 December 2009, the rate of **4.1082 PLN/EUR**,
- for the calculation of assets, equity and liabilities at 30 September 2010, the rate of **3.9870 PLN/EUR**.

4. Accounting policies

The condensed consolidated financial report for the period from 1 July 2010 to 30 September 2010 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read jointly with the consolidated financial statements for the year ended 31 December 2009.

The following financial statements are prepared, applying these same principles to the current and comparable periods, restating the comparable period to reflect the changes in accounting and presentation principles to those applied in the statements in the current period. Changes were with respect to revaluation of the shares of Polkomtel S.A. using the equity method due to an adjustment of the financial statements of Polkomtel S.A. for the year 2009 following an audit of its accounts. Due to a prior period error, retained earnings were decreased at 1 January 2010 by the amount of PLN 30 609 thousand with a respective decrease in the value of investments in associates at 31 December 2009. The adjustment to the prior period error did not affect profit or loss for the 9 months ended 30 September 2009 and the statement of financial position as at 1 January 2009.

Changes in force in the Group from 1 January 2010 introduced by new standards, updated standards and interpretations:

- IFRIC 15 Agreements for the Construction of Real Estate,
- IFRIC 17 Distributions of Non-cash Assets to Owners,
- IFRIC 18 Transfers of Assets from Customers,
- Eligible hedged items, an amendment to IAS 39 Financial Instruments: Recognition and Measurement (recognition criteria for a hedged position),
- Amendments to IFRS 2 Share-based Payment,
- IFRS 3 Business Combinations,
- IAS 27 Consolidated and Separate Financial Statements,
- Amended IFRS 1 First-time Adoption of IFRS (standard given a new structure),
- Amended IFRS 1 First-time Adoption of IFRS (amendment concerns entities active in the oil and natural gas sectors),
- Improvements to International Financial Reporting Standards 2009.

As at the date of publication of these financial statements, all of the above changes to the standards and interpretations have been approved for use by the European Union. It is considered that their application will not have a material impact on the financial statements of the Group.

Selected explanatory data to the interim condensed consolidated financial statements (continuation)

II. Information on significant changes in estimates

1. Provisions for future liabilities

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 provisions for future employee benefits due to one-off retirement or disability payments, jubilee awards, post-mortem benefits and the coal equivalent also paid after the period of employment. The result of this change in estimates is an increase in the provision in the amount of PLN 40 283 thousand which was settled as a decrease in profit (after reflecting the results in deferred tax, a decrease in profit in the amount of PLN 32 601 thousand),

(an accrued decrease in profit by PLN 97 008 thousand excluding the results in deferred tax since the beginning of the financial year)

1.2 provision for future costs of decommissioning (restoration) of the Group's mines, comprising the estimated costs of dismantling and removing technological facilities, for which the obligation for restoration upon the conclusion of activities is a result of separate law or standard practice. The result of this change in estimates is an increase in the provision in the amount of PLN 33 804 thousand, which was settled as a decrease in profit in the amount of PLN 8 082 thousand and as an increase of property, plant and equipment in the amount of PLN 25 722 thousand. The increase in the provision caused an increase in deferred tax assets in the amount of PLN 7 175 thousand,

(an accrued increase in the provision by PLN 98 435 thousand since the beginning of the financial year, of which PLN 24 806 thousand was settled as a decrease in profit and PLN 73 629 thousand was settled as an increase in property, plant and equipment)

1.3 provisions for future employee remuneration costs together with charges in the amount of PLN 233 542 thousand, paid (in accordance with the Collective Labour Agreement) on the occasion of mining and smelting holidays and after approval of the annual financial statements.

(provision at 30 September 2010 amounted to PLN 441 297 thousand)

The revaluation and recognition of other provisions for liabilities did not significantly impact the current period profit.

2. Deferred income tax

The result of differences between the carrying amount and the tax base of statement of financial position items is a change in the estimated value of the deferred tax asset and the deferred tax liabilities.

There was an increase in the deferred tax asset in the current quarter in the amount of PLN 111 987 thousand, which was settled:

- as an increase in profit, PLN 111 695 thousand,
- as a decrease in other comprehensive income due to measurement of available-for-sale financial assets, PLN 2 153 thousand.

The remaining increase in the deferred tax asset of PLN 2 445 thousand represents the deferred tax asset of a subsidiary at the date on which control was obtained by the Group.

(an accrued increase in the deferred tax asset by PLN 230 638 thousand since the beginning of the financial year, of which the following was settled:

- *as an increase in profit, PLN 228 133 thousand,*
- *as an increase in other comprehensive income due to measurement of available-for-sale financial assets, PLN 60 thousand.*

The remaining increase in the deferred tax asset of PLN 2 445 thousand represents the deferred tax asset of a subsidiary at the date on which control was obtained.)

There was an increase in the deferred tax liability in the current quarter in the amount of PLN 6 574 thousand, of which the following was settled:

- as a decrease in profit, PLN 6 136 thousand,
- as an increase in other comprehensive income due to measurement of hedging financial instruments and available-for-sale financial assets, PLN 8 767 thousand.

The remaining increase in the deferred tax liability of PLN 9 205 thousand represents the deferred tax liability of a subsidiary at the date on which control was obtained by the Group.

(an accrued increase in the deferred tax liability by PLN 109 113 thousand since the beginning of the financial year, of which the following was settled:

- *as a decrease in profit, PLN 65 901 thousand,*
- *as a decrease in other comprehensive income due to measurement of cash flow hedging financial instruments and available-for-sale financial assets, PLN 34 007 thousand,*

**Selected explanatory data to the interim condensed consolidated financial statements
(continuation)**

The remaining increase in the deferred tax liability of PLN 9 205 thousand represents the deferred tax liability of a subsidiary at the date on which control was obtained.)

After offsetting the deferred tax asset and deferred tax liability, the deferred tax asset at the end of the reporting period was set at PLN 480 155 thousand, while the deferred tax liability was set at PLN 53 020 thousand.

III. Financial and tangible assets

In the current quarter changes in financial assets concerned the following:

1. in **investments in associates** – use of the equity method and an increase in investments due to the share of profit of an associate for the financial period in the amount of PLN 90 514 thousand, an adjustment to investments due to the interim dividend from profit for 2010 in the amount of PLN 77 455 thousand, and amortisation of intangible assets of Polkomtel S.A. in the amount of PLN 4 612 thousand identified in the final settlement of the acquisition of the shares of the Company.

(accrued since the beginning of the financial year, changes concerned the following:

- *increase in assets due to share of profit, in the amount of PLN 245 733 thousand,*
- *decrease in investments due to the dividend, in the amount of PLN 101 505 thousand,*
- *amortisation of intangible assets (customer relationships) in the amount of PLN 13 836 thousand)*

2. in **available-for-sale financial assets**

- a) **non-current** – acquisition of shares in listed companies in the amount of PLN 101 858 thousand, the settlement in other comprehensive income of positive measurement of assets at the balance sheet date in the amount of PLN 105 052 thousand. The remaining increase in assets in the amount of PLN 30 thousand represent the carrying amount of available-for-sale financial assets of a subsidiary at the date on which control was obtained by the Group.

(accrued changes since the beginning of the financial year concerned the following:

- *acquisition of shares in listed companies in the amount of PLN 535 123 thousand,*
- *closure of investment in AIG investment fund in the amount of PLN 7 930 thousand,*
- *positive measurement of shares in listed companies settled in other comprehensive income in the amount of PLN 93 603 thousand (an excess of the gains in the amount of PLN 106 077 thousand, over the loss in the amount of PLN 12 474 thousand),*
- *reclassification of available-for-sale financial assets to held-for-sale assets in the amount of PLN 270 thousand, and*
- *increase in financial assets of PLN 30 thousand in connection with obtaining control over a subsidiary)*

- b) **current** - acquisition of participation units in investment funds in the amount of PLN 300 000 thousand and settlement in other comprehensive income of the positive measurement of assets in the amount of PLN 1 538 thousand.

(accrued changes since the beginning of the financial year concerned the acquisition of participation units in investment funds in the amount of PLN 300 000 thousand and settlement in other comprehensive income of the measurement in the amount of PLN 1 340 thousand (an excess of gains in the amount of PLN 1 940 thousand over losses from measurement of assets in the amount of PLN 600 thousand))

3. in **non-current held-to-maturity investments** - purchase of financial assets financed from the resources of the Mine Closure Fund in the amount of PLN 780 thousand,

(accrued changes since the beginning of the financial year concerned the purchase of financial assets financed from the resources of the Mine Closure Fund in the amount of PLN 19 794 thousand, and reclassification to non-current held-to-maturity investments of the resources of the Fund in the amount of PLN 120 thousand, which will not be used during the 12 months from the end of the reporting period as well as the negative measurement of other assets in the amount of PLN 1 thousand)

4. in **current held-to-maturity investments** – there were no changes in the current quarter,

(accrued changes since the beginning of the financial year, concerned reclassification from current to non-current held-to-maturity investments of the resources of the Fund in the amount of PLN 120 thousand, which will not be used during the 12 months from the end of the reporting period)

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

5. in **derivative financial instruments** – as a result of changes in macroeconomic factors, there was a decrease in the fair value of open derivative instruments at 30 September 2010. Simultaneously, as a result of these changes, derivative transactions with a settlement date falling in the third quarter of 2010 were settled with a negative result. Profit for the current quarter was decreased in the amount of PLN 298 089 thousand (an accrued decrease in profit since the beginning of the year in the amount of PLN 350 370 thousand). Detailed information on derivative instruments of the Parent Entity may be found in part C point II 5, Risk management.

6. in **financial receivables** – recognition of an impairment allowance in the amount of PLN 6 447 thousand (an excess of the impairment allowance recognised, PLN 7 015 thousand over released, PLN 568 thousand).

(accrued changes since the beginning of the financial year concerned recognition of an impairment allowance in the amount of PLN 8 379 thousand as an excess of the impairment allowance recognised, PLN 17 807 thousand over released, PLN 9 428 thousand).

With respect to other assets in the current quarter the following impairment losses were recognised and reversed:

property, plant and equipment and intangible assets

- impairment loss recognised PLN 1 042 thousand

(accrued since the beginning of the financial year

- *impairment loss recognised* PLN 6 673 thousand
 - *impairment loss reversed* PLN 121 thousand)

non-financial receivables

- impairment allowance reversed PLN 2 543 thousand

(accrued since the beginning of the financial year

- *impairment allowance recognised* PLN 3 653 thousand
 - *impairment allowance reversed* PLN 3 001 thousand)

inventories

- write-down recognised PLN 759 thousand
 - write-down reversed PLN 64 thousand

(accrued since the beginning of the financial year

- *write-down recognised* PLN 1 641 thousand
 - *write down reversed* PLN 3 283 thousand)

IV. Selected additional explanatory notes

1. Sales

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Copper, precious metals, smelter by-products	3 939 667	11 061 221	2 655 628	7 692 899
Energy	5 590	56 098	3 984	22 963
Services	213 865	615 800	197 879	540 444
Mining machinery, transport vehicles for mining and other	6 483	15 868	9 031	12 969
Merchandise	61 614	173 735	8 495	159 755
Scrap and materials	2 948	6 632	2 637	7 016
Other finished goods	66 068	178 658	28 543	82 065
Total	4 296 235	12 108 012	2 906 197	8 518 111

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

2. Expenses by nature

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Depreciation of property, plant and equipment and amortisation of intangible assets	209 529	622 050	184 415	546 908
Employee benefit expenses	929 552	2 578 773	747 581	2 393 182
Materials and energy	1 071 804	3 711 294	1 017 987	2 695 589
External services	386 712	999 613	301 399	870 738
Taxes and charges	94 879	274 947	86 936	254 585
Advertising costs and representation expenses	10 643	35 606	6 593	25 267
Property and personal insurance	6 724	19 980	5 079	13 152
Research and development costs not capitalised in intangible assets	213	2 047	291	833
Other costs, of which:	17 901	44 483	9 818	54 479
Impairment loss on property, plant and equipment, intangible assets	1 042	6 673	468	1 658
Write-down of inventories	759	1 641	65	987
Allowance for impairment of trade receivables	6 301	13 550	2 881	31 423
Reversal of impairment loss on property, plant and equipment, intangible assets	-	(117)	(33)	(33)
Reversal of write-down of inventories	(64)	(3 283)	(29)	(1 420)
Reversal of allowance for impairment of trade receivables	(389)	(6 815)	(2 742)	(6 729)
Losses from the disposal of financial instruments	542	1 376	83	463
Other operating costs	9 710	31 458	9 125	28 130
Total expenses by nature	2 727 957	8 288 793	2 360 099	6 854 733
Cost of merchandise and materials sold (+), of which:	42 385	118 522	42 162	112 160
Allowance for impairment of receivables	159	279	203	1 475
Reversal of allowance for impairment of receivables	(120)	(405)	(160)	(658)
Change in inventories of finished goods and work in progress (+/-)	103 432	(261 701)	(196 245)	(378 046)
Cost of manufacturing products for internal use (-)	(225 532)	(478 971)	(84 249)	(321 473)
Total cost of sales, selling costs and administrative expenses	2 648 242	7 666 643	2 121 767	6 267 374

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

3. Other operating income

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Income and gains on financial instruments, classified under other operating activities, resulting from:	(42 457)	443 141	26 890	244 776
Measurement and realisation of derivative instruments	58 336	401 493	22 966	160 320
Interest	13 623	38 618	14 269	75 486
Foreign exchange gains	(114 401)	-	(11 093)	-
Gains from disposal	(74)	822	-	7 519
Reversal of allowance for impairment of loans and receivables	59	2 208	748	1 451
Gains from disposal due to the loss of control of a subsidiary	-	-	-	21 457
Gains on a bargain purchase	2 034	2 034	-	-
Gains from the disposal of intangible assets	(302)	1 480	1 808	1 927
Other interest	942	3 255	1 810	3 236
Dividends received	-	64	-	251
Reversal of impairment losses on assets under construction	-	4	-	9
Reversal of allowance for impairment of other non-financial receivables	2 197	3 001	632	1 419
Government grants and other donations received	386	924	176	518
Release of unused provisions due to:	2 638	13 916	2 119	25 076
Decommissioning of mines	764	1 198	855	17 673
Disputed issues and court proceedings	301	6 949	530	4 673
Other anticipated losses, expenses and liabilities	1 573	5 769	734	2 730
Surpluses identified in current assets	36	5 186	-	-
Penalties and compensation	10 255	20 768	3 038	10 092
Other operating income/gains	1 947	16 804	3 373	14 904
Total other operating income	(22 324)	510 577	39 846	323 665

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

4. Other operating costs

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Costs and losses on financial instruments, classified under other operating activities, resulting from:	412 225	893 961	321 853	574 113
Measurement and realisation of derivative instruments	403 594	881 326	253 427	499 796
Interest	8	47	168	812
Foreign exchange losses	8 444	8 444	67 852	67 852
Losses from the measurement of non-current liabilities	(385)	157	(665)	649
Losses from disposal	9	9	479	1 330
Allowances for impairment of loans and receivables	555	3 978	592	3 674
Allowances for impairment of other non-financial receivables	(346)	3 653	(134)	388
Losses on the sale of property, plant and equipment	3 905	7 205	4 714	13 734
Impairment losses on assets under construction	-	-	-	2 161
Interest on overdue non-financial liabilities	44	145	348	1 766
Donations granted	3 072	13 020	4 266	7 034
Provisions for liabilities due to:	1 901	8 076	(144)	7 724
Decommissioning of mines	826	2 296	16	515
Disputed issues and court proceedings	456	1 545	(266)	2 805
Other	619	4 235	106	4 404
Penalties and compensation paid	1 021	2 334	711	2 274
Contributions to a voluntary organisation	452	5 254	1 523	7 095
Other operating costs/losses	6 593	24 100	3 132	11 535
Total other operating costs	428 867	957 748	336 269	627 824

5. Finance costs

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Interest expense due to:	3 669	11 574	3 774	10 655
Bank and other loans	3 309	9 920	3 392	9 211
Finance leases	360	1 654	382	1 444
Net exchange gains on borrowings	(698)	(609)	(1 402)	(140)
Changes in provisions arising from the approach of the maturity date of liabilities (unwinding of discount effect)	8 097	23 967	6 969	23 344
Losses/(gains) on measurement of financial liabilities	63	208	(209)	-
Other finance costs	188	366	93	1 203
Total finance costs	11 319	35 506	9 225	35 062

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

6. Borrowings and liabilities due to finance leases

	At	
	30 September 2010	31 December 2009
Non-current	166 429	120 854
Bank loans	132 071	86 340
Loans	3 676	3 715
Finance lease liabilities	30 682	30 799
Current	123 763	219 816
Bank loans	110 624	204 442
Loans	1 783	4 788
Finance lease liabilities	11 356	10 586
Total	290 192	340 670

7. Adjustments to profit for the period in the interim consolidated statement of cash flows

	Financial period	
	for the 9 months ended 30 September 2010	for the 9 months ended 30 September 2009
Income tax expense	752 771	381 763
Depreciation/amortisation	622 050	546 908
Share of profits of associates accounted for using the equity method	(245 733)	(226 992)
Interest and share in profits (dividends)	10 852	5 407
Foreign exchange losses	6 474	15 416
Change in provisions	89 875	49 878
Change in derivative instruments	(19 405)	483 858
Reclassification of accumulated other comprehensive income to profit or loss as a result of realisation of derivative instruments	(129 463)	(473 988)
Other adjustments	415	29 120
Changes in working capital:	(234 805)	(380 855)
Inventories	(188 292)	(446 198)
Trade and other receivables	(248 905)	171 316
Trade and other payables	202 392	(105 973)
Total adjustments to profit for the period	853 031	430 515

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

8. Related entities transactions

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Sales to related entities				
To associates	785	2 523	874	2 882
To other related entities	25 123	62 365	9 632	45 024
Total sales to related entities	25 908	64 888	10 506	47 906

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Purchases from related entities				
From associates	1 939	5 155	3 237	10 280
From other related entities	206 986	582 585	150 265	589 662
Total purchases from related entities	208 925	587 740	153 502	599 942

	At	
	30 September 2010	31 December 2009
Trade receivables from related entities		
From associates	851	887
From other related entities	9 027	8 579
Total receivables from related entities	9 878	9 466

	At	
	30 September 2010	31 December 2009
Impairment allowance on trade receivables from related entities	882	904

	At	
	30 September 2010	31 December 2009
Trade payables towards related entities		
Towards associates	743	787
Towards other related entities	115 924	66 764
Total payables towards related entities	116 667	67 551

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

V. Situation and results of significant companies

DIALOG S.A.

DIALOG S.A. is the parent entity of the DIALOG S.A. Group, which at 30 September 2010 comprised the following subsidiaries:

- „PETROTEL” sp. z o.o. – this company provides telecom services in the region of Płock and vicinity,
- AVISTA MEDIA Sp. z o.o. – the core business of the company is providing call centre services and direct marketing.

Financial data of the DIALOG S.A. Group

	Financial period			
	for the 3 months ended	for the 9 months ended	for the 3 months ended	for the 9 months ended
	<u>30 September 2010</u>	<u>30 September 2010</u>	<u>30 September 2009*</u>	<u>30 September 2009*</u>
Sales	134 051	394 675	129 602	389 190
Result on sales	7 234	23 364	12 843	25 938
Operating profit	9 687	31 842	13 003	27 525
EBITDA	31 087	95 857	37 996	102 073
Profit before taxation	8 986	28 379	11 331	21 520
Profit for the period	9 711	31 511	5 910	6 334

* Data for 2009 were adjusted in relation to those presented in the consolidated report for the third quarter of 2009 with respect to the final settlement of the acquisition of shares of „PETROTEL” sp. z o.o.

Financial data of DIALOG S.A.

	Financial period			
	for the 3 months ended	for the 9 months ended	for the 3 months ended	for the 9 months ended
	<u>30 September 2010</u>	<u>30 September 2010</u>	<u>30 September 2009</u>	<u>30 September 2009</u>
Sales	127 259	374 426	122 929	368 919
Result on sales	6 380	19 700	11 745	25 177
Operating profit	8 802	27 974	11 943	25 868
EBITDA	27 948	85 319	34 422	92 733
Profit before taxation	8 162	24 724	10 370	20 211
Profit for the period	9 090	28 518	5 174	5 762

During the first three quarters of 2010, the revenues from sales of the DIALOG S.A. Group were higher than those achieved in the comparable prior year period by PLN 5 485 thousand. The main increase in revenues was recorded in the area of services provided based on external infrastructure (mainly WLR services) and in the area of digital television IPTV and data transmission services using the company's own network.

A higher operating profit was also recorded, versus the comparable prior year period (an increase of PLN 4 317 thousand) and significantly higher profit for the period (an increase of PLN 25 177 thousand).

At the end of September 2010 the DIALOG S.A. Group had 712 thousand ringing lines. The number of data transmission services was 156 thousand.

During the first three quarters of 2010, the company recorded an increase in the number of active IPTV services (digital television offered as part of the DIALOGmedia package with a fixed-line telephone and Internet access) by 11 thousand versus the end of 2009.

In the first quarter of 2010, the DIALOG S.A. Group introduced a mobile telephone service called Diallo, based on the virtual operator (MVNO) model. In September 2010, another product was introduced from the mobile telephone services group – mobile Internet access. At the end of September 2010 the number of active SIM cards amounted to 22 thousand.

DIALOG S.A. realises a project, financed by EU funds, to implement innovative services based on a passive optical network (PON) – so-called „fiber to the premises” network architecture – which will include 70 thousand housing units, including in Wrocław, Legnica, Zielona Góra and Łódź. This is the largest project of its type in Poland and one of the largest in Europe. In October 2010, the company received additional financing from EU funds for realisation of the project „Development of a regional wide-band network in the voivodeship of Łódź”.

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

Polkomtel S.A.

The carrying amount of the shares of Polkomtel S.A. in the consolidated financial statements of KGHM Polska Miedź S.A. at 30 September 2010 accounted for using the equity method amounted to PLN 1 446 055 thousand.

Financial data of Polkomtel S.A.

	Financial period			
	for the 3 months ended	for the 9 months ended	for the 3 months ended	for the 9 months ended
	30 September 2010	30 September 2010	30 September 2009	30 September 2009
Sales	1 961 093	5 726 909	1 959 740	5 921 983
Result on sales	472 214	1 300 505	448 775	1 316 188
Operating profit	483 915	1 333 439	431 588	1 285 565
EBITDA	812 108	2 332 522	758 542	2 254 809
Profit before taxation	461 768	1 247 677	421 349	1 160 259
Profit for the period	371 087	1 007 452	337 841	930 615

During the first three quarters of 2010, Polkomtel S.A. earned revenues from sales by 3.3% lower than in the comparable prior year period. The profit of the company for the first three quarters of 2010 was higher than that achieved in the comparable prior year period by 8.3%, i.e. by PLN 76 837 thousand.

In September 2010, the Supervisory Board of Polkomtel S.A. passed a resolution agreeing to the payment of an interim dividend against the dividend projected for 2010, based on the financial statements prepared at 30 June 2010. The amount of the interim payment is PLN 317 545 thousand, of which KGHM Polska Miedź S.A. will receive the amount, proportional to its ownership, of PLN 77 455 thousand. The payment date of the interim dividend was set for 4 November 2010.

VI. Seasonal or cyclical activities

The Group is not affected by seasonal or cyclical activities.

VII. 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 Group during the reported period.

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

In accordance with Resolution No. 5/2010 of the Ordinary General Meeting of KGHM Polska Miedź S.A. dated 17 May 2010 regarding the appropriation of Company profit for financial year 2009, the amount of PLN 600 000 thousand, representing PLN 3.00 per share, was allocated as a shareholders dividend from profit for financial year 2009.

The right to dividend date was set at 17 June 2010 and dividend payment date at 8 July 2010.

All Parent Entity shares are ordinary shares.

Selected explanatory data to the interim condensed consolidated financial statements (continuation)

IX. Subsequent events

Acquisition by KGHM I FIZAN of new shares in the increased share capital of Interferie Medical SPA sp. z o.o.

On 11 October 2010, an increase was registered in the share capital of Interferie Medical SPA Sp. z o.o. through the issuance of 41 309 shares of PLN 1000 per share.

The new shares in the increased share capital of Interferie Medical SPA Sp. z o.o., representing 67.37% of the share capital of this company, were acquired by KGHM I FIZAN, covering them by cash in their nominal amount of PLN 41 309 thousand. The share capital of Interferie Medical SPA Sp. z o.o. following this increase will amount to PLN 61 317 thousand. INTERFERIE S.A. will remain the owner of 32.63% of the company's shares.

Interferie Medical SPA Sp. z o.o. is a special purpose entity founded in connection with the construction in Świnoujście of a recreational-conference facility.

Signing of Agreement with Abacus Mining and Exploration Corporation

On 12 October 2010 KGHM Polska Miedź S.A. signed an Agreement with Abacus Mining & Exploration Corporation with its registered head office in Vancouver, regarding entrance to a company under the name KGHM Ajax Mining Incorporated to advance the Afton-Ajax copper-gold ore mining project in Canada.

The above-mentioned Agreement is a result of the Investment Agreement signed by KGHM Polska Miedź S.A. and Abacus on 4 May 2010.

Further to the Agreement, KGHM Polska Miedź S.A. has acquired a 51% interest in the company KGHM Ajax Mining Inc. formed together with Abacus through a cash contribution in the amount of USD 37 000 thousand (the equivalent of PLN 106 567.4 thousand pursuant to the National Bank of Poland exchange rate for USD/PLN of 12 October 2010). Abacus has brought to the company all the rights it owns to the Afton-Ajax deposit and in the Afton region. The cash will be used to carry out a Bankable Feasibility Study and for further exploration.

In accordance with the Agreement, KGHM Polska Miedź S.A. holds the option to acquire a further 29% in KGHM Ajax Mining Inc., for an amount not higher than USD 35 000 thousand (the equivalent of PLN 100 807 thousand pursuant to the National Bank of Poland exchange rate for USD/PLN of 12 October 2010). Execution of this option will be possible following completion of the Bankable Feasibility Study.

The Agreement also includes a commitment by KGHM Polska Miedź S.A. to arrange financing for the project capex. The commitment will arise at the moment of execution by KGHM of the option to acquire a further 29% in KGHM Ajax Mining Inc.

In accordance with the Technical report by Wardrop Engineering Inc. dated 29 July 2009, the project assumes annual copper production at the level of 50 thousand tonnes, and gold production at the level of 100 thousand troz. A 23-year mine-life is predicted.

Resignation of Vice President of Management Board

On 14 October 2010 Ryszard Janeczek submitted his resignation from the function of Vice President of the Management Board of KGHM Polska Miedź S.A.

On 19 October 2010 the President of the Management Board of KGHM Polska Miedź S.A. announced a competition for the position of Vice President of the Management Board (Production). The deadline for submission of candidacies in writing expired on 29 October 2010. At the date of publication of this report the competition remained undecided.

Consent received from the Office of Competition and Consumer Protection for the concentration of entities

On 20 October 2010, KGHM Ecoren S.A. – a subsidiary of KGHM Polska Miedź S.A. – received the agreement of the Office of Competition and Consumer Protection for the concentration of entities and the realisation of an agreement entered into on 14 July with the Minister of the State Treasury for the acquisition of a block of 85% of the shares of CENTROZŁOM WROCŁAW S.A. The anticipated date of receipt of multiple-share certificate is 24 or 30 November 2010.

The investment in CENTROZŁOM WROCŁAW S.A. is an element of the realisation by KGHM Ecoren S.A. of a strategy related to activities in the scrap management sector.

Call to subscribe to the sale of shares of INTERFERIE S.A.

On 25 October 2010 the special purpose entity Fundusz Hotele 01 Sp. z o.o. S.K.A., founded by Fundusz KGHM I FIZAN, announced a call to subscribe to the sale of 14 564 200 shares of INTERFERIE S.A., representing 100% of the share capital and votes at the general meeting of the company, in the amount of PLN 5.12 per share. Subscriptions to the sale of these shares will be accepted during the period 16 November to 20 December 2010. The minimum number of shares subject to subscription, for which the buyer is obligated to acquire the shares of the company, is 10 923 150 shares, i.e. 75% of the total number of shares. KGHM I FIZAN perceives the tourism, wellness & spa and sanatorium sectors, in which INTERFERIE S.A. operates, as attractive and in accordance with its investment strategy. The purpose of the call is to gain operational control over INTERFERIE S.A. and to provide support for its development.

The goal of KGHM I FIZAN is to build a strong Polish Spas Group, one recognisable on the European market.

Increase of share capital of the subsidiary KGHM Ecoren S.A.

On 25 October 2010 the Extraordinary General Meeting of KGHM Ecoren S.A. resolved to revoke a resolution dated 8 July 2010 on increasing the share capital of the company, and approved new wording of a resolution on increasing the share capital through the issuance of shares of KGHM Ecoren S.A. The share capital will be increased by PLN 115 231 thousand. The rights offering comprises 12 066 120 registered shares, series AI, with a nominal value of PLN 9.55 per share. The Parent Entity – KGHM Polska Miedź S.A. – subscribed to the above-mentioned shares and paid for them in cash on 8 November 2010.

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

Signing of a significant contract with China Minmetals Corporation

On 3 November 2010 a contract was signed with China Minmetals Corporation for the sale of copper cathodes in 2011.

The estimated value of this contract, depending on the amount of tonnage under option, is from USD 424 894 thousand, i.e. PLN 1 202 321 thousand, to USD 849 787 thousand, i.e. PLN 2 404 642 thousand. This value was estimated based on the forecast copper price (using a forward curve) from 2 November 2010 and the USD/PLN exchange rate per NBP from 2 November 2010.

Acquisition of Zespół Uzdrowisk Kłodzkich S.A.

On 20 October 2010, KGHM I FIZAN acquired from the State Treasury 3 450 500 shares of Zespół Uzdrowisk Kłodzkich S.A. in Polanica Zdrój with a nominal value of PLN 10.00 per share, at the price of PLN 40.06 per share, i.e. the total amount of PLN 138 227 thousand. KGHM I FIZAN owns 90.09% of the share capital.

Acquisition of DFM ZANAM – LEGMET Sp. z o.o.

On 3 November 2010 the Parent Entity acquired from KGHM Ecoren S.A. – a subsidiary of KGHM Polska Miedź S.A. – 719 397 shares of DFM ZANAM–LEGMET Sp. z o.o. with a nominal value of PLN 50 per share, representing 100% of the share capital. The amount of PLN 48 149 thousand was set as the price for these shares, which was paid on 8 November 2010.

Acquisition of INOVA Sp. z o.o.

On 3 November 2010 the Parent Entity acquired from KGHM Ecoren S.A. – a subsidiary of KGHM Polska Miedź S.A. – 6 600 shares of INOVA Sp. z o.o. with a nominal value of PLN 1 000 per share, representing 100% of the share capital. The amount of PLN 13 054 thousand was set as the price for these shares, which was paid on 8 November 2010.

Participation in auction for the sale of NITROERG S.A.

On 5 November 2010, KGHM Polska Miedź S.A. participated in an open-outcry auction announced publicly for the sale by the Ministry of the State Treasury of a block of 5 260 820 shares with a nominal value of PLN 10.00 per share, representing 85.00% of the share capital of NITROERG S.A. in Bierun. KGHM Polska Miedź S.A. won the auction, offering a starting price of PLN 120 052 thousand for the block of shares. Adjudication and closure of the auction will occur at the signing of the shares sale agreement. Purchase of the shares of NITROERG S.A. requires decision by the President of the Office of Competition and Consumer Protection that there exist no reservations in terms of the combination of entities.

X. Contingent and other items not recognised in the interim consolidated statement of financial position

	At 30 September 2010	Increase/(decrease) since the end of the last financial year
Contingent receivables	213 511	82 447
Disputed State budget issues	41 885	(3 687)
Guarantees received	132 173	69 604
Promissory notes receivables	39 453	16 530
Other receivables not recognised in the statement of financial position - inventions, implementation of projects	32 267	1 032
Contingent liabilities	118 543	23 403
Guarantees	39 249	24 199
Promissory note liabilities	60 240	(2 274)
Disputed issues, pending court proceedings	16 579	1 517
Contingent penalties	-	(23)
Preventive safety measures in respect of mine-related damages	2 475	(16)
Other liabilities not recognised in the statement of financial position	770 603	39 188
Liabilities due to implementation of projects, inventions and other unrealised agreements	100 904	(5 437)
Operating leases	58 908	(15 454)
Future payments due to perpetual usufruct of land	610 791	60 079

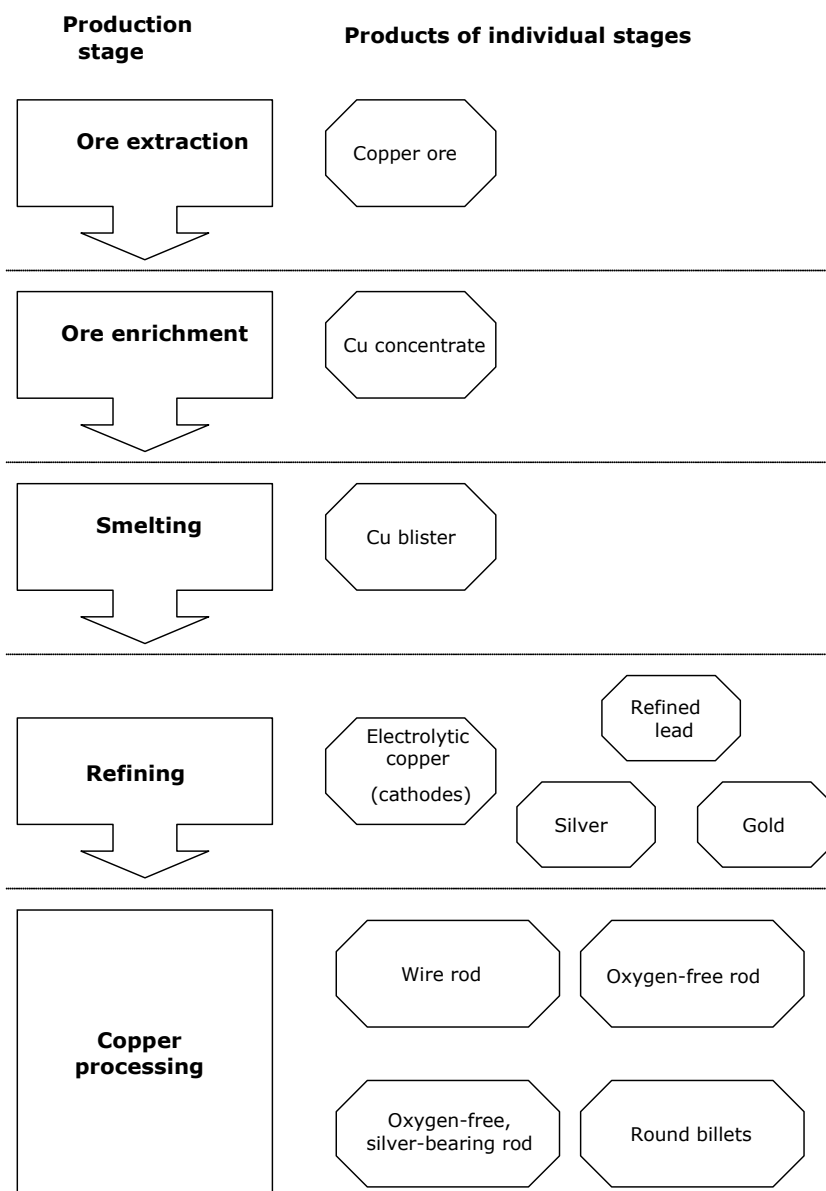
The value of contingent assets was determined based on estimates.

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

XI. Business segments

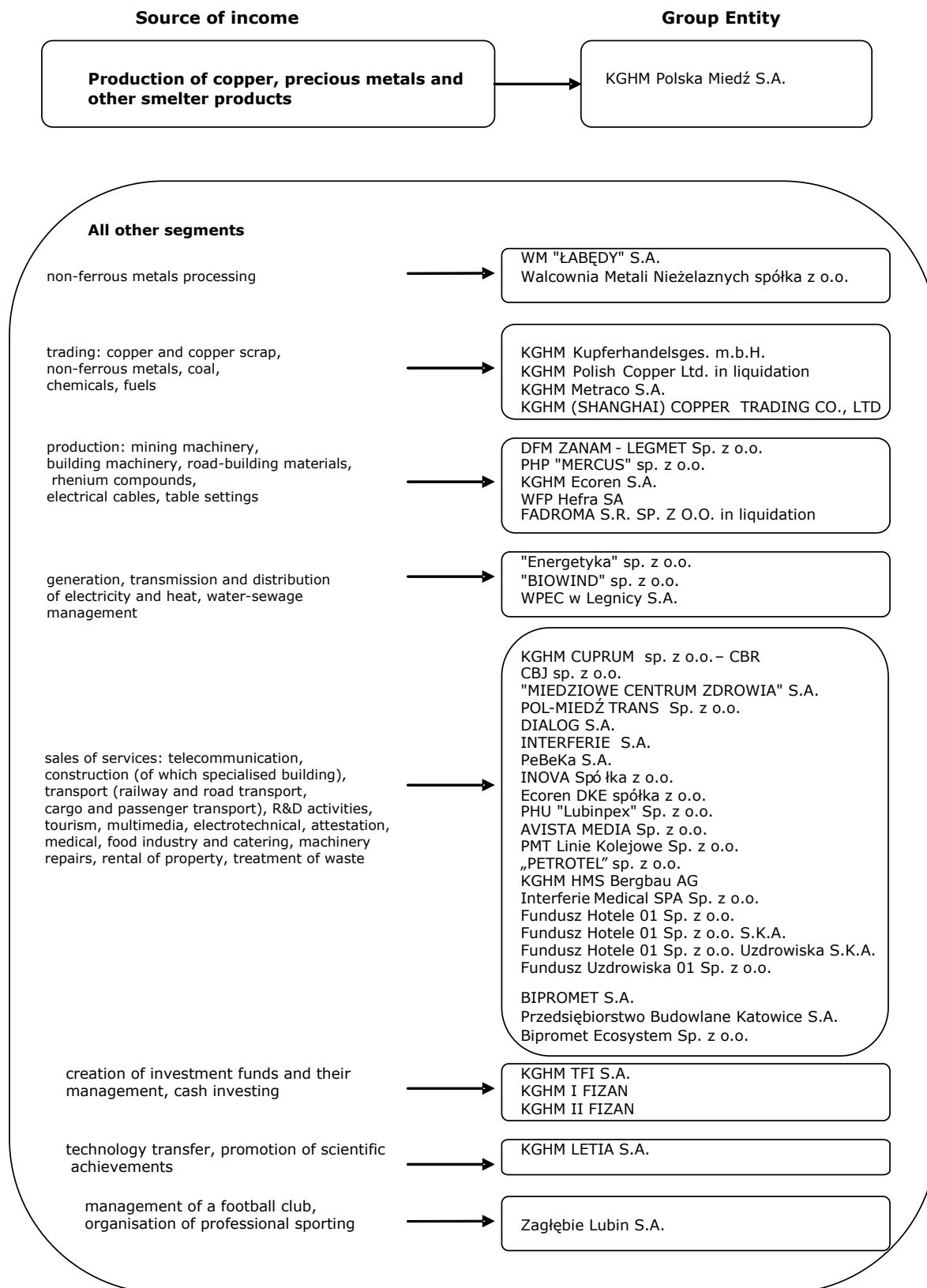
An analysis was performed of the management model of the Group, the system of reporting within the Group and the economic characteristics of its entities. As a result of this analysis one reporting segment was identified, which was defined as „Production of copper, precious metals and other smelter products” and the segment „All other segments”, which combined the remaining operating segments, both those which do not meet the criteria for combination as well as those which did not meet the required quantitative thresholds.

The activities of the segment „Production of copper, precious metals and other smelter products” focuses on the production of copper and silver, the core business of KGHM Polska Miedź S.A. Copper is mainly recovered from copper ore. From this, after enrichment, concentrate is obtained, which is then processed in smelters into anode copper. The process of electrorefining produces refined copper of up to 99.99% purity. A by-product of the electrorefining process is anode slime, from which silver and gold are recovered. The factor responsible for the separation of this segment is its significant share in the results of the Group. In addition, it meets the required quantitative threshold for reportable segments. The results of this segment are separately monitored by the Management Board of the Parent Entity. The basic products of this segment are electrolytic copper cathode, round billets, wire rod and silver.



Selected explanatory data to the interim condensed consolidated financial statements (continuation)

Each of the remaining Group companies represents a separate operating segment. Due to their various economic characteristics they do not meet the criteria for combination according to IFRS 8 § 12 and do not meet any of the quantitative thresholds. As a result they were combined and presented in the category „All other segments”.



**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

Internal reports on the results of Group companies are prepared monthly in a condensed form, and quarterly in an expanded scope. The Management Board of the Parent Entity is the body which performs regular reviews of the internal financial reports of the whole Group for purposes of making major investment decisions, as it is the body which is responsible for allocating resources within the Group.
 Inter-segment transaction prices are set under arm's length conditions, similarly as in relations with parties external to the Group.

Segments financial results

Financial period for the 9 months ended 30 September 2010

	Production of copper, precious metals, and other smelter products	All other segments	Adjustment*	Consolidation eliminations (according to IAS 27)	Consolidated amount
REVENUE	11 191 808	4 828 472	10 319	(3 922 587)	12 108 012
of which:					
- external sales	10 369 454	1 709 173	10 319	19 066	12 108 012
- inter-segment sales	822 354	3 119 299	-	(3 941 653)	-
Interest income	36 419	9 226	-	(3 772)	41 873
Interest costs	(719)	(13 972)	-	2 925	(11 766)
Depreciation/Amortisation	(460 218)	(154 164)	199	(7 867)	(622 050)
Revaluation of provisions for employee benefits	(97 145)	137	-	-	(97 008)
Balance of impairment losses on property, plant and equipment and intangible assets recognised and reversed during the period	-	(6 552)	-	-	(6 552)
Income on measurement and realisation of derivative instruments	392 470	9 023	-	-	401 493
Costs on measurement and realisation of derivative instruments	(879 170)	(2 156)	-	-	(881 326)
Share of profit of associates	-	-	-	245 733	245 733
Profit before income tax	3 987 433	77 593	(2 197)	141 596	4 204 425
Income tax expense	(743 209)	(6 487)	(61)	(3 014)	(752 771)
Share of profit (losses) of subordinated entities accounted for using the equity method	-	4 410	(4 410)	-	-
Profit for the period	3 244 224	75 516	(6 668)	138 582	3 451 654
At 30 September 2010					
Segment assets	17 854 830	4 146 252	(36 706)	(2 971 763)	18 992 613
Segment liabilities	4 661 674	1 288 005	(14 933)	(550 834)	5 383 912
Bank and other loans	-	319 153	-	(70 999)	248 154
Investments in associates	1 159 947	-	-	286 108	1 446 055
Financial period for the 9 months ended 30 September 2010					
Capital expenditure	792 783	147 492	-	(8 462)	931 813

*Adjustment – adjustment restating the amounts to the measurement principles of International Financial Reporting Standards.

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

Data for the management reporting purposes are prepared in accordance with the principles applied for the needs of preparing statutory financial statements by the Group entities. Since 2005 the KGHM Polska Miedź S.A. Group has prepared its financial statements in accordance with International Financial Reporting Standards approved by the European Union. Four Group companies, i.e. the Parent Entity, DIALOG S.A., INTERFERIE S.A., and BIPROMET S.A. keep their accounts in accordance with IFRS. The remaining companies of the Group consolidated in the segment „All other segments” keep their accounts in accordance with Polish Accounting Standards, restating data to the principles of International Financial Reporting Standards for the preparation of financial statements for the needs of their consolidation.

Details of adjustments restating the amounts shown in the segment „All other segments” to the measurement principles of International Financial Reporting Standards at 30 September 2010 and for the period from 1 January 2010 to 30 September 2010:

	Sales	Depreciation /Amortisation	Profit before taxation	Income tax	Segment assets	Segment liabilities
Netting off of Social Fund assets and liabilities	-	-	-	-	(12 057)	(12 057)
Offsetting of deferred tax assets/ deferred tax liabilities	-	-	-	-	(5 271)	(5 271)
Accounting for shares using the equity method	-	-	810	-	(27 854)	-
Separate presentation of assets and liabilities for sales transaction from prior years	10 319	-	33	-	-	-
Impairment losses on shares	-	-	(3 214)	-	-	-
Adjustment to retained earnings in connection with first-time adoption of IFRS	-	-	7	-	9 447	-
Other	-	199	167	(61)	(971)	2 395
Total adjustment	10 319	199	(2 197)	(61)	(36 706)	(14 933)

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

Segment financial results

Financial period for the 9 months ended 30 September 2009

	Production of copper, precious metals, and other smelter products	All other segments	Adjustment*	Consolidation eliminations (according to IAS 27)	Consolidated amount
REVENUE	7 735 698	3 283 413	5 227	(2 506 227)	8 518 111
<i>of which:</i>					
- external sales	7 247 210	1 271 230	5 227	(5 556)	8 518 111
- inter-segment sales	488 488	2 012 183	-	(2 500 671)	-
Interest income	70 895	8 643	-	(816)	78 722
Interest costs	(2 961)	(10 860)	-	588	(13 233)
Depreciation/Amortisation	(403 928)	(150 787)	(964)	8 771	(546 908)
Revaluation of provisions for employee benefits	(59 330)	(246)	-	(17 280)	(76 856)
Balance of impairment losses on property, plant and equipment and intangible assets recognised and reversed during the period	-	(3 777)	-	-	(3 777)
Income on measurement and realisation of derivative instruments	154 202	6 118	-	-	160 320
Costs on measurement and realisation of derivative instruments	(497 607)	(2 189)	-	-	(499 796)
Share of profit of associates	-	-	-	226 992	226 992
Profit before income tax	2 218 648	41 254	(1 496)	(119 898)	2 138 508
Income tax expense	(363 814)	(23 794)	307	5 538	(381 763)
Share of profit (losses) of subordinated entities accounted for using the equity method	-	221	(221)	-	-
Profit for the period	1 854 834	17 681	(1 410)	(114 360)	1 756 745
At 31 December 2009					
Segment assets	13 953 030	3 589 050	(3 461)	(2 671 803)	14 866 816
Segment liabilities	3 549 073	1 144 325	18 370	(438 170)	4 273 598
Bank and other loans	3 005	374 585	-	(78 305)	299 285
Investments in associates	1 159 947	-	-	155 716	1 315 663
Financial period for the 9 months ended 30 September 2009					
Capital expenditure	762 603	197 389	-	(3 470)	956 522

*Adjustment – adjustment restating the amounts to the measurement principles of International Financial Reporting Standards.

**Selected explanatory data to the interim condensed consolidated financial statements
 (continuation)**

Details of adjustments restating the amounts shown in the segment „All other segments” to the measurement principles of International Financial Reporting Standards at 31 December 2009 and for the period from 1 January 2009 to 30 September 2009:

	Sales	Depreciation/ Amortisation	Profit before taxation	Income tax	Segment assets	Segment liabilities
Netting off of Social Fund assets and liabilities	-	-	-	-	(7 357)	(7 357)
Offsetting of deferred tax assets/ deferred tax liabilities	-	-	-	-	(4 860)	(4 860)
Accounting for shares using the equity method	-	-	859	-	(25 436)	-
Separate presentation of assets and liabilities for sales transaction from prior years	5 227	-	552	-	30 628	30 597
Capitalisation of major maintenance expenditures	-	(1 186)	(1 275)	243	-	-
Receivables due to payment to capital	-	-	-	-	2 000	-
Other	-	222	(1 632)	64	1 564	(10)
Total adjustment	5 227	(964)	(1 496)	307	(3 461)	18 370

Revenues from sales of the Group from external clients with geographical areas breakdown

The geographical breakdown reflects the location of end clients.

	Financial period	
	for the 9 months ended 30 September 2010	for the 9 months ended 30 September 2009
Poland	3 546 419	2 496 580
Germany	2 673 476	1 571 115
France	406 708	649 344
Great Britain	952 326	977 839
Czech Republic	844 442	417 478
Austria	255 738	123 231
Hungary	325 638	182 944
China	1 344 466	1 107 309
Other countries	1 758 799	992 271
Total	12 108 012	8 518 111

Main customers

During the period from 1 January 2010 to 30 September 2010, in the segment „Production of copper, precious metals and other smelter products” the revenues from sales from one customer exceeded 10% of the Group sales and amounted to PLN 1 247 101 thousand

During the period from 1 January 2009 to 30 September 2009, the revenues from no customer exceeded 10% of the revenues of the Group.

**Selected explanatory data to the interim condensed consolidated financial statements
(continuation)**

XII. Effects of changes in the economic structure, including due to the combination of economic entities, to the takeover or sale of entities of the KGHM Polska Miedź S.A. Group, to long-term investments, or to the separation, restructurisation or discontinuation of activities

Opening of liquidation proceedings for FADROMA SERWIS REMONTY Sp. z o.o.

On 5 July 2010 the Extraordinary General Shareholders Meeting of FADROMA SERWIS REMONTY Sp. z o.o. resolved to put the company into liquidation and to choose a liquidator – Krzysztof Brzostek. An application for the liquidation of the company was submitted to the court on 6 July 2010. DFM ZANAM-LEGMET Sp. z o.o. as the owner of 98.05 % of shares of FADROMA SERWIS REMONTY Sp. z o.o. decided to strengthen its service potential through taking over the employees of FADROMA SERWIS REMONTY Sp. z o.o. Actions connected with taking over the employees of FADROMA SERWIS REMONTY Sp. z o.o. and the liquidation of the company represent an element of restructuring and bringing order to the Group, and of an increase in service potential of DFM ZANAM-LEGMET Sp. z o.o.

Acquisition of BIPROMET S.A.

On 12 July 2010, a transaction involving the acquisition of shares of BIPROMET S.A. through a call for the sale of shares was settled (rights attached to shares were acquired).

KGHM Polska Miedź SA acquired 4 091 868 shares of the company, at PLN 7.50 per share, granting the right to 66% of the votes at the general meeting of BIPROMET S.A.

The cost of acquiring these shares was PLN 30 689 thousand. The carrying amount of net assets of BIPROMET S.A. was PLN 43 494 thousand, with a net asset value attributable to the Group of PLN 28 706 thousand. Provisional goodwill was set at PLN 1 983 thousand. Non-controlling interest at the acquisition date amounted to PLN 14 788 thousand.

From the date of obtaining control to 30 September 2010 the financial results of BIPROMET S.A. were:

- revenues from sales, PLN 3 458 thousand
- loss for the period, PLN 479 thousand.

By acquiring the shares of BIPROMET S.A., the KGHM Polska Miedź S.A. Group gained indirect control over the subsidiaries of BIPROMET S.A.:

- Przedsiębiorstwo Budowlane Katowice S.A., in which BIPROMET S.A. owns 87.92% of the share capital. The indirect share of the Group was set at 58.03%. The acquisition price of the shares of PBK S.A. in the accounts of BIPROMET S.A. is PLN 3 591 thousand. The net asset carrying amount at the date on which control was obtained by the Group was PLN 9 412 thousand, with a net asset value attributable to the Group of PLN 5 462 thousand. Provisional profit from a bargain purchase in the amount of PLN 1 871 thousand was recognised in profit of the current period in the consolidated financial statements.

From the date of obtaining control to 30 September 2010, Przedsiębiorstwo Budowlane Katowice S.A. earned revenues in the amount of PLN 5 254 thousand and a profit for the period of PLN 260 thousand.

- Bipromet Ecosystem Sp. z o.o., in which BIPROMET S.A. owns 51% of the share capital. The indirect share of the Group is 33.66%. The purchase price of the shares of Bipromet Ecosystem Sp. z o.o. in the accounts of BIPROMET S.A. is PLN 26 thousand. The net asset carrying amount at the date on which the Group obtained control was PLN 562 thousand, with a net asset value attributable to the Group of PLN 189 thousand. Provisional profit from a bargain purchase in the amount of PLN 163 thousand was recognised in profit of the current period in the consolidated financial statements.

From the date of gaining control to 30 September 2010, Bipromet Ecosystem Sp. z o.o. earned revenues in the amount of PLN 656 thousand and a loss for the period of PLN 65 thousand.

Registration of the company KGHM (SHANGHAI) COPPER TRADING CO., LTD in the People's Republic of China

In September 2010, the company KGHM (SHANGHAI) COPPER TRADING CO., LTD. was registered under the laws of the People's Republic of China. The company was granted permission to engage in business activities.

The share capital of the company amounts to USD 500 thousand. The sole owner of the company is KGHM Polska Miedź S.A. The share capital was paid in October 2010.

The founding of this company is aimed at gaining a competitive market position in the trading and distribution of commodities such as copper, silicon, artificial materials and chemicals (with the exception of hazardous and poisonous materials).

Subsequent changes in the Group structure are described in note A.IX.

Other information to the consolidated quarterly report

Position of the Management Board with respect to the possibility of achieving previously-published forecasts of results for 2010, in light of the results presented in this consolidated quarterly report relative to forecasted results

The Management Board of KGHM Polska Miedź S.A. has not published a forecast of Group results.

In the current report dated 6 September 2010 KGHM Polska Miedź S.A. published an adjusted forecast of Company results for 2010. In accordance with the above-mentioned forecast, revenues from sales in 2010 will amount to PLN 14 395 million, and profit for the period PLN 3 910 million.

The revenues from sales achieved after the first 9 months of 2010 in the amount of PLN 11 192 million and the profit for the period of PLN 3 244 million represent respectively 78% and 83% of the forecast for 2010.

Taking into account the relatively high level of realisation of the forecasted results and the present advantageous macroeconomic situation, the Company is considering a possible adjustment of the forecasted financial result for 2010.

The continued high volatility of copper prices and the USD/PLN exchange rate affects the level in the measurement of derivative hedging instruments which may undergo significant fluctuations.

Shareholders holding at least 5% of the total number of votes at the General Meeting of KGHM Polska Miedź S.A. as at the date of publication of this consolidated quarterly report, and changes in the ownership structure of significant packets of shares of KGHM Polska Miedź S.A. in the period since publication of the prior consolidated quarterly report

At the date of publication of the consolidated report for the second quarter of 2010, i.e. at 13 August 2010, the only shareholder owning at least 5% of the total number of votes at the General Meeting of KGHM Polska Miedź S.A. was the State Treasury – which owned 63 589 900 shares of KGHM Polska Miedź S.A., representing 31.79% of the share capital and the same number of votes at the General Meeting of KGHM Polska Miedź S.A. (based on an announcement dated 12 January 2010).

Following publication of the consolidated report for the second quarter of 2010, KGHM Polska Miedź S.A. was not informed by any shareholder of any change in the ownership structure of significant packets of shares.

At the date of preparation of this report, based on information held by KGHM Polska Miedź S.A., the only shareholder owning at least 5% of the total number of votes at the General Meeting of KGHM Polska Miedź S.A. remains the State Treasury, which holds 63 589 900 shares of KGHM Polska Miedź S.A. representing 31.79% of the share capital and the same number of votes at the General Meeting of KGHM Polska Miedź S.A.

Ownership of shares of KGHM Polska Miedź S.A. or of rights to them by management or supervisory personnel of KGHM Polska Miedź S.A., as at the date of publication of the consolidated quarterly report, based on information held by KGHM Polska Miedź S.A. Changes in ownership during the period following publication of the prior consolidated quarterly report

The Members of the Management Board of KGHM Polska Miedź S.A., at the date of publication of the consolidated report for the second quarter of 2010, i.e. at 13 August 2010, did not own any shares of KGHM Polska Miedź S.A. or rights to them. Based on information held by KGHM Polska Miedź S.A. at the date of publication of this report this did not change.

Among supervisory personnel, at the date of publication of the consolidated report for the second quarter of 2010, only Ryszard Kurek owned 10 shares of KGHM Polska Miedź S.A. Based on information held by KGHM Polska Miedź S.A., at the date of publication of this report this did not change.

List of proceedings being pursued in a court, an appropriate body for arbitration, or in a body of public administration

At 30 September 2010, the total value of on-going proceedings before the public courts, bodies appropriate for arbitration proceedings and bodies of public administration respecting liabilities and debtors, of KGHM Polska Miedź S.A. and its subsidiaries, did not represent at least 10% of the equity of KGHM Polska Miedź S.A.

Information on single or multiple transactions entered into by KGHM Polska Miedź S.A. or a subsidiary with related entities, if separately or jointly they are significant and were entered into under other than arm's length conditions

In the period from 1 January 2010 to 30 September 2010, neither KGHM Polska Miedź S.A. nor any of its subsidiaries entered into significant transactions with related entities under other than arm's length conditions.

Other information to the consolidated quarterly report (continuation)

Information on the granting by KGHM Polska Miedź S.A. or by its subsidiary of collateral on credit or loans, or of guarantees – jointly to a single entity or its subsidiary, if the total value of such collateral or guarantees represents the equivalent of at least 10% of the equity of KGHM Polska Miedź S.A.

During the period from 1 January 2010 to 30 September 2010 neither KGHM Polska Miedź S.A. nor its subsidiaries granted collateral on credit or loans, nor did they grant guarantees to a single entity or its subsidiary whose total value would represent at least 10% of the equity of KGHM Polska Miedź S.A.

Other information which in the opinion of KGHM Polska Miedź S.A. is significant for the assessment of personnel situation, assets, finances and the financial result and any changes thereto, and information which is significant for assessing the ability to perform obligations

In the third quarter of 2010 there were no other significant events, apart from those mentioned in the commentary to the report, which could have a significant impact on the assessment of assets and financial position, the financial result of the Group and any changes thereto, or any events significant for assessing the personnel situation and the ability to perform obligations.

Factors which will impact the financial results of the Group, at least in the following quarter

The largest impact on the results of the Group is from the Parent Entity – KGHM Polska Miedź S.A. – as well as, to a lesser degree, from Polkomtel S.A. and from DIALOG S.A.

As a result, through the Parent Entity, the most significant factors impacting the results of the Group, particularly in the following quarter, will be:

- copper and silver prices on the metals markets,
- the USD/PLN exchange rate,
- electrolytic copper production costs,
- the effects of the hedging policy being realised.

Quarterly financial information of KGHM Polska Miedź S.A.

Interim statement of financial position

	Note	At	
		30 September 2010	31 December 2009
Assets			
Non-current assets			
Property, plant and equipment	C. I. 1	6 322 587	5 937 513
Intangible assets		84 182	76 147
Shares and investment certificates in subsidiaries		2 227 301	1 915 224
Investments in associates		1 159 947	1 159 947
Deferred tax assets		290 202	167 062
Available-for-sale financial assets		638 226	17 700
Held-to-maturity investments		87 011	67 097
Derivative financial instruments		624 173	58 034
Trade and other receivables		106 942	110 173
		11 540 571	9 508 897
Current assets			
Inventories		2 050 984	1 890 286
Trade and other receivables		1 656 361	1 314 598
Available-for-sale financial assets		301 654	-
Held-to-maturity investments		460	580
Derivative financial instruments		286 639	263 247
Cash and cash equivalents		2 018 161	975 198
Non-current assets held for sale		-	224
		6 314 259	4 444 133
TOTAL ASSETS		17 854 830	13 953 030
Equity and liabilities			
EQUITY			
Share capital		2 000 000	2 000 000
Accumulated other comprehensive income		272 203	127 228
Retained earnings		10 920 953	8 276 729
TOTAL EQUITY		13 193 156	10 403 957
LIABILITIES			
Non-current liabilities			
Trade and other payables		14 990	17 472
Borrowings and finance lease liabilities		8 570	11 576
Derivative financial instruments		478 842	61 354
Liabilities due to employee benefits		1 198 341	1 098 399
Provisions for other liabilities and charges	C. I. 2	597 771	515 619
		2 298 514	1 704 420
Current liabilities			
Trade and other payables			
Borrowings and finance lease liabilities		1 529 357	1 376 049
Current corporate tax liabilities		2 974	6 109
Derivative financial instruments		511 998	78 183
Liabilities due to employee benefits		213 587	273 503
Provisions for other liabilities and charges		90 323	93 122
	C. I. 2	14 921	17 687
TOTAL LIABILITIES		2 363 160	1 844 653
		4 661 674	3 549 073
TOTAL EQUITY AND LIABILITIES		17 854 830	13 953 030

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

Interim statement of comprehensive income

	Note	Financial period			
		for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Sales	C. I. 3	3 992 257	11 191 808	2 636 438	7 735 698
Cost of sales	C. I. 4	(2 175 171)	(6 291 926)	(1 704 004)	(5 020 234)
Gross profit		1 817 086	4 899 882	932 434	2 715 464
Selling costs	C. I. 4	(26 260)	(75 068)	(24 877)	(71 850)
Administrative expenses	C. I. 4	(166 592)	(435 857)	(135 787)	(414 491)
Other operating income	C. I. 5	38 448	551 364	24 477	609 871
Other operating costs	C. I. 6	(415 339)	(928 500)	(318 761)	(595 348)
Operating profit		1 247 343	4 011 821	477 486	2 243 646
Finance costs	C. I. 7	(7 767)	(24 388)	(6 102)	(24 998)
Profit before income tax		1 239 576	3 987 433	471 384	2 218 648
Income tax expense		(221 990)	(743 209)	(89 184)	(363 814)
Profit for the period		1 017 586	3 244 224	382 200	1 854 834
OTHER COMPREHENSIVE INCOME DUE TO:					
Available-for-sale financial assets		106 706	93 419	(615)	(8 703)
Cash flow hedging instruments		(141 398)	85 563	77 335	(547 860)
Income tax related to items presented in other comprehensive income		6 591	(34 007)	(14 577)	105 747
Other comprehensive net income for the financial period		(28 101)	144 975	62 143	(450 816)
TOTAL COMPREHENSIVE INCOME		989 485	3 389 199	444 343	1 404 018
Earnings per share during the period (in PLN per share)					
- basic		5.09	16.22	1.91	9.27
- diluted		5.09	16.22	1.91	9.27

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

Interim statement of changes in equity

	Accumulated other comprehensive income due to:				Total equity
	Share capital	Available-for- sale financial assets	Cash flow hedging instruments	Retained earnings	
At 1 January 2010	2 000 000	1 489	125 739	8 276 729	10 403 957
Dividends for 2009 resolved and paid	-	-	-	(600 000)	(600 000)
Total comprehensive income	-	75 669	69 306	3 244 224	3 389 199
At 30 September 2010	2 000 000	77 158	195 045	10 920 953	13 193 156
At 1 January 2009	2 000 000	10 265	508 483	8 072 544	10 591 292
Dividends for 2008 resolved and paid	-	-	-	(1 432 000)	(1 432 000)
Dividends for 2008 resolved but unpaid	-	-	-	(904 000)	(904 000)
Total comprehensive income	-	(7 050)	(443 766)	1 854 834	1 404 018
At 30 September 2009	2 000 000	3 215	64 717	7 591 378	9 659 310

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

Interim statement of cash flows

	Note	Financial period	
		for the 9 months ended 30 September 2010	for the 9 months ended 30 September 2009
Cash flow from operating activities			
Profit for the period		3 244 224	1 854 834
Adjustments to profit for the period	C. I. 8	805 819	179 347
Income tax paid		(466 540)	(407 733)
Net cash generated from operating activities		3 583 503	1 626 448
Cash flow from investing activities			
Purchase of shares and investment certificates in subsidiaries		(312 546)	(11 600)
Purchase of property, plant and equipment and intangible assets		(758 542)	(889 712)
Proceeds from sale of property, plant and equipment and intangible assets		3 472	12 790
Purchase of available-for-sale financial assets		(835 605)	-
Proceeds from sale of available-for-sale financial assets		6 928	20 000
Purchase of held-to-maturity investments financed from the resources of Mine Closure Fund		(19 794)	(7 651)
Establishment of deposits		-	(400 500)
Termination of deposits		-	400 500
Loans granted		(40 000)	(19 132)
Proceeds from repayments of loans granted		50 772	1 310
Interest received		3 538	5 918
Dividends received		24 051	319 481
Expenses due to advances granted for the purchase of property, plant and equipment and intangible assets		(49 726)	(14 422)
Other investment expenses		(3 730)	(9 998)
Net cash used in investing activities		(1 931 182)	(593 016)
Cash flow from financing activities			
Repayments of loans		(3 000)	(3 000)
Payments of liabilities due to finance leases		(3 106)	(3 291)
Interest paid		(72)	(205)
Dividends paid		(600 000)	(1 432 000)
Net cash used in financing activities		(606 178)	(1 438 496)
Total net cash flow		1 046 143	(405 064)
Exchange losses on cash and cash equivalents		(3 180)	(12 411)
Movements in cash and cash equivalents		1 042 963	(417 475)
Cash and cash equivalents at beginning of the period		975 198	1 793 580
Cash and cash equivalents at end of the period		2 018 161	1 376 105
including restricted cash and cash equivalents		13 165	3 584

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

Selected explanatory data

I. Additional notes

1. Changes in property, plant and equipment

	Land	Buildings	Technical equipment and machinery	Motor vehicles	Other fixed assets	Fixed assets under construction	Total
At 1 January 2010							
Gross carrying amount	15 990	6 136 839	5 801 992	146 557	63 996	884 074	13 049 448
Accumulated depreciation	-	(3 631 590)	(3 326 833)	(97 537)	(48 373)	-	(7 104 333)
Impairment losses	-	(1 194)	(3 135)	(327)	-	(2 946)	(7 602)
Net carrying amount	15 990	2 504 055	2 472 024	48 693	15 623	881 128	5 937 513

Changes in the first 3 quarters of 2010

Settlement of fixed assets under construction	114	151 876	354 414	7 333	1 421	(515 158)	-
Purchase	-	-	-	-	-	763 667	763 667
Depreciation	-	(103 402)	(340 063)	(6 565)	(3 079)	-	(453 109)
Sale, decommissioning/scrapping or write off	-	(3 607)	(6 297)	(74)	(82)	-	(10 060)
Change in amount of provisions for costs of decommissioning	-	73 629	-	-	-	-	73 629
Other changes	(2)	1 196	41	(124)	-	9 836	10 947

At 30 September 2010

Gross carrying amount	16 102	6 339 600	5 981 182	147 830	63 219	1 142 419	13 690 352
Accumulated depreciation	-	(3 715 853)	(3 497 928)	(98 239)	(49 336)	-	(7 361 356)
Impairment losses	-	-	(3 135)	(328)	-	(2 946)	(6 409)
Net carrying amount	16 102	2 623 747	2 480 119	49 263	13 883	1 139 473	6 322 587

	Land	Buildings	Technical equipment and machinery	Motor vehicles	Other fixed assets	Fixed assets under construction	Total
At 1 January 2009							
Gross carrying amount	14 307	5 902 922	5 291 619	125 274	62 730	984 251	12 381 103
Accumulated depreciation	-	(3 543 609)	(3 179 465)	(90 099)	(46 494)	-	(6 859 667)
Impairment losses	-	-	(3 135)	(327)	-	(2 946)	(6 408)
Net carrying amount	14 307	2 359 313	2 109 019	34 848	16 236	981 305	5 515 028

Changes in 2009

Settlement of fixed assets under construction	1 689	352 530	780 080	21 067	3 975	(1 159 341)	-
Purchase	-	-	-	-	-	1 041 441	1 041 441
Depreciation	-	(123 151)	(402 858)	(7 574)	(4 574)	-	(538 157)
Sale, decommissioning/scrapping or write off	(6)	(6 308)	(14 038)	-	(14)	-	(20 366)
Change in amount of provisions for costs of decommissioning	-	(77 221)	-	-	-	-	(77 221)
Other changes	-	(1 108)	(179)	352	-	17 723	16 788

At 31 December 2009

Gross carrying amount	15 990	6 136 839	5 801 992	146 557	63 996	884 074	13 049 448
Accumulated depreciation	-	(3 631 590)	(3 326 833)	(97 537)	(48 373)	-	(7 104 333)
Impairment losses	-	(1 194)	(3 135)	(327)	-	(2 946)	(7 602)
Net carrying amount	15 990	2 504 055	2 472 024	48 693	15 623	881 128	5 937 513

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

1. Changes in property, plant and equipment (continuation)

	Land	Buildings	Technical equipment and machinery	Motor vehicles	Other fixed assets	Fixed assets under construction	Total
At 1 January 2009							
Gross carrying amount	14 307	5 902 922	5 291 619	125 274	62 730	984 251	12 381 103
Accumulated depreciation	-	(3 543 609)	(3 179 465)	(90 099)	(46 494)	-	(6 859 667)
Impairment losses	-	-	(3 135)	(327)	-	(2 946)	(6 408)
Net carrying amount	14 307	2 359 313	2 109 019	34 848	16 236	981 305	5 515 028
Changes in the first 3 quarters of 2009							
Settlement of fixed assets under construction	37	185 355	399 613	8 950	2 622	(596 577)	-
Purchase	-	-	-	-	-	745 512	745 512
Depreciation	-	(90 787)	(296 876)	(5 552)	(3 500)	-	(396 715)
Sale, decommissioning/scrapping or write off	(7)	(1 069)	(10 891)	-	(5)	-	(11 972)
Change in amount of provisions for costs of decommissioning	-	(152 527)	-	-	-	-	(152 527)
Other changes	-	84	20	144	-	11 038	11 286
At 30 September 2009							
Gross carrying amount	14 337	5 907 992	5 498 203	132 507	64 536	1 144 224	12 761 799
Accumulated depreciation	-	(3 607 623)	(3 294 183)	(93 790)	(49 183)	-	(7 044 779)
Impairment losses	-	-	(3 135)	(327)	-	(2 946)	(6 408)
Net carrying amount	14 337	2 300 369	2 200 885	38 390	15 353	1 141 278	5 710 612

Capital commitments not recognised in the interim statement of financial position

	At	
	30 September 2010	31 December 2009
Acquisition of property, plant and equipment	879 527	211 596
Acquisition of intangible assets	11 447	11 470
Purchase, building or adapting investment property	17 108	-

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

2. Changes in provisions for other liabilities and charges

	TOTAL	Decommissioning costs of mines and other facilities	Costs of scrapping property, plant and equipment	Disputed issues and court proceedings	Other provisions
Provisions at 1 January 2010	533 306	510 903	5 307	1 507	15 589
Increase	105 564	101 977	-	638	2 949
Decrease	(26 178)	(22 686)	-	(647)	(2 845)
Provisions at 30 September 2010	612 692	590 194	5 307	1 498	15 693
of which:					
Non-current provisions	597 771	584 154	-	-	13 617
Current provisions	14 921	6 040	5 307	1 498	2 076

	TOTAL	Decommissioning costs of mines and other facilities	Costs of scrapping property, plant and equipment	Disputed issues and court proceedings	Other provisions
Provisions at 1 January 2009	634 790	602 925	5 721	4 832	21 312
Increase	149 673	140 354	2 687	1 507	5 125
Decrease	(251 157)	(232 376)	(3 101)	(4 832)	(10 848)
Provisions at 31 December 2009	533 306	510 903	5 307	1 507	15 589
of which:					
Non-current provisions	515 619	501 850	-	-	13 769
Current provisions	17 687	9 053	5 307	1 507	1 820

	TOTAL	Decommissioning costs of mines and other facilities	Costs of scrapping property, plant and equipment	Disputed issues and court proceedings	Other provisions
Provisions at 1 January 2009	634 790	602 925	5 721	4 832	21 312
Increase	34 272	28 887	46	1 275	4 064
Decrease	(194 560)	(185 642)	(48)	(4 832)	(4 038)
Provisions at 30 September 2009	474 502	446 170	5 719	1 275	21 338
of which:					
Non-current provisions	439 286	422 124	2 465	-	14 697
Current provisions	35 216	24 046	3 254	1 275	6 641

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

3. Sales

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Copper, precious metals, smelter by-products	3 932 389	11 022 121	2 583 215	7 588 090
Salt	15 533	43 765	8 146	29 207
Services	13 775	42 541	13 352	40 525
Other finished goods	2 478	7 946	2 879	8 344
Merchandise	16 082	44 541	19 321	42 611
Scrap and production materials	11 818	30 565	9 480	26 767
Other materials	182	329	45	154
Total	3 992 257	11 191 808	2 636 438	7 735 698

4. Expenses by nature

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Depreciation of property, plant and equipment and amortisation of intangible assets	154 092	460 218	135 847	403 928
Employee benefit expenses	751 740	2 063 510	586 405	1 889 749
Materials and energy	1 013 325	3 554 625	1 002 193	2 612 685
External services	253 865	727 326	256 269	735 433
Taxes and charges	76 456	225 404	73 076	212 391
Advertising costs and representation expenses	5 050	15 895	2 859	12 617
Property and personal insurance	4 520	13 097	3 663	8 790
Research and development costs not capitalised in intangible assets	411	1 751	300	735
Other costs, of which:	2 189	6 602	1 655	4 346
Write-down of inventories	403	767	34	738
Allowance for impairment of receivables	7	21	-	-
Reversal of write-down of inventories	(59)	(336)	-	(1 329)
Reversal of allowance for impairment of receivables	-	-	(118)	(149)
Losses from the disposal of financial instruments	542	1 376	83	463
Other operating costs	1 296	4 774	1 656	4 623
Total expenses by nature	2 261 648	7 068 428	2 062 267	5 880 674
Cost of merchandise and materials sold (+)	24 814	68 646	27 094	65 012
Change in inventories of finished goods and work in progress (+/-)	104 880	(267 934)	(204 625)	(370 454)
Cost of manufacturing products for internal use (-)	(23 319)	(66 289)	(20 068)	(68 657)
Total cost of sales, selling costs and administrative expenses	2 368 023	6 802 851	1 864 668	5 506 575

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

5. Other operating income

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Income and gains on financial instruments, classified under other operating activities, resulting from:	(48 204)	429 078	17 562	231 134
Measurement and realisation of derivative instruments	52 700	392 470	20 619	154 202
Gains from disposal	(74)	822	-	7 500
Foreign exchange gains	(113 594)	-	(16 806)	-
Interest	12 716	35 675	13 004	68 199
Reversal of allowance for impairment of loans	-	-	739	1 225
Reversal of allowance for impairment of other receivables	48	111	6	8
Non-financial interest	-	744	1 486	2 696
Reversal of allowance for impairment of non-financial receivables	373	1 116	418	1 195
Dividends received	77 454	101 505	-	341 592
Release of unused provisions due to:	1 165	2 562	1 589	22 888
Decommissioning of mines	764	1 198	855	17 673
Disputed issues and court proceedings	-	333	-	3 020
Liabilities towards municipal authorities (gminas) due to signed donation agreements	401	1 031	734	1 912
Other	-	-	-	283
Penalties and compensation	5 736	8 980	1 928	5 581
Excess payments of property tax	-	54	-	358
Government grants and other donations received	45	167	61	185
Surpluses identified in current assets	32	4 172	-	-
Other operating income/gains	1 847	2 986	1 433	4 242
Total other operating income	38 448	551 364	24 477	609 871

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

6. Other operating costs

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Costs and losses on financial instruments, classified under other operating activities, resulting from:	404 417	883 302	309 239	557 098
Measurement and realisation of derivative instruments	403 928	879 170	253 433	497 607
Interest	5	14	8	166
Foreign exchange losses	831	831	56 463	56 463
Losses on measurement of non-current liabilities	(385)	157	(665)	649
Impairment losses on loans	4	10	-	2 213
Allowances for impairment of other receivables	34	3 120	-	-
Allowances for impairment of other non-financial receivables	-	-	1	388
Losses on the sale of property, plant and equipment and intangible assets	3 297	7 956	3 212	11 557
Donations granted	3 000	12 503	3 508	6 008
Interest on overdue non-financial liabilities	20	110	335	1 672
Provisions for liabilities due to:	1 462	4 537	(353)	4 403
Decommissioning of mines	810	2 246	-	466
Disputed issues and court proceedings	358	638	(353)	1 275
Liabilities towards municipal authorities (gminas) due to signed donation agreements	-	1 352	-	2 662
Other	294	301	-	-
Penalties and compensation paid	240	407	85	209
Non-culpable shortages in current assets	611	3 498	276	850
Contributions to a voluntary organisation	451	5 254	1 523	7 095
Other operating costs/losses	1 841	10 933	935	6 068
Total other operating costs	415 339	928 500	318 761	595 348

7. Finance costs

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Interest expense due to:	67	595	278	1 123
Loans	14	115	77	281
Finance leases	53	480	201	842
Net exchange losses/(gains) on borrowings	(460)	(382)	(936)	230
Changes in provisions arising from the approach of the maturity date of liabilities (unwinding of discount effect)	8 097	23 967	6 668	23 043
Losses due to measurement of non-current liabilities	63	208	92	301
Other financial costs	-	-	-	301
Total finance costs	7 767	24 388	6 102	24 998

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

8. Adjustments to profit for the period in the interim statement of cash flows

	Financial period	
	for the 9 months ended 30 September 2010	for the 9 months ended 30 September 2009
Income tax expense	743 209	363 814
Depreciation/amortisation	460 218	403 928
Interest and share in profits (dividends)	(104 592)	(346 635)
Foreign exchange losses	6 524	15 572
Change in provisions	102 900	52 834
Change in derivative instruments	(16 934)	484 136
Reclassification of accumulated other comprehensive income to profit or loss as a result of realisation of derivative instruments	(129 463)	(473 988)
Other adjustments	7 144	4 888
Changes in working capital:	(263 187)	(325 202)
Inventories	(160 536)	(424 211)
Trade and other receivables	(236 179)	129 134
Trade and other payables	133 528	(30 125)
Total adjustments to profit for the period	805 819	179 347

9. Related entities transactions

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Sales to related entities				
To subsidiaries	318 436	826 106	191 178	489 397
To associates	40	119	39	119
To State Treasury Companies	14 133	36 970	8 363	18 694
Total sales to related entities	332 609	863 195	199 580	508 210

During the period from 1 January 2010 to 30 September 2010, KGHM Polska Miedź S.A. recognised in other operating income received dividends from an associate in the amount of PLN 101 505 thousand (from 1 January 2009 to 30 September 2009: PLN 304 966 thousand respectively). During the period from 1 January 2010 to 30 September 2010, the Company did not receive any dividends from subsidiaries (from 1 January 2009 to 30 September 2009: PLN 36 626 thousand respectively).

	Financial period			
	for the 3 months ended 30 September 2010	for the 9 months ended 30 September 2010	for the 3 months ended 30 September 2009	for the 9 months ended 30 September 2009
Purchases from related entities				
From subsidiaries	1 026 936	3 087 242	773 730	1 985 763
From associates	312	915	404	1 142
From State Treasury Companies	190 507	529 082	144 982	550 653
Total purchases from related entities	1 217 755	3 617 239	919 116	2 537 558

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

9. Related entities transactions (continuation)

	At	
	30 September 2010	31 December 2009
Trade receivables from related entities		
From subsidiaries	242 278	201 606
From associates	20	26
From State Treasury Companies	1 490	3 038
Total receivables from related entities	243 788	204 670

At 30 September 2010 KGHM Polska Miedź S.A. had receivables due to dividends from an associate in the amount of PLN 77 455 thousand (at 31 December 2009 there were no receivables due to dividends from an associate).

	At	
	30 September 2010	31 December 2009
Impairment allowance on trade receivables from related entities	882	882

	At	
	30 September 2010	31 December 2009
Trade payables towards related entities		
Towards subsidiaries	284 186	249 654
Towards associates	192	283
Towards State Treasury Companies	108 363	59 956
Total payables towards related entities	392 741	309 893

II. Items affecting assets, liabilities, equity, profit or loss or cash flows, which are unusual as respects their type, amount or degree of influence

1. Significant achievements or failures during the reported period, together with the most important related events.

Acquisition of investment certificates

In September 2010, KGHM Polska Miedź S.A. acquired 22 789 Investment Certificates of the fund KGHM I FIZAN with its registered head office in Wrocław, with a total issue price of PLN 216 633 thousand. The funds acquired from issuance of the Fund's certificates is designated to be used to purchase 90% of the shares of Zespół Uzdrawisk Kłodzkich S.A. and Uzdrawisko Połczyn S.A. from the State Treasury, and for the acquisition of new shares in Interferie Medical SPA Sp. z o.o. In September 2010, KGHM I FIZAN acquired new shares in Interferie Medical SPA sp. z o.o., and in October 2010 KGHM I FIZAN acquired shares of Zespół Uzdrawisk Kłodzkich S.A. KGHM Polska Miedź S.A. is the sole participant in the KGHM I FIZAN fund.

Sale of shares of PCPM sp. z o.o.

In July 2010, KGHM Polska Miedź S.A. sold its entire block of shares of POLSKIE CENTRUM PROMOCJI MIEDZI spółka z ograniczoną odpowiedzialnością, representing 82.86% of the share capital, to another shareholder, The European Copper Institute.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

Dispute with trade unions

A strike referendum organised by the trade unions ZZPPM and NSZZ „Solidarność” was concluded in the three mines of KGHM, in which the majority of votes cast were for a strike.

The demands of the trade unions in collective disputes include multi-year employment guarantees in case the State Treasury were to lose control of the company, and inclusion of a medical packet in the Collective Labour Agreement and realisation of the Agreement dated 5 May 2009.

The Management Board of KGHM Polska Miedź S.A. holds the position that the majority of these demands cannot, under law, serve as the basis for a collective dispute, and should a strike be organised, it would be illegal. The governing bodies of KGHM from the beginning have insisted on adherence to the laws regarding the resolution of collective disputes. To protect the interests of employees, these bodies have clearly, precisely and consistently informed the workforce of the legal consequences of the actions taken by trade union activists.

Selection of other significant events covered by current reports

Adjusted forecast

On 6 September 2010 the Management Board of KGHM Polska Miedź S.A. based on the financial results of the Company achieved after the first half of 2010 and on verified assumptions in terms of: macroeconomic conditions, production, capital expenditure, equity investments and the effects of derivative instruments measurement, presented an adjusted forecast of financial results for 2010.

The adjusted forecast assumes the achievement in 2010 of revenues from sales in the amount of PLN 14 395 million and profit for the period at the level of PLN 3 910 million, meaning an increase in the planned results respectively by 23 % and 35 % in relation to the forecast published in the current report from 1 February 2010.

Significant contract

On 30 July 2010 a comprehensive contract was entered into with Polskie Górnictwo Naftowe i Gazownictwo SA. The Contract involves the purchase of natural gas for power generation purposes – to supply two Gas-Steam Blocks in Głogów and Polkowice, each of 45 MWe, in the target amounts of 266 million m³ annually. KGHM Polska Miedź S.A. plans to commence this investment in the fourth quarter of 2010. The fuel gas will be supplied through the distribution network of Wielkopolska Spółka Gazownictwa Sp. z o.o. The Contract is in force from the date of its signing to 30 June 2033, with the possibility of agreeing the date of commencement of deliveries between 1 July 2012 and 31 December 2012. The estimated value of this contract is approx. PLN 4.0 billion.

2. Measurement of financial and tangible assets

Financial assets

Due to the measurement and settlement of future cash flow hedging transactions in an amount reflecting the effective portion of the hedge, after reflecting the results in deferred tax, other comprehensive income was decreased in the current quarter by PLN 114 532 thousand.

(an accrued increase in other comprehensive income by PLN 69 306 thousand since the beginning of the financial year)

Due to the fair value measurement and settlement of available-for-sale financial assets, after reflecting the results in deferred tax, other comprehensive income was increased in the current quarter by PLN 86 431 thousand (including PLN 85 923 thousand due to measurement of the shares of TAURON Polska Energia S.A.).

(an accrued increase in other comprehensive income by PLN 75 669 thousand since the beginning of the financial year)

Due to the realisation and re-measurement of derivative instruments to the level of fair value there was a decrease in the profit for the current quarter of PLN 304 060 thousand (of which: as an increase in revenues from sales, PLN 47 168 thousand and as a decrease in the result on other operating activities, PLN 351 228 thousand). For detailed information on derivative instruments see part C point II 5 Risk management.

(an accrued decrease in profit by PLN 357 238 thousand due to re-measurement and realisation since the beginning of the financial year (of which: as an increase in revenues from sales, PLN 129 462 thousand and as a decrease in the result on other operating activities in the amount of PLN 486 700 thousand).

The measurement of other financial assets did not significantly impact the current period profit.

Property, plant and equipment and receivables

Due to the depreciation of property, plant and equipment and amortisation of intangible assets, operating costs were increased in the current quarter by PLN 154 092 thousand.

(an accrued increase in costs by PLN 460 218 thousand since the beginning of the financial year)

The measurement of other assets did not significantly impact the current period profit.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

3. Type and amounts of changes in estimates

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:

3.1 provisions for future employee benefits due to one-off retirement or disability payments, jubilee awards, post-mortem benefits and the coal equivalent also 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 40 480 thousand (after reflecting the results in deferred tax a decrease in profit in the amount of PLN 32 789 thousand),

(an accrued decrease in profit by PLN 97 143 thousand since the beginning of the financial year)

3.2 provision for future costs of decommissioning (restoration) of the Company's mines, comprising the estimated costs of dismantling and removing technological facilities, for which the obligation for restoration upon the conclusion of activities is a result of separate law or standard practice. The result of this change in estimates is an increase in the provision in the amount of PLN 33 787 thousand which was settled as a decrease in profit in the amount of PLN 8 064 thousand and as an increase of property, plant and equipment in the amount of PLN 25 723 thousand. The increase in the provision resulted in an increase in deferred tax assets in the amount of PLN 7 171 thousand,

(an accrued increase in the provision by PLN 98 385 thousand since the beginning of the financial year, which was settled as a decrease in profit in the amount of PLN 24 756 thousand and as an increase of property, plant and equipment in the amount of PLN 73 629 thousand.)

3.3 provisions for future employee remuneration costs together with charges in the amount of PLN 219 268 thousand, paid (in accordance with the Collective Labour Agreement) on the occasion of mining and smelting holidays and after approval of the annual financial statements.

(provision at 30 September 2010 amounted to PLN 405 631 thousand)

The revaluation and recognition of other provisions for liabilities did not significantly impact the current period profit.

Deferred income tax

The result of differences between the carrying amount and the tax base of statement of financial position items is a change in the estimated value of the deferred tax asset and the deferred tax liability.

There was an increase in the deferred tax asset in the current quarter in the amount of PLN 102 825 thousand, of which the following was settled:

- as an increase in profit, PLN 105 000 thousand,
- as a decrease in other comprehensive income due to measurement of available-for-sale financial instruments, PLN 2 175 thousand.

(an accrued increase in the deferred tax asset since the beginning of the financial year in the amount of PLN 216 939 thousand, which was settled as an increase in profit)

There was a decrease in the deferred tax liability in the current quarter in the amount of PLN 7 023 thousand, of which the following was settled:

- as a decrease in profit, PLN 1 743 thousand
- as an increase in other comprehensive income due to measurement of hedging financial instruments and available-for-sale financial instruments, PLN 8 766 thousand.

(an accrued increase in the deferred tax liability since the beginning of the financial year in the amount of PLN 93 800 thousand, of which the following was settled:

- as a decrease in profit, PLN 59 793 thousand
- as a decrease in other comprehensive income due to measurement of available-for-sale financial instruments, PLN 34 007 thousand.)

After offsetting the deferred tax asset and deferred tax liability, the deferred tax asset at the end of the reporting period was set at PLN 290 202 thousand.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

4. Factors and events, in particular those of an unusual nature, having an impact on profit or loss achieved by the Company.

Production and financial results in the third quarter of 2010

In the third quarter of 2010, KGHM Polska Miedź S.A. produced 137 thousand t of electrolytic copper, including 23 thousand t from purchased copper-bearing materials and 277 t of metallic silver.

The most significant factors impacting the value of sales during the period were macroeconomic factors:

- copper prices on the London Metal Exchange (LME) at the average level of 7 242 USD/t,
 - an average exchange rate of 3.10 PLN/USD,
 - average silver prices on the London Bullion Market (LBM) of 18.97 USD/troz,
- and the sales volume: 140 thousand t of copper and copper products, and 291 t of silver.

The revenues from sales achieved of PLN 3 992 257 thousand were higher than those achieved in the third quarter of 2009 by PLN 1 355 819 thousand, i.e. by 51%. The increase in sales was mainly due to:

- higher copper prices (an increase from 5 840 USD/t to 7 242 USD/t) and silver prices (an increase from 14.69 USD/troz to 18.97 USD/troz),
 - higher volume of copper sale (an increase from 120 thousand t to 140 thousand t),
 - weakening of the PLN from 2.94 PLN/USD to 3.10 PLN/USD, and
 - a change in adjustment in revenues from sales due to settlement of hedging transactions (a change from PLN (13 560) thousand to PLN 47 168 thousand),
- along with a decrease in the volume of silver sales (from 316 t to 291 t) which decreased revenues from sales.

In the third quarter of 2010, revenues from the sale of copper and copper products represented 82%, and silver 14% (in the comparable period of 2009 respectively: 79% and 17%) of total revenues from sales.

Cost of sales in the third quarter of 2010 amounted to PLN 2 175 171 thousand and were higher versus the comparable prior period by PLN 471 167 thousand, i.e. by 28%.

The following had primary impact on the level of cost of sales:

- the use of inventories of work in progress, half-finished products and finished goods (increase in costs by PLN 288 235 thousand),
- an increase in the level of labour costs by PLN 165 335 thousand, mainly due to higher provisions for the annual bonus (PLN 93 059 thousand) and for future employee benefits (PLN 22 649 thousand).

The pre-precious metals credit cost of electrolytic copper production (total cost prior to decrease by the value of precious metals – mainly silver and gold) in the third quarter of 2010 amounted to 15 487 PLN/t, and increased versus the third quarter of 2009 by 2.7% due to the higher share in production structure of smelter half-finished products used. The total unit cost of production amounted to 13 100 PLN/t.

The pre-precious metals credit cost of copper production from own concentrates in the third quarter of 2010 amounted to 14 156 PLN/t and was at a similar level to that achieved during the third quarter of 2009, alongside the increase in the volume of production from own concentrates by 20% (third quarter of 2009 – 95 thousand tonnes, third quarter of 2010 – 114 thousand tonnes). The total unit cost of copper production from own concentrates amounted to 11 320 PLN/t.

Profit on sales (gross profit less administrative expenses and selling costs) achieved in the third quarter of 2010 of PLN 1 624 234 thousand was higher by PLN 852 464 thousand, i.e. 2.1 times than that achieved in the third quarter of 2009.

Other operating activities showed a loss in the third quarter of 2010 in the amount of PLN 376 891 thousand, of which mainly due to effects of the measurement and realisation of derivative instruments and foreign exchange losses. The above-mentioned factors were also the main cause of an increase of the loss on other operating activities by PLN 82 607 thousand in relation to the result achieved in the third quarter of 2009.

As a result, **operating profit** in the third quarter of 2010 amounted to PLN 1 247 343 thousand and increased versus the comparable period of 2009 by PLN 769 857 thousand, i.e. 2.6 times.

KGHM Polska Miedź S.A. earned a **profit for the third quarter of 2010** of PLN 1 017 586 thousand, which was higher by PLN 635 386 thousand, i.e. 2.7 times, than that achieved in the third quarter of 2009.

EBITDA in the third quarter of 2010 amounted to PLN 1 401 435 thousand (including depreciation/amortisation of PLN 154 092 thousand) and was higher by PLN 788 102 thousand (over twice) than this ratio in the comparable prior year period.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

5. Risk management

In the third quarter of 2010, strategies hedging the copper price represented approx. 35%, and those hedging the silver price approx. 19%, of the sales of these metals realised by the Company. In the case of currency transactions, approx. 17% of total revenues from sales realised by the Company were hedged.

The management of market risk should be considered through analysis of the hedging position together with the item being hedged (hedged position). By hedging position is meant the position of the Company in derivative instruments. A hedged position comprises revenues from the physical sale of goods and products. The cash flow hedge accounting practiced by the Company requires that hedges be highly effective in offsetting changes in cash flow, related to a hedged position attributable to a particular type of risk, by changes in cash flow related to hedging instruments.

In the third quarter of 2010, the negative result on derivative instruments amounted to PLN 304 060 thousand, of which the amount of PLN 47 168 thousand was recognised in revenues from sales (the amount transferred from accumulated other comprehensive income to profit or loss in the reporting period), the amount of PLN 351 228 thousand decreased the result on other operating activities, of which PLN 38 961 thousand represented losses due to the realisation of derivative instruments, while PLN 312 267 thousand represented losses due to the measurement of derivative instruments. Losses on the measurement of derivative transactions recognised in other operating activities result mainly from the change in the time value of options which, in accordance with the hedge accounting policy, are recognised in profit or loss.

In the third quarter of 2010, the Company implemented copper price hedging strategies with a total volume of 97.5 thousand tonnes and a time horizon falling in 2012 and in the first half of 2013. The Company made use of seagull options (Asian options). In addition, in the analysed period the Company performed a restructurisation of seagull options for the first half of 2011, implemented in the first quarter of 2010, with a total volume of 19.5 thousand tonnes through the buyback of sold puts¹. Restructurisation enables the full use of put options purchased within this structure in the case of any decrease in the price of this metal in the first half of 2011. In the analysed period, the Company did not implement adjustment hedge transactions on the copper market.

In the third quarter of 2010 the Company neither implemented strategies hedging the silver price, nor adjustment hedge transactions on this market.

In the case of the forward currency market, in the third quarter of 2010 the Company neither implemented strategies hedging revenues from sales, nor adjustment hedge transactions on this market.

The Company remains hedged for a portion of copper sales planned in the fourth quarter of 2010 (53.6 thousand t), in 2011 (117 thousand tonnes), in 2012 (117 thousand tonnes), and in the first half of 2013 (19.5 thousand tonnes), and for a portion of silver sales planned in the fourth quarter of 2010 (1.8 million troz). The Company holds hedging positions for revenues from sales (currency market) in the fourth quarter of 2010 (USD 255 million), in 2011 (USD 720 million) and in 2012 (USD 360 million).

Following is condensed information on hedging positions, by type of hedged asset and instruments used at 30 September 2010. The hedged nominal/volume in the months included in the presented periods is equally balanced.

¹ In tables presenting the condensed list of open hedging positions, restructurisation of items is included: the type of instrument was changed from seagull to corridor, the cost of restructurising (premium for buying back options) was added to the cost of implementation (i.e. the average weighted premium) and the effective hedge price/exchange rate was changed.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

HEDGING POSITION (condensed information) – COPPER MARKET

Period	Instrument	Volume [tonnes]	Execution price [USD/t]	Average weighted premium [USD/t]	Effective hedge price [USD/t]	
IV quarter of 2010	Corridor ¹	Sold call option	8 000	(447)	5 053 participation restricted to 8 000	
		Purchased put option	5 500			
	Total	Producer puts ²	9 750	6 500	8.94%	-
		Producer puts ²	9 750	7 000	9.17%	-
		Producer puts ²	14 625	7 500	8.80%	-
TOTAL IV quarter of 2010		53 625				
I half of 2011	Corridor	Sold call option	8 800	(470)	6 230 participation restricted to 8 800	
		Purchased put option	6 700			
	Corridor ¹	Sold call option	9 500	(463)	6 537 participation restricted to 9 500	
		Purchased put option	7 000			
	Corridor ¹	Sold call option	9 600	(345)	6 755 participation restricted to 9 600	
		Purchased put option	7 100			
	Total		58 500			
II half of 2011	Corridor ¹	Sold call option	9 500	(463)	6 537 participation restricted to 9 500	
		Purchased put option	7 000			
	Corridor ¹	Sold call option	9 300	(521)	6 379 participation restricted to 9 300	
		Purchased put option	6 900			
	Seagull	Sold call option	9 600	(288)	6 812 restricted to 5 000 participation restricted to 9 600	
		Purchased put option	7 100			
	Total		58 500			
TOTAL 2011		117 000				
I half of 2012	Seagull ²	Sold call option	9 300	(397)	6 503 restricted to 4 700 participation restricted to 9 300	
		Purchased put option	6 900			
		Sold put option	4 700			
	Seagull ²	Sold call option	9 000	(399)	6 401 restricted to 4 500 participation restricted to 9 000	
		Purchased put option	6 800			
		Sold put option	4 500			
	Seagull ²	Sold call option	9 500	(383)	6 817 restricted to 4 700 participation restricted to 9 500	
		Purchased put option	7 200			
	Total		58 500			
	II half of 2012	Seagull ²	Sold call option	9 300	(397)	6 503 restricted to 4 700 participation restricted to 9 300
Purchased put option			6 900			
Sold put option			4 700			
Seagull ²		Sold call option	9 000	(399)	6 401 restricted to 4 500 participation restricted to 9 000	
		Purchased put option	6 800			
		Sold put option	4 500			
Seagull ²		Sold call option	9 500	(383)	6 817 restricted to 4 700 participation restricted to 9 500	
		Purchased put option	7 200			
Total		58 500				
TOTAL 2012		117 000				
I half of 2013	Seagull ²	Sold call option	9 500	(383)	6 817 restricted to 4 700 participation restricted to 9 500	
		Purchased put option	7 200			
		Sold put option	4 700			
Total		19 500				
TOTAL I half of 2013		19 500				

HEDGING POSITION (condensed information) – SILVER MARKET

Period	Instrument	Volume [million troz]	Execution price [USD/troz]	Average weighted premium [USD/troz]	Effective hedge price [USD/troz]
IV quarter of 2010	Purchased put option	0.90	14.00	(2.00)	12.00
	Purchased put option	0.90	18.00	(2.00)	16.00
	Total	1.80			
TOTAL II half of 2010		1.80			

² Due to current hedge accounting laws, transactions embedded within a producer put – a purchased put option – are shown in the table containing a detailed list of derivative instrument positions - „Hedging instruments”, while sold call options are shown in the table „Trade instruments”. In addition transactions included in the seagull structure – purchased put options and sold call options – are shown in the table containing a detailed list of derivative instrument positions - „Hedging instruments”, with sold put options in the table „Trade instruments”.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

HEDGING POSITION (condensed information) – CURRENCY MARKET

Period	Instrument	Nominal [million USD]	Execution price [USD/PLN]	Average weighted premium [PLN per 1 USD]	Effective hedge price [USD/PLN]	
IV quarter of 2010	Producer puts ²	30	3.0000	8.37%	-	
	Purchased put option	30	2.6000	(0.0692)	2.5308	
	Purchased put option	90	2.5500	(0.0961)	2.4539	
	Purchased put option	60	2.8500	(0.1643)	2.6857	
	Purchased put option	45	3.3500	(0.1846)	3.1654	
	Total	255				
TOTAL IV quarter of 2010		255				
I half of 2011	Corridor ¹	Sold call option	180	3.7000	(0.1277)	2.7723 participation restricted to 3.70
		Purchased put option		2.9000		
			90	3.3500	(0.2390)	3.1110
	Corridor	Sold call option	90	4.4000	(0.1353)	3.2647 participation restricted to 4.40
		Purchased put option		3.4000		
		Total	360			
II half of 2011	Corridor ¹	Sold call option	180	3.7000	(0.1028)	2.7972 participation restricted to 3.70
		Purchased put option		2.9000		
	Seagull ²	Sold call option	90	4.4000	(0.1160)	3.1840 restricted to 2.70 participation restricted to 4.40
		Purchased put option		3.3000		
		Sold put option		2.7000		
	Corridor	Sold call option	90	4.4000	(0.1386)	3.2614 participation restricted to 4.40
		Purchased put option		3.4000		
		Total	360			
TOTAL 2011		720				
I half of 2012	Seagull ²	Sold call option	90	4.4000	(0.0990)	3.2010 restricted to 2.70 participation restricted to 4.40
		Purchased put option		3.3000		
		Sold put option		2.7000		
	Corridor	Sold call option	90	4.5000	(0.1527)	3.2473 participation restricted to 4.50
		Purchased put option		3.4000		
		Total	180			
II half of 2012	Seagull ²	Sold call option	90	4.4000	(0.0767)	3.2233 restricted to 2.70 participation restricted to 4.40
		Purchased put option		3.3000		
		Sold put option		2.7000		
	Corridor	Sold call option	90	4.5000	(0.1473)	3.2527 participation restricted to 4.50
		Purchased put option		3.4000		
		Total	180			
TOTAL 2012		360				

All entities with which derivative transactions are entered into operate in the financial sector. These are financial institutions (mainly banks), with the highest³ (33.3%), medium-high⁴ (59.3%) or medium⁵ (7.4%) ratings. Based on fair value at 30 September 2010, the maximum share of a single entity with respect to credit risk arising from derivative transactions entered into by the Company amounted to 29.7%.

Due to institutional and geographical diversification and cooperation with financial institutions having a high rating, as well as taking into account the fair value of receivables due to derivative transactions, the Company is not materially exposed to credit risk due to derivatives transactions entered into.

The Company has entered into framework agreements on the net settlement in order to reduce cash flows and the credit risk to the level of positive fair value of hedging transactions with the given counterparty.

At 30 September 2010, the fair value of open positions in derivative instruments amounted to PLN 218 383 thousand, of which PLN 397 062 thousand related to the positive fair value of hedging instruments, while PLN 178 679 thousand related to the negative fair value of trade instruments. The fair value of open positions in derivative instruments varies, depending on changes in market conditions, and the final result on these transactions may vary significantly from the measurements described above.

³ By highest rating is meant a rating from AAA to AA- as determined by Standard & Poor's and Fitch, and from Aaa to Aa3 as determined by Moodys.

⁴ By medium-high rating is meant a rating from A+ to A- as determined by Standard & Poor's and Fitch, and from A1 to A3 as determined by Moodys.

⁵ By medium rating is meant a rating from BBB+ to BBB- as determined by Standard & Poor's and Fitch, and from Baa1 to Baa3 as determined by Moodys.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

Detailed information on positions in derivative instruments at 30 September 2010 is presented below in the tables "Trade instruments" and "Hedging instruments".

TRADE INSTRUMENTS			30 September 2010							
Type of derivative instrument	Volume/ Notional Cu [‘000 t] Currency [‘000 USD]	Avg. weighted price/ex. rate Cu [USD/t] Currency [USD/PLN]	Financial assets				Financial liabilities			
			Current		Non-current		Current		Non-current	
Derivatives – Metals – Copper										
Options										
Purchased put options	97.5	4 499.23	1 559		3 093					
Sold put options	253.5	4 615.08					(2 334)		(61 279)	
Sold call options	3.10	1					(71 506)			
TOTAL:			1 559		3 093		(73 840)		(61 279)	
Derivatives – Currency contracts – USD/PLN										
Options										
Purchased call options	90 000	4.3685								
Purchased put options	450 000 ⁶	2.5667	18 540		2 824					
Sold call options	92 511 ⁶	4.2502					(7 315)			
Sold put options	720 000	2.6167					(34 591)		(27 670)	
TOTAL:			18 540		2 824		(41 906)		(27 670)	
Total trade instruments			20 099		5 917		(115 746)		(88 949)	
HEDGING INSTRUMENTS			30 September 2010							
Type of derivative instrument	Volume/ Notional Cu [‘000t] Ag [‘000troz] Currency [‘000USD]	Avg. weighted price/ ex. rate Cu [USD/t] Ag [USD/troz] Currency [USD/PLN]	Maturity date		Period of profit/loss impact		Financial assets		Financial liabilities	
			From	Till	From	Till	Current	Non-current	Current	Non-current
Derivatives – Metals – Copper										
Options										
Purchased put options – producer puts	34.1	7071.43	Oct 10	Dec 10	Nov 10	Jan 11	6 726			
Corridor	19.5	6700 - 8800	Jan 11	June 11	Feb 11	July 11	11 085		(23 328)	
Corridor - seagulls	253.5	6892.31 – 9276.92	Oct 10	June 13	Nov 10	July 13	59 220	416 782	(69 316)	(372 312)
TOTAL:							77 031	416 782	(92 644)	(372 312)
Derivatives – Metals – Silver										
Options										
Purchased put options	1 800	16	Oct 10	Dec 10	Nov 10	Jan 11	79			
TOTAL:							79			
Derivatives – Currency contracts – USD/PLN										
Options										
Purchased put options	315 000	2.9548	Oct 10	June 11	Oct 10	June 11	58 562			
Corridor	450 000 ⁶	3.3667 – 4.4337	Oct 10	Dec 12	Oct 10	Dec 12	74 207	100 138	(201)	(5 762)
Corridor - seagull	630 000	3.0714 – 4.0000	Jan 11	Dec 12	Jan 11	Dec 12	53 246	101 336	(4 996)	(11 819)
Purchased put options – producer puts	30 000	3.0000	Oct 10	Dec 10	Oct 10	Dec 10	3 415			
TOTAL:							189 430	201 474	(5 197)	(17 581)
Total hedging instruments			266 540		618 256		(97 841)		(389 893)	

⁶ In accordance with the accounting principles in force, the fair value of derivative transactions which underwent alteration, i.e. a change from hedging transactions to trade transactions, is divided between hedging transactions and trade transactions, proportionally to the period in which a given transaction functioned as a hedge (designated as a hedge in accordance with hedge accounting) and the period in which it functioned as a trade transaction. There was no change in the presentation of transactions whose status did not change from the date they were entered into.

Consequently, in the table presenting a detailed listing of positions in derivative instruments („Hedging instruments” and „Trade instruments”) a portion of the fair value of derivative transactions included in the corridor structure, i.e. purchased put options and sold call options of a nominal USD 90 000 thousand, is presented both in hedging transactions as well as in trade transactions. The transactions described were not shown in the table illustrating the actual hedging position of the Company.

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

The fair values of derivatives and other receivables/liabilities due to unsettled derivatives with a settlement date of 4 October 2010, as at 30 September 2010, are presented in the table below:

	Total: fair value of derivatives and of other receivables/liabilities due to unsettled derivatives	Fair value of derivatives	Fair value of other receivables/liabilities due to unsettled derivatives
Receivables	910 812	910 812	-
Liabilities	(710 433)	(692 429)	(18 004)
Net fair value	200 379	218 383	(18 004)

At 30 September 2010, accumulated other comprehensive income (excluding the deferred tax effect) due to cash flow hedging instruments amounted to PLN 240 796 thousand, of which PLN (14 938) thousand related to the effective portion of the result from the measurement of transactions hedging metals price risk, and PLN 255 734 thousand related to the effective portion of the result from the measurement of transactions hedging currency risk.

At 30 June 2010, accumulated other comprehensive income (excluding the deferred tax effect) due to cash flow hedging instruments amounted to PLN 382 194 thousand, of which PLN 313 063 thousand related to the effective portion of the result from the measurement of transactions hedging metals price risk, and PLN 69 131 thousand related to the effective portion of the result from the measurement of transactions hedging currency risk.

During the third quarter of 2010 there was a decrease in other comprehensive income by PLN 141 398 thousand (excluding the deferred tax effect), comprised of: 1) changes in fair value during the period recognised as a decrease in other comprehensive income due to the effective portion of hedging transactions, in the amount of PLN 94 230 thousand, 2) the amount of PLN 47 168 thousand, decreasing accumulated other comprehensive income transferred to increase revenues from sales, due to the settlement of the effective portion of hedging transactions.

Accumulated other comprehensive income	At 30 September 2010
Commodity price risk hedging transactions (copper and silver) – derivatives	(14 938)
Currency risk hedging transactions – derivatives	255 734
Total accumulated other comprehensive income - financial instruments hedging future cash flows (excluding deferred tax effects)	240 796

Gains or (losses) on derivative instruments hedging future cash flows recognised in other comprehensive income	For the period from 1 July 2010 to 30 September 2010
Accumulated gain or loss arising from financial instruments hedging cash flows at 1 July 2010	382 194
Amounts recognised in the reporting period due to hedging transactions	(94 230)
Amounts transferred from accumulated other comprehensive income to revenues from sales	(47 168)
Accumulated other comprehensive income arising from financial instruments hedging cash flows at 30 September 2010 (excluding the deferred tax effect)	240 796

Quarterly financial information of KGHM Polska Miedź S.A. (continuation)

III. Contingent and other items not recognised in the interim statement of financial position

	At 30 September 2010	Increase/(decrease) since the end of the last financial year
Contingent receivables	141 003	69 224
Guarantees received	99 147	73 767
Disputed State budget issues	19 306	(3 687)
Promissory notes receivables	22 343	(580)
Other	207	(276)
Other receivables not recognised in the statement of financial position - implementation of projects, inventions	32 267	1 032
Contingent liabilities	24 057	1 478
Guarantees	5 000	-
Disputed issues, pending court proceedings	16 579	1 517
Contingent penalties	-	(23)
Preventive safety measures in respect of mine-related damages	2 475	(16)
Other	3	-
Other liabilities not recognised in the statement of financial position	530 593	22 619
Liabilities due to implementation of projects, inventions	100 904	(5 437)
Operating leases	20 458	871
Future payments due to perpetual usufruct of land	409 231	27 185

The value of contingent assets items was determined based on estimates.

Lubin, 9 November 2010