



KGHM

POLSKA MIEDŹ S.A.

Company results

for Q2 2007

*Presentation for Analysts Meeting
8 August 2007*

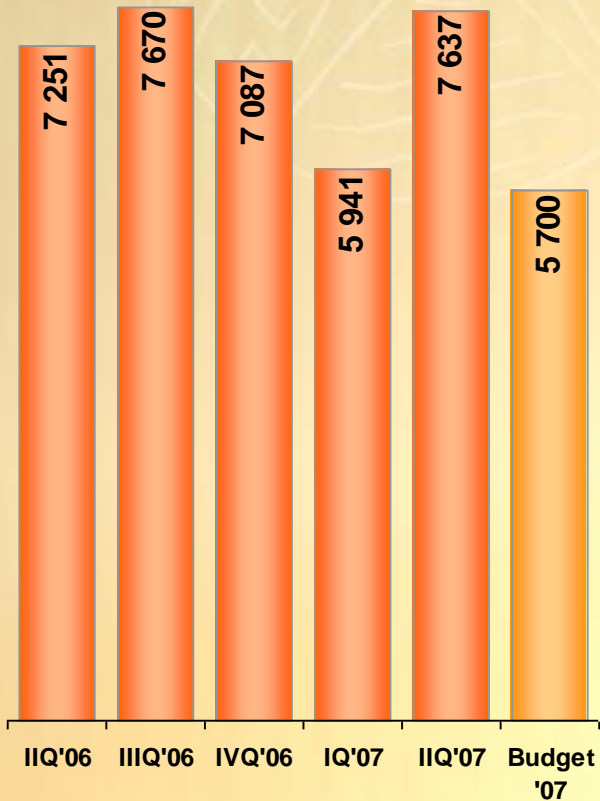
August 2007

Contents

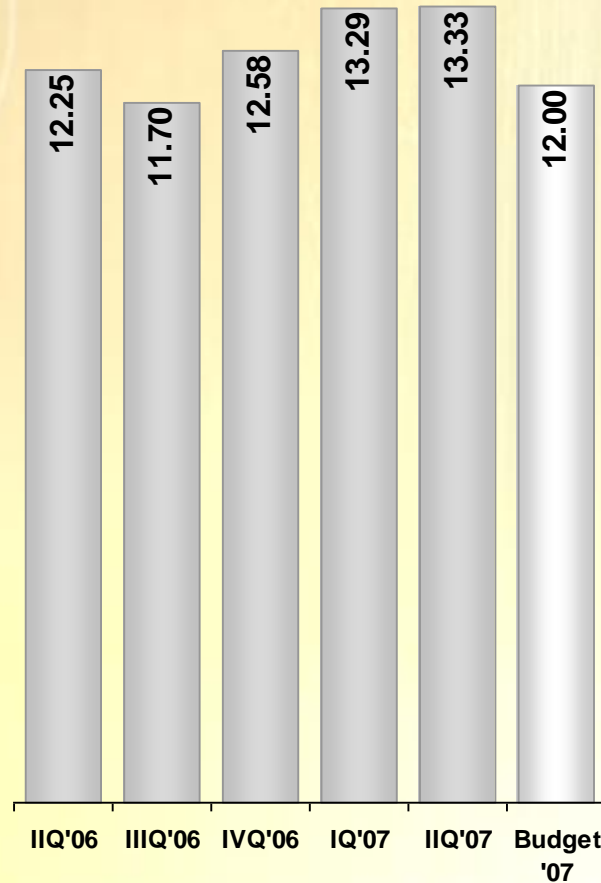
- **Macroeconomic conditions**
- **Production results**
- **Financial results**
- **Costs by type and unit cost**
- **Balance sheet**
- **Cash flow**

Macroeconomic conditions

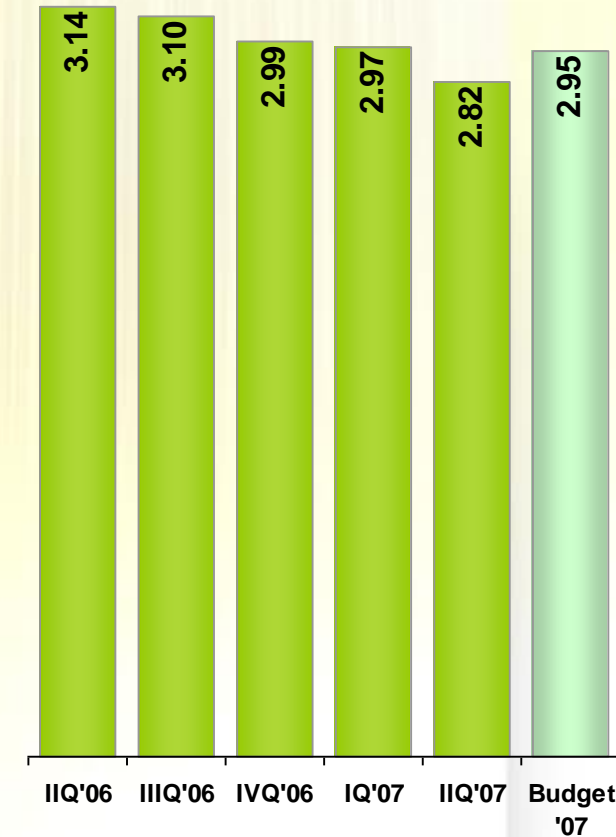
Copper prices
USD/t



Silver prices
USD/troz



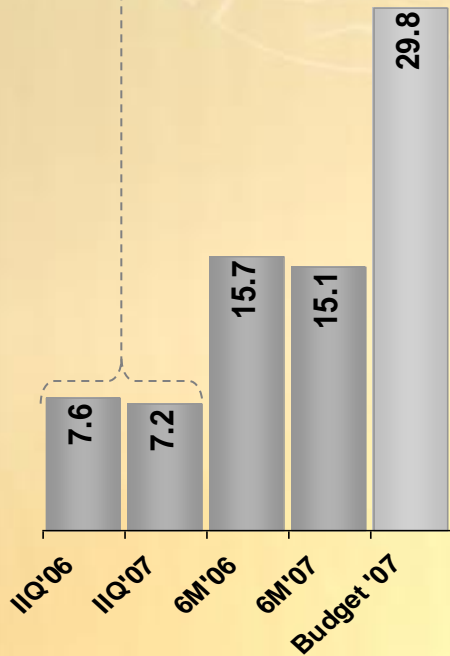
Exchange rate
PLN/USD



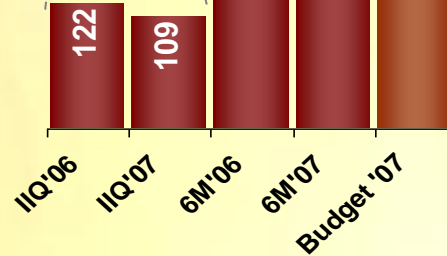
Production results

Ore extraction
(mln t d.w.)

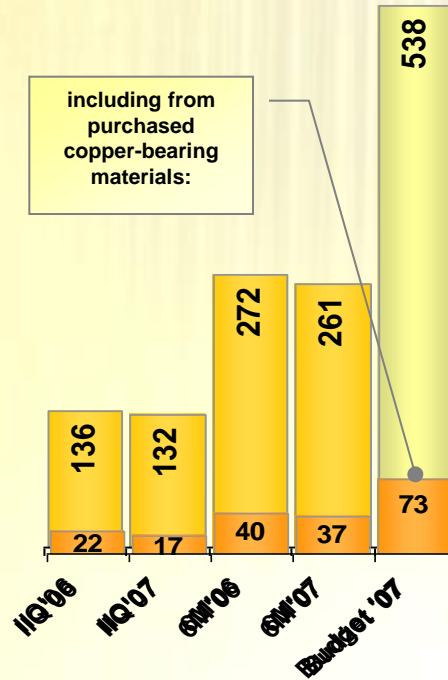
A decrease in copper content in ore from 1,80% to 1,70%



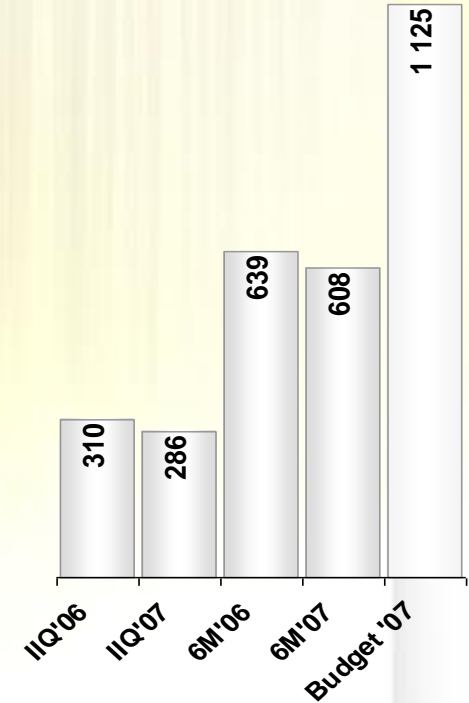
Copper production in concentrate
(‘000 t)



Electrolytic copper production
(‘000 t)



Metallic silver production
(t)

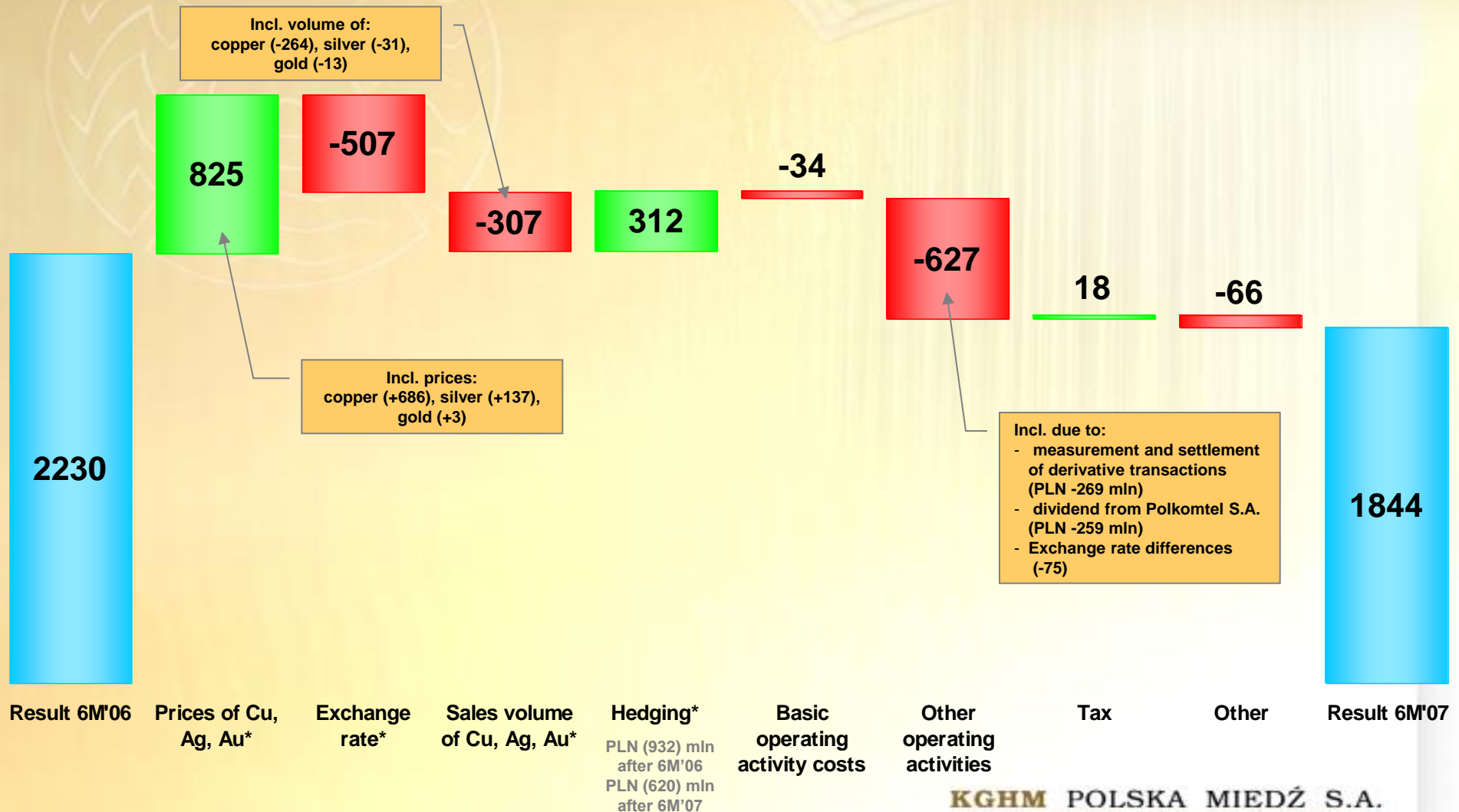


Financial results (mIn PLN)

	IIQ'06	IIQ'07	6M'06	6M'07	Budget '07
Revenues from sales (excluding effects of hedging transactions)	3 761	3 593	6 534	6 480	11 081
Adjustment of revenues due to effects of hedging transactions	-620	-376	-932	-620	-434
Sales (including effects of hedging transactions)	3 142	3 217	5 602	5 860	10 647
Basic operating activity costs	1 978	1 877	3 487	3 521	7 055
Other operating costs	477	-173	555	-72	-73
Operating profit	1 641	1 166	2 670	2 267	3 519
Profit before taxation	1 635	1 160	2 660	2 255	3 379
Income tax	234	230	429	411	690
Share in profits (losses) of subordinated entities accounted for using the equity method	x	x	x	x	290
Profit for the period	1 401	930	2 230	1 844	2 978

Financial results (mIn PLN)

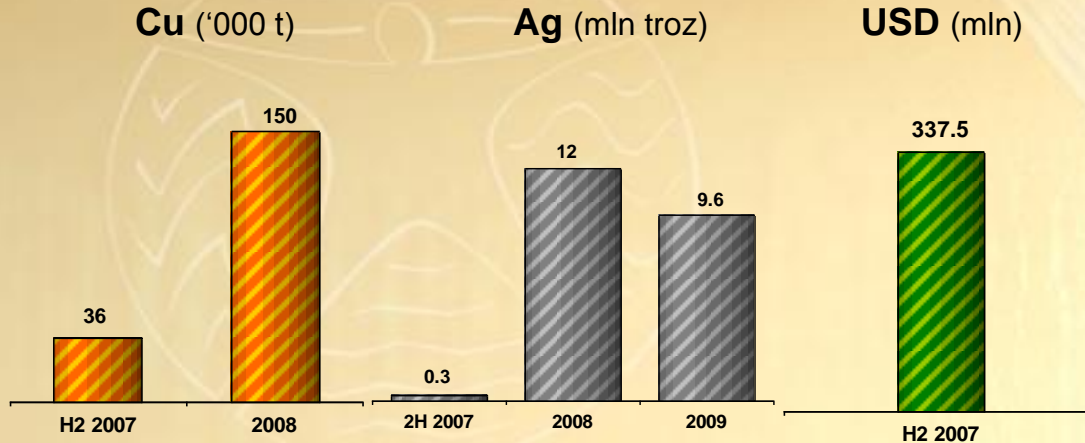
A decrease in net profit versus H1 2006 by PLN 386 mln



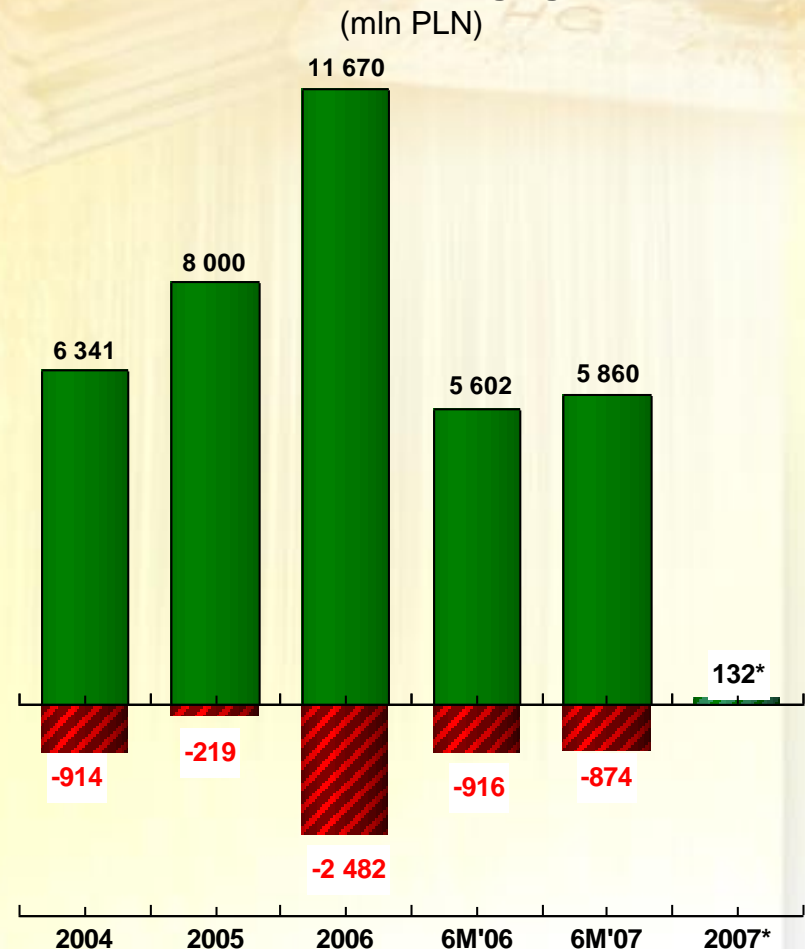
* Effect on revenues from product sales

Risk management

Risk management – positions held at 30. 06. 2007



Revenues & results on hedging transactions



Since 2006 the Company has been using hedging instruments enabling participation in price rises (options)

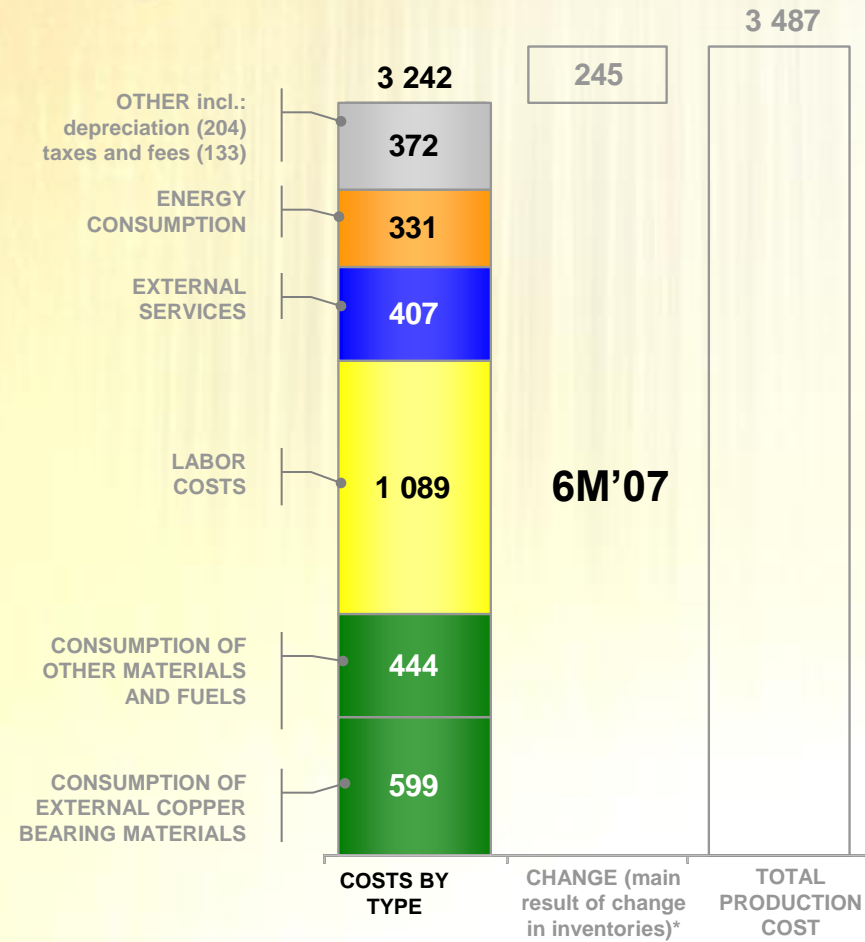
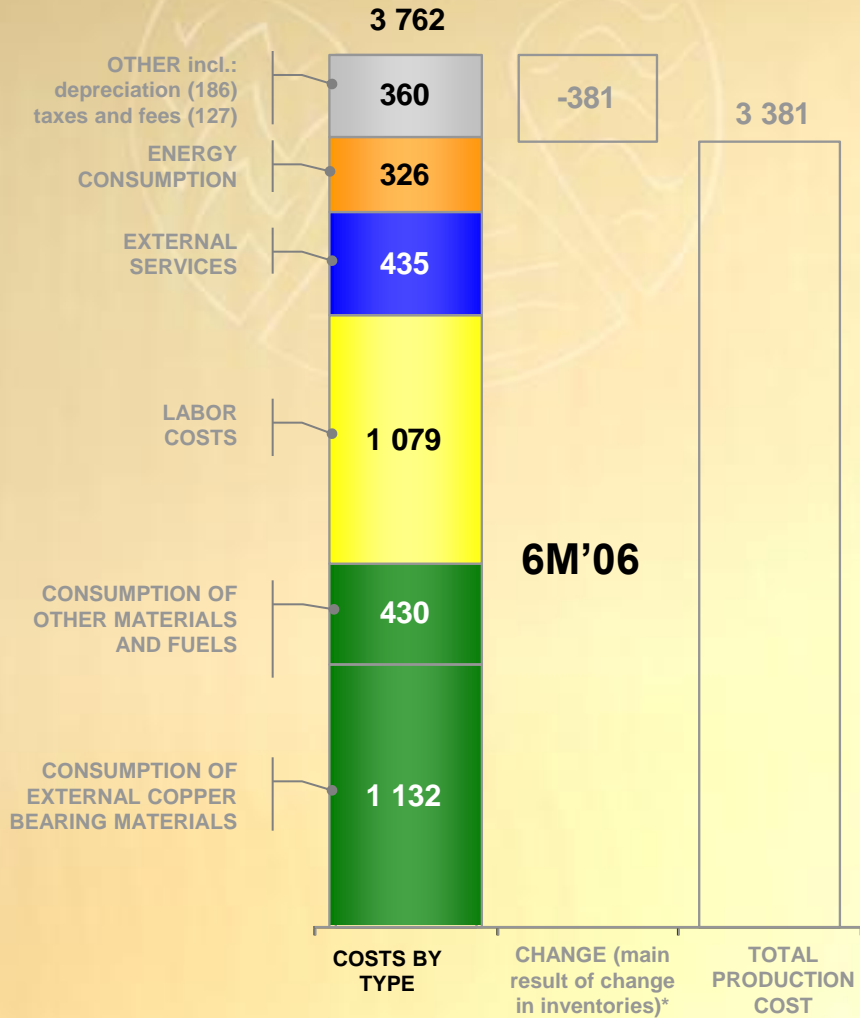
Hedging transactions entered in H1 2007:

- 150 000 tonnes of copper with put options in 2008 at levels above the budgeted Cu price
- 19,2 m troz hedging transactions on silver (put options)
- USD 300 mln for H2 of 2007 with forwards

* Fair value of open positions in in derivatives at 30 June 2007

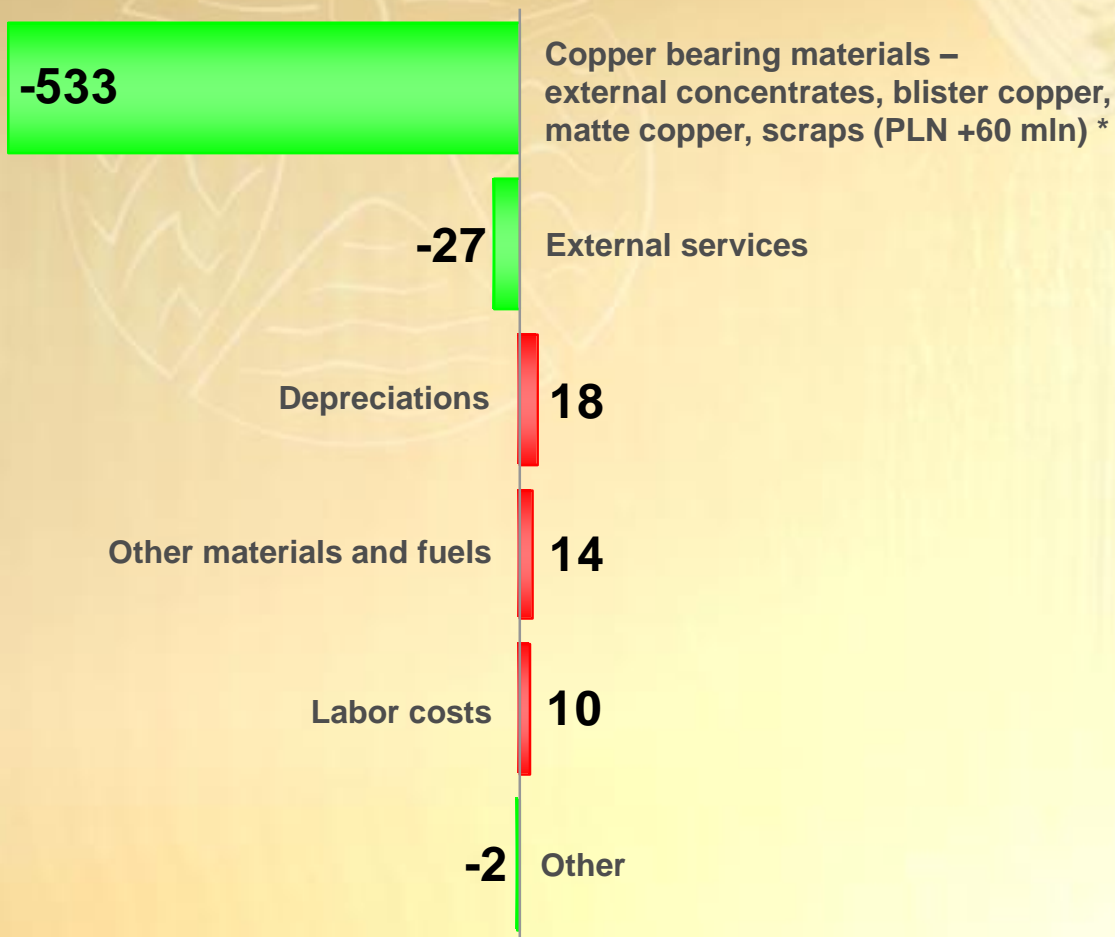
Costs by type (mln PLN)

A decrease in costs by type versus 6M'06 by PLN 520 mln, i.e. by 14%
An increase in total production cost by PLN 106 mln i.e. by 3%



* Mainly respecting semi-products, work in progress and finished products

Factors affecting the change of costs by type (mln PLN)



➤ A decrease in volume of:

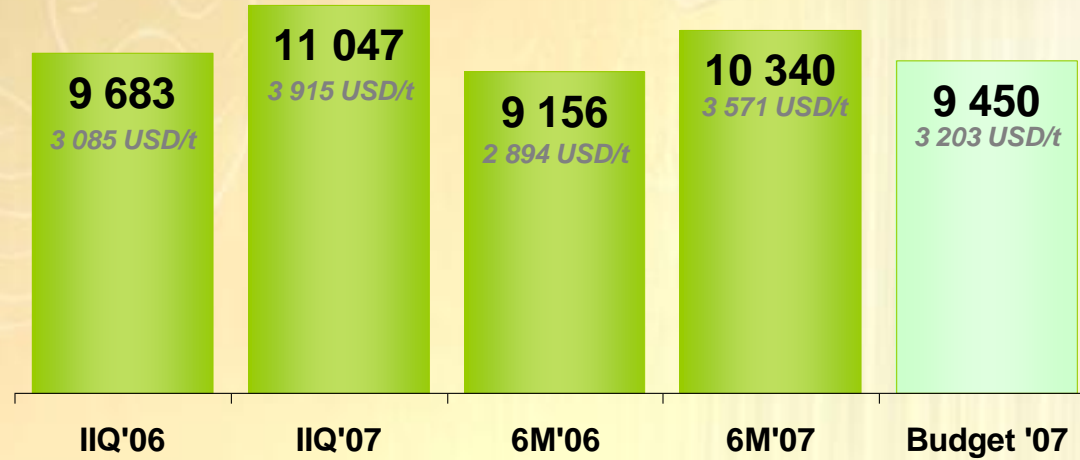
- concentrates (-4,7) ('000 t)
- matte copper (-1,6) ('000 t)
- blister (-0,6) ('000 t)

and increase of external scrap volume by 4,2 ('000 t)

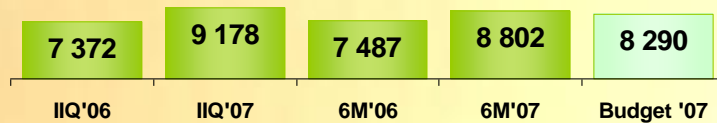
* In 2007 also used were copper-bearing materials from prior-year inventories totalling PLN 146 mln

Unit cost of electrolytic copper production (PLN/t)

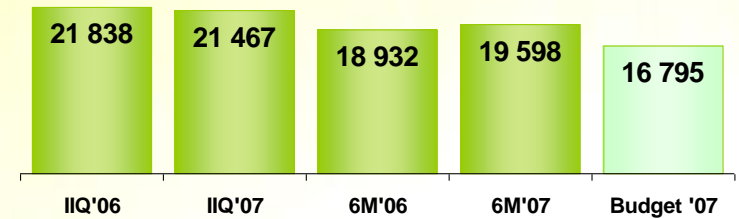
Unit cost of electrolytic copper production



... from internal charges

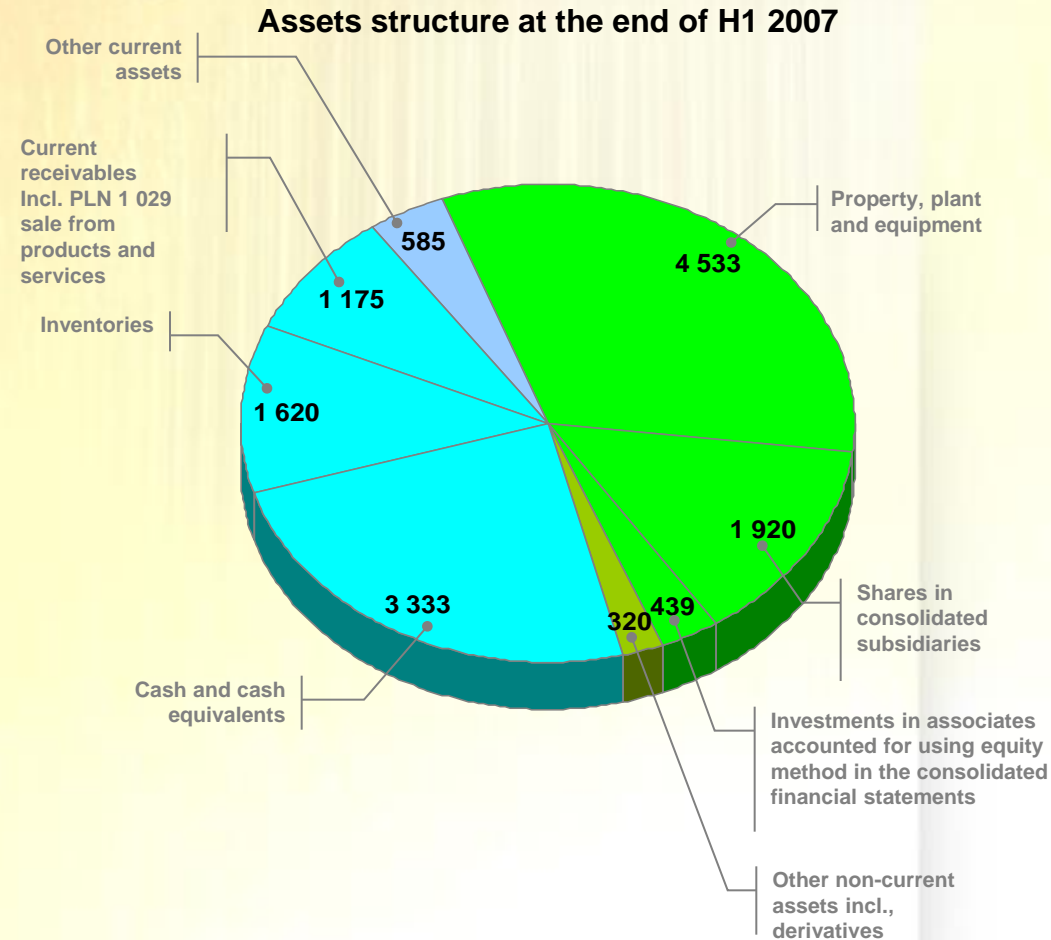
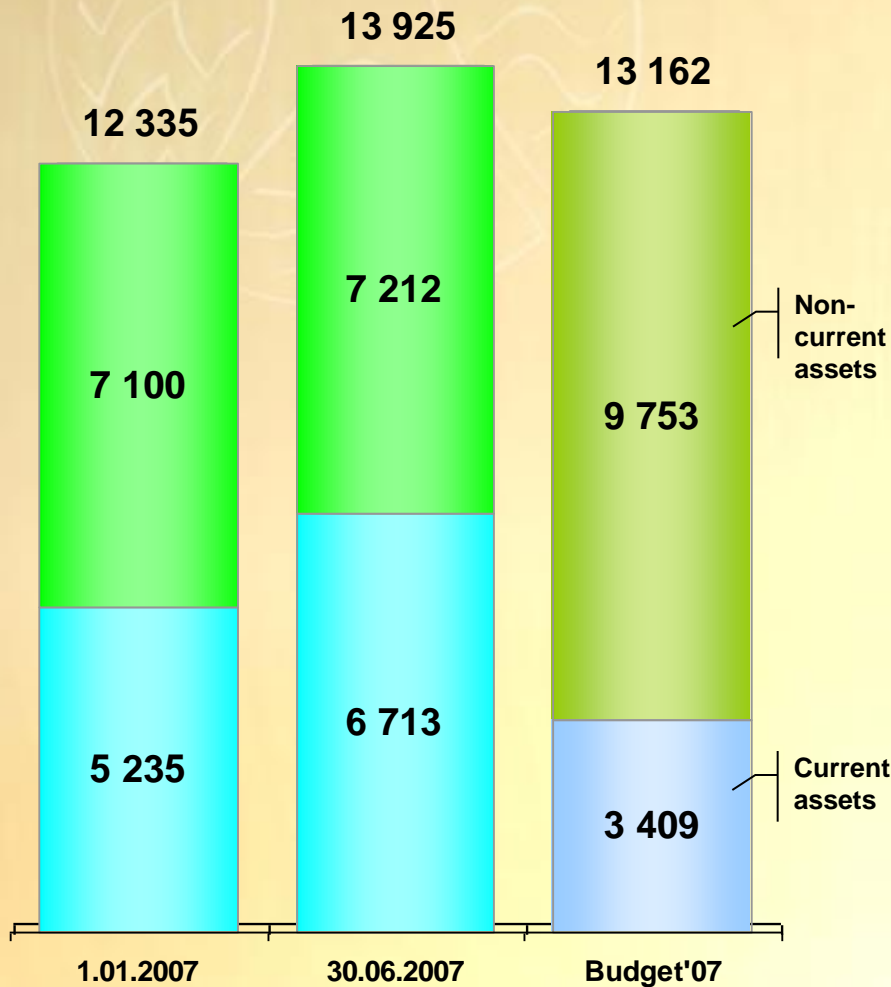


... from purchased copper-bearing materials



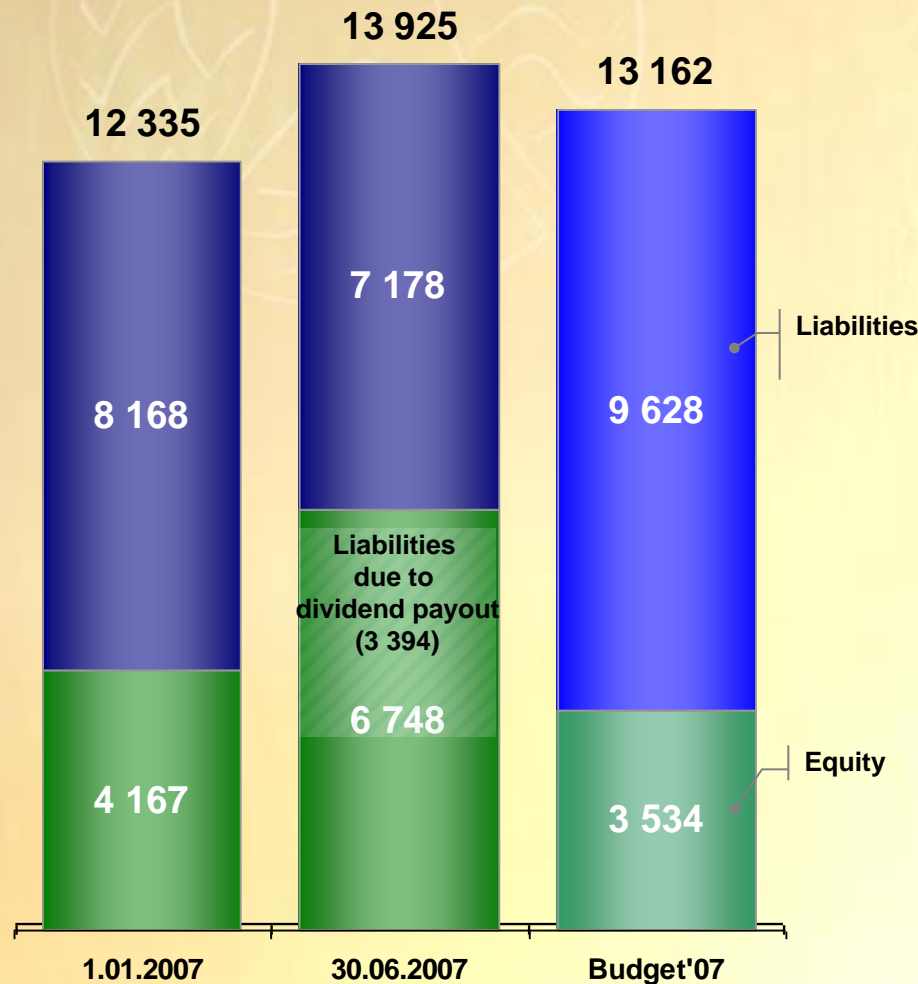
Balance sheet - Assets (mln PLN)

An increase in Company assets in H1 2007 by PLN 1 590 mln, i.e. by 13%

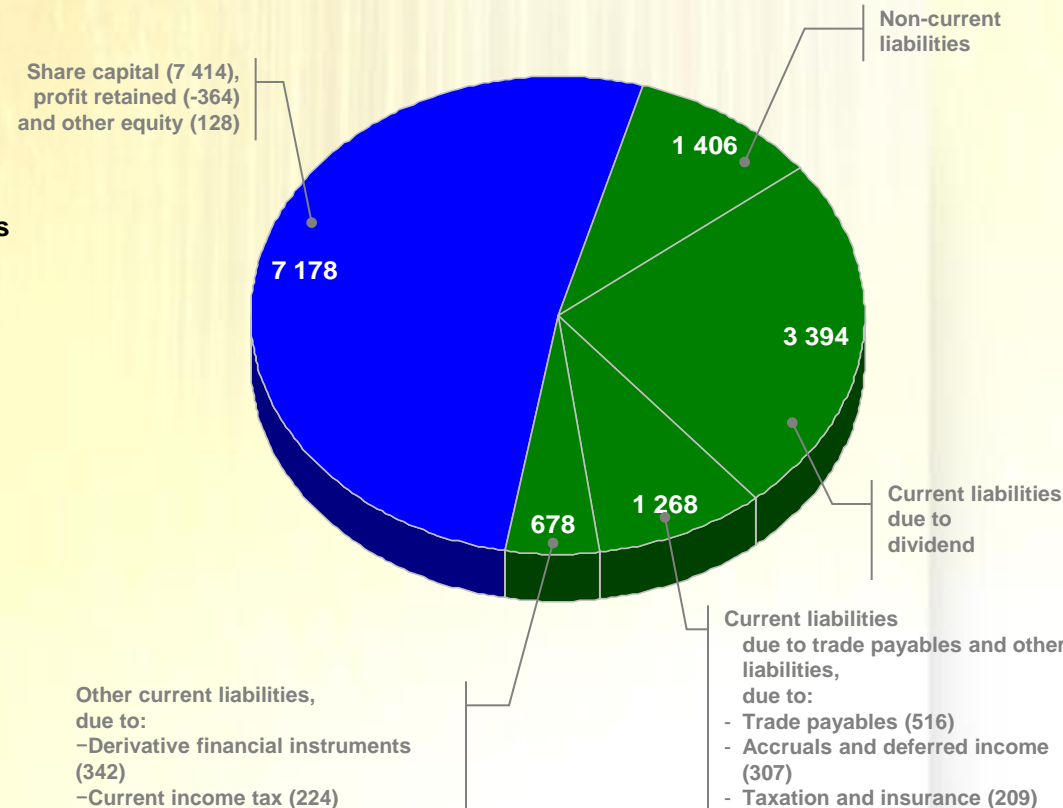


Balance sheet – Equity and Liabilities (mIn PLN)

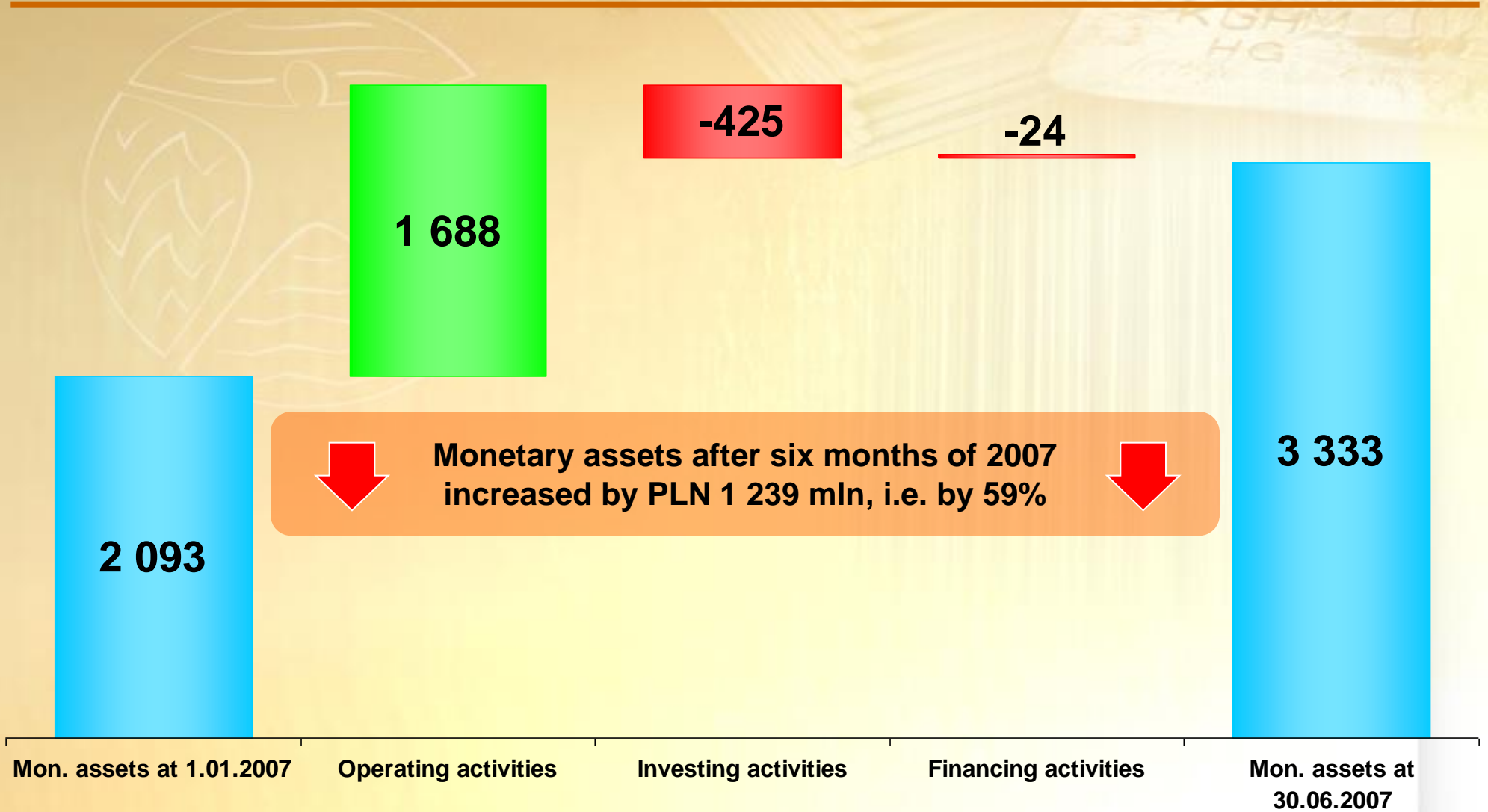
An increase in Company equity and liabilities in H1 2007 by PLN 1 590 mln , i.e. by 13%



Equity and liabilities structure at the end of H1 2007



Cash flow (mln PLN)





Thank you

KGHM POLSKA MIEDŹ S.A.

KGHM POLSKA MIEDŹ S.A. • ul. Marii Skłodowskiej-Curie 48 • 59-301 Lubin • tel. +48 76 74 78 200 • fax +48 76 74 78 500 • www.kghm.pl