

KGHM POLSKA MIEDŹ S.A.ul. M. Skłodowskiej-Curie 48
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2005 OCT 25 A II: 15

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SUPPL

In accordance with §93, section 2 of the Decree of the Council of Ministers dated March 21, 2005 - Journal of Law No 49, item 463, the Board of Management of KGHM Polska Miedź S.A. hereby provides the Consolidated Report for the first half of 2005.

Herein, are presented only the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement. United States Securities and Exchange Commission will receive the complete hard copy of the Consolidated Report for the first half of 2005 by express mail shortly.

Sincerely

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FINANCIAL

I WICEPREZES ZARZADU

Jarosław Andrzej Szczypek

PREZES ZARZADU

Marek Szczerbiak

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Consolidated balance sheet		At	
		Note	30 June 2005
Assets			
Non-current assets			
Property, plant and equipment	7	5 554 538	5 458 088
Intangible assets	8	86 351	90 115
Investment property	9	9 880	9 878
Investments accounted for using the equity method	10	825 184	805 095
Deferred income tax asset	22	36 280	18 149
Available-for-sale financial assets	11	31 922	31 816
Held-to-maturity investments	12	46	37 320
Derivative financial instruments	13	60 800	19 329
Financial assets at fair value through profit or loss	14	78 643	-
Trade and other receivables	15	18 058	14 745
		3 179 284	2 869 240
Current assets			
Inventories	16	1 223 816	1 034 311
Trade and other receivables	15	788 646	810 243
Receivables due to current income tax		17 776	1 578
Available-for-sale financial assets	11	6 029	-
Held-to-maturity investments	12	5 353	5 789
Derivative financial instruments	13	187 447	494 145
Cash and cash equivalents	17	950 217	523 174
Held-for-sale non-current assets and assets included in disposal group	26	2 277	-
		9 883 263	9 353 775
TOTAL ASSETS			
Equity and liabilities			
EQUITY			
Share capital	18	2 000 000	7 413 573
Other capital	19	10 183	201 550
Retained earnings	20	4 082 508	(1 976 873)
Equity attributable to shareholders of the Company		6 092 691	5 638 250
Minority interests		18 265	17 701
		3 772 307	3 697 824
LIABILITIES			
Non-current liabilities			
Trade and other payables	21	11 997	15 609
Borrowings	22	56 389	53 781
Derivative financial instruments	13	46 979	44 117
Deferred income tax liability	23	241	14 514
Liabilities due to employee benefits	24	777 061	706 720
Provisions due to other liabilities and charges	25	458 988	444 015
		2 420 652	2 419 068
Current liabilities			
Trade and other payables	21	1 449 733	1 154 488
Borrowings	22	304 443	273 074
Current income tax liabilities		163 874	299 441
Derivative financial instruments	13	387 728	549 546
Liabilities due to employee benefits	24	63 748	62 658
Provisions for other liabilities and charges	25	51 126	79 861
		9 883 263	9 353 775
TOTAL EQUITY AND LIABILITIES			

KGHM Polska Miedź S.A. Group
 Half-year consolidated financial statements prepared under IAS
 for the period from 1 January 2005 to 30 June 2005
 (in '000 PLN unless otherwise indicated)

Consolidated income statement

	Note	For the period	
		from 1 January to 30 June 2005	from 1 January to 30 June 2004
CONTINUED ACTIVITIES:			
Sales	28	3 988 054	3 752 413
Cost of sales	29	(2 494 976)	(2 326 177)
Gross profit		1 493 078	1 426 236
Selling and marketing costs	29	(87 610)	(73 800)
Administrative expenses	29	(326 933)	(308 317)
Other operating income and profits - net	31	146 710	76 921
Operating profit		1 225 245	1 121 040
Financial costs - net	32	(54 714)	(62 701)
Share of profits of associates accounted for using the equity method	33	103 873	84 393
Profit before income tax		1 274 404	1 142 732
Income tax expense	34	(238 325)	(216 138)
Profit from continued activities		1 036 079	926 594
Profit for the period		1 036 079	926 594
attributable to:			
shareholders of the parent entity		1 035 515	925 384
minority interests		564	1 210
Earnings per share from continued activities attributable to the shareholders of the parent entity during the period (PLN per share)	35		
- basic/diluted		5.18	4.63

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Consolidated statement of changes in equity

	Note	Attributable to shareholders of Company			Minority interests	Total equity
		Share capital	Other capital	Retained earnings		
At 1 January 2004		413 573	(262 108)	(3 353 588)	17 963	3 815 840
Fair value gains on available for sale financial assets	19	-	9	-	-	9
Impact of cash flow hedging	19	-	28 935	-	-	28 935
Deferred income tax	19	-	(21 599)	-	-	(21 599)
Total income/expenses recognised directly in equity		-	7 345	-	-	7 345
Profit for the period		-	-	925 384	1 210	926 594
Total recognised income/expenses		-	7 345	925 384	1 210	933 939
At 30 June 2004		413 573	(254 763)	(2 428 204)	19 173	4 749 779
At 1 January 2005		413 573	201 550	(1 976 873)	17 701	5 655 951
Restatement of data at 1 January 2005 due to transition to IAS 32 and 39		-	-	10 293	-	10 293
At 1 January 2005 after restatement		413 573	201 550	(1 966 580)	17 701	5 666 244
Impact of cash flow hedging	19	-	(233 261)	-	-	(233 261)
Deferred income tax	23	-	41 911	-	-	41 911
Total income/expenses recognised directly in equity		-	(191 350)	-	-	(191 350)
Profit for the period		-	-	1 035 515	564	1 036 079
Other changes		-	(17)	-	-	(17)
Total recognised income/expenses		-	(191 367)	1 035 515	564	844 712
Settlement of revaluation of share capital	18	(5 413 573)	-	5 413 573	-	-
Dividends declared for payment	20	-	-	(400 000)	-	(400 000)
At 30 June 2005		0 000 000	10 183	4 482 508	18 265	6 110 956

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Consolidated cash flow statement

	Note	For the period	
		from 1 January to 30 June 2005	from 1 January to 30 June 2004
Cash flow from operating activities			
Cash generated from operations	37	1 188 910	1 068 387
Income tax paid		(382 999)	(137 285)
Net cash generated from operating activities		805 911	931 102
Cash flow from investing activities			
Purchase of intangible assets and property, plant and equipment		(456 863)	(325 647)
Proceeds from sale of intangible assets and property, plant and equipment	37	1 537	4 875
Purchase of investment property	9	(2)	-
Purchase of held to maturity financial assets	12	(21 576)	(16 139)
Purchase of derivative instruments		(64 998)	(59 185)
Purchase of other financial assets		(9 913)	(4 226)
Proceeds from sale and realisation of held to maturity financial assets		22 180	26 509
Proceeds from sale of derivative instruments		30 947	111 109
Proceeds from sale of other financial assets		4 499	6 670
Purchase of financial assets at fair value through profit or loss	14	(1 051)	-
Proceeds from sale of financial assets at fair value through profit or loss		33 360	-
Loans granted to unrelated entities		(1 100)	(500)
Loan repayments received from unrelated entities		165	340
Interest received		316	89
Dividends received		83 784	70 298
Other investment expenses		(229)	(9 572)
Net cash used in investing activities		(378 944)	(195 379)
Cash flow from financing activities			
Buyback of bonds and other debt securities		(1 400)	-
Proceeds from borrowings		20 478	15 870
Repayments of borrowings		(9 368)	(530 266)
Interest paid		(6 546)	(29 759)
Dividends paid to minority interest		(39)	(78)
Payments of liabilities due to financial leasing		(4 859)	(5 568)
Other financial expenses		(235)	-
Net cash used in financing activities		(1 969)	(549 801)
Total net cash flow		424 998	185 922
Cash and cash equivalents at beginning of the period		523 174	494 591
Exchange gains on cash and cash equivalents		2 045	250
Cash and cash equivalents at end of the period		950 217	680 763
including restricted cash and cash equivalents		42 545	67 338