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<b>Att:</b>	Division of Corporation Finance Office of International Corporate Finance		
<b>Company:</b>	United States Securities and Exchange Commission	<b>Fax:</b>	1 202 772 92 07
<b>From:</b>	Wojciech Marciniak (contact name) Chief Specialist, Investor Relations	<b>Phone:</b>	(48 76) 747 88 74
<b>Company:</b>	KGHM Polska Miedz S.A.	<b>Fax:</b>	(48 76) 747 82 05
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<b>Date:</b>	20 April 2006	<b>No of sheets:</b>	5

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In accordance with §86 section 2 of the Decree of the Minister of Finance dated October 19, 2005 - Journal of Law No 209, item 1744, the Board of Management of KGHM Polska Miedz S.A. hereby provides the Consolidated Annual Report for 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 Annual Report for 2005 by express mail shortly.

Sincerely

WICEPREZES ZARZADU

  
Mirosław Bilinski

WICEPREZES ZARZADU

  
Marek Fusinski

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**Consolidated balance sheet**

**Assets**

**Non-current assets**

Property, plant and equipment	
Intangible assets	
Investment property	
Investments in associates	
Deferred income tax assets	
Available-for-sale financial assets	
Held-to-maturity investments	
Derivative financial instruments	
Financial assets at fair value through profit or loss	
Trade and other receivables	

**Current assets**

Inventories	
Trade and other receivables	
Receivables due to current income tax	
Held-to-maturity investments	
Derivative financial instruments	
Cash and cash equivalents	

**Assets classified as held for sale**

**TOTAL ASSETS**

**Equity and liabilities**

**EQUITY**

**Equity attributable to shareholders of the Company**

Share capital	
Other reserves	
Retained earnings	

**Minority interests**

**TOTAL EQUITY**

**LIABILITIES**

**Non-current liabilities**

Trade and other payables	
Borrowings	
Derivative financial instruments	
Deferred income tax liabilities	
Liabilities due to employee benefits	
Provisions due to other liabilities and charges	

**Current liabilities**

Trade and other payables	
Borrowings	
Current income tax liabilities	
Derivative financial instruments	
Liabilities due to employee benefits	
Provisions for other liabilities and charges	

**TOTAL LIABILITIES**

**TOTAL EQUITY AND LIABILITIES**

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Note	At	
	31 December 2005	31 December 2004
7	5 581 193	5 458 088
8	89 248	90 115
9	28 250	9 878
10	931 173	805 095
23	162 610	26 670
11	28 005	31 816
12	44	37 320
13	20 548	19 329
14	27 464	-
15	15 761	14 745
	<b>6 884 296</b>	<b>6 493 056</b>
16	1 244 576	1 034 311
15	912 669	810 243
	2 878	1 578
12	-	5 789
13	171 645	494 145
17	1 878 321	523 174
	<b>4 210 089</b>	<b>2 869 240</b>
26	<b>7 566</b>	-
	<b>4 217 655</b>	<b>2 869 240</b>
	<b>11 101 951</b>	<b>9 362 296</b>
18	2 000 000	7 413 573
19	(810 388)	201 550
	5 153 078	(1 976 873)
	<b>6 342 690</b>	<b>5 638 250</b>
	<b>14 631</b>	<b>17 701</b>
	<b>6 357 321</b>	<b>5 655 951</b>
21	13 847	15 609
22	63 388	53 781
13	210 298	44 117
23	16 566	23 035
24	816 169	706 720
25	410 397	444 015
	<b>1 530 665</b>	<b>1 287 277</b>
21	1 429 258	1 154 488
22	48 477	273 074
	397 963	299 441
13	1 150 239	549 546
24	68 646	62 658
25	119 382	79 861
	<b>3 213 965</b>	<b>2 419 068</b>
	<b>4 744 630</b>	<b>3 706 345</b>
	<b>11 101 951</b>	<b>9 362 296</b>

Consolidated income statement

	Note	For the period	
		from 1 January to 31 December 2005	from 1 January to 31 December 2004
Sales	28	9 029 496	7 322 729
Cost of sales	29	(5 626 487)	(4 866 548)
<b>Gross profit</b>		<b>3 403 009</b>	<b>2 456 181</b>
Selling and marketing costs	29	(192 044)	(154 560)
Administrative expenses	29	(661 924)	(639 648)
Other gains/losses - net	31	13 019	(13 406)
<b>Operating profit</b>		<b>2 562 060</b>	<b>1 648 567</b>
Financial costs - net	32	(37 830)	(153 216)
Share of profits/losses of associates accounted for using the equity method	33	210 160	181 924
<b>Profit before income tax</b>		<b>2 734 390</b>	<b>1 677 275</b>
Income tax expense	34	(626 620)	(300 822)
<b>Profit for the period</b>		<b>2 107 770</b>	<b>1 376 453</b>
<b>attributable to:</b>			
shareholders of the Parent Entity		2 106 085	1 376 715
minority interests		1 685	(262)
<b>Earnings per share attributable to the shareholders of the Parent Entity during the period (PLN per share)</b>	35		
– basic/diluted		10.53	6.88

**Consolidated statement of changes in equity**

	Attributable to shareholders of Company			Attributable to minority interests	Total equity
	Share capital	Other reserves	Retained earnings		
<b>At 1 January 2004</b>	<b>7 413 573</b>	<b>(262 108)</b>	<b>(3 353 588)</b>	<b>17 963</b>	<b>3 815 840</b>
Fair value gains on available for sale financial assets (note nr 11)	-	16	-	-	16
Impact of cash flow hedging (note nr 13)	-	547 149	-	-	547 149
Deferred income tax on cash flow hedging (note nr 23)	-	(83 507)	-	-	(83 507)
<b>Total income/expenses recognised directly in equity</b>	<b>-</b>	<b>463 658</b>	<b>-</b>	<b>-</b>	<b>463 658</b>
Profit for the period	-	-	1 376 715	(262)	1 376 453
<b>Total recognised income/expenses</b>	<b>-</b>	<b>463 658</b>	<b>1 376 715</b>	<b>(262)</b>	<b>1 840 111</b>
<b>At 31 December 2004</b>	<b>7 413 573</b>	<b>201 550</b>	<b>(1 976 873)</b>	<b>17 701</b>	<b>5 655 951</b>
<b>At 1 January 2005</b>	<b>7 413 573</b>	<b>201 550</b>	<b>(1 976 873)</b>	<b>17 701</b>	<b>5 655 951</b>
Restatement of data at 1 January 2005 due to transition to IAS 32 and 39	-	-	10 293	-	10 293
<b>At 1 January 2005 after restatement</b>	<b>7 413 573</b>	<b>201 550</b>	<b>(1 966 580)</b>	<b>17 701</b>	<b>5 666 244</b>
Losses due to changes of fair value of available for sale financial assets (note nr 11)	-	(16)	-	-	(16)
Impact of cash flow hedging (note nr 13)	-	(1 242 964)	-	-	(1 242 964)
Deferred income tax on cash flow hedging (note nr 23)	-	231 058	-	-	231 058
<b>Total income/expenses recognised directly in equity</b>	<b>-</b>	<b>(1 011 922)</b>	<b>-</b>	<b>-</b>	<b>(1 011 922)</b>
Profit for the period	-	-	2 106 085	1 685	2 107 770
Transactions with minority interest (note nr 20)	-	-	-	(4 755)	(4 755)
Other changes	-	(16)	-	-	(16)
<b>Total recognised income/expenses</b>	<b>-</b>	<b>(1 011 938)</b>	<b>2 106 085</b>	<b>(3 070)</b>	<b>1 091 077</b>
Coverage of the effects of revaluation of share capital transferred to retained earnings (note 44 point 4.10)	(5 413 573)	-	5 413 573	-	-
Dividends paid	-	-	(400 000)	-	(400 000)
<b>At 31 December 2005</b>	<b>2 000 000</b>	<b>(810 388)</b>	<b>5 153 078</b>	<b>14 631</b>	<b>6 357 321</b>

**Consolidated cash flow statement**

	Note	For the period	
		from 1 January to 31 December 2005	from 1 January to 31 December 2004
<b>Cash flow from operating activities</b>			
Cash generated from operating activities	37	3 178 349	2 114 091
Income tax paid		(441 607)	(158 637)
<b>Net cash generated from operating activities</b>		<b>2 736 742</b>	<b>1 955 454</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets and property, plant and equipment		(880 430)	(728 297)
Proceeds from sale of intangible assets and property, plant and equipment	37	7 795	7 094
Purchase of investment property	9	(152)	-
Purchase of held to maturity investments	12	(34 367)	(46 973)
Purchase of other financial assets		(3 912)	(2 061)
Proceeds from sale and realisation of held to maturity investments		40 430	58 209
Proceeds from sale of other financial assets		3 037	2 887
Purchase of financial assets at fair value through profit or loss	14	(3 740)	-
Proceeds from sale of financial assets at fair value through profit or loss		24 240	-
Interest received		584	267
Dividends received		84 395	69 155
Other investment expenses		35 434	(209)
<b>Net cash used in investing activities</b>		<b>(726 686)</b>	<b>(639 928)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		33 010	262 595
Repayments of borrowings		(270 320)	(1 498 765)
Interest paid		(10 339)	(41 516)
Dividends paid to minority interest		(39)	(78)
Dividends paid to shareholders of the Parent Entity		(400 000)	-
Payments of liabilities due to financial leasing		(7 109)	(7 558)
Other financial expenses		(1 640)	(521)
<b>Net cash used in financing activities</b>		<b>(656 437)</b>	<b>(1 285 843)</b>
<b>Total net cash flow</b>		<b>1 353 619</b>	<b>29 683</b>
Cash and cash equivalents at beginning of the period		523 174	494 591
Exchange gains/losses on cash and cash equivalents		1 528	(1 100)
<b>Cash and cash equivalents at end of the period</b>		<b>1 878 321</b>	<b>523 174</b>
including restricted cash and cash equivalents		49 053	29 926