POLISH ENERGY PARTNERS CAPITAL GROUP

POLISH ENERGY PARTNERS CAPITAL GROUP DIRECTORS' REPORT
FOR 6 MONTHS PERIOD
ENDED JUNE 30, 2007

Stephen Klein – President of the Management Board	*Anna Kwarcińska – Vicepresident of the Management Board*
Michał Kozłowski – Member of the Management Board	

Warsaw, August 6, 2007

BUSINESS ACTIVITIES OF POLISH ENERGY PARTNERS S.A. CAPITAL GROUP

The parent company of the Polish Energy Partners S.A. Group is Polish Energy Partners S.A., hereinafter referred to as "Parent Company" which was registered on July 17, 1997 in Entrepreneurs Register held by the city of Warsaw District Court, XX Economic Department of National Court Register, Entry no. KRS 26545.
Polish Energy Partners S.A. offers competitive and environmentally-friendly services for the industry to reduce energy supply costs, and produces energy from renewable sources. Polish Energy Partners S.A. effectively combines the ability to develop energy projects with the knowledge required to finance, construct, and operate these projects.

Polish Energy Partners S.A. offers services in the following areas:

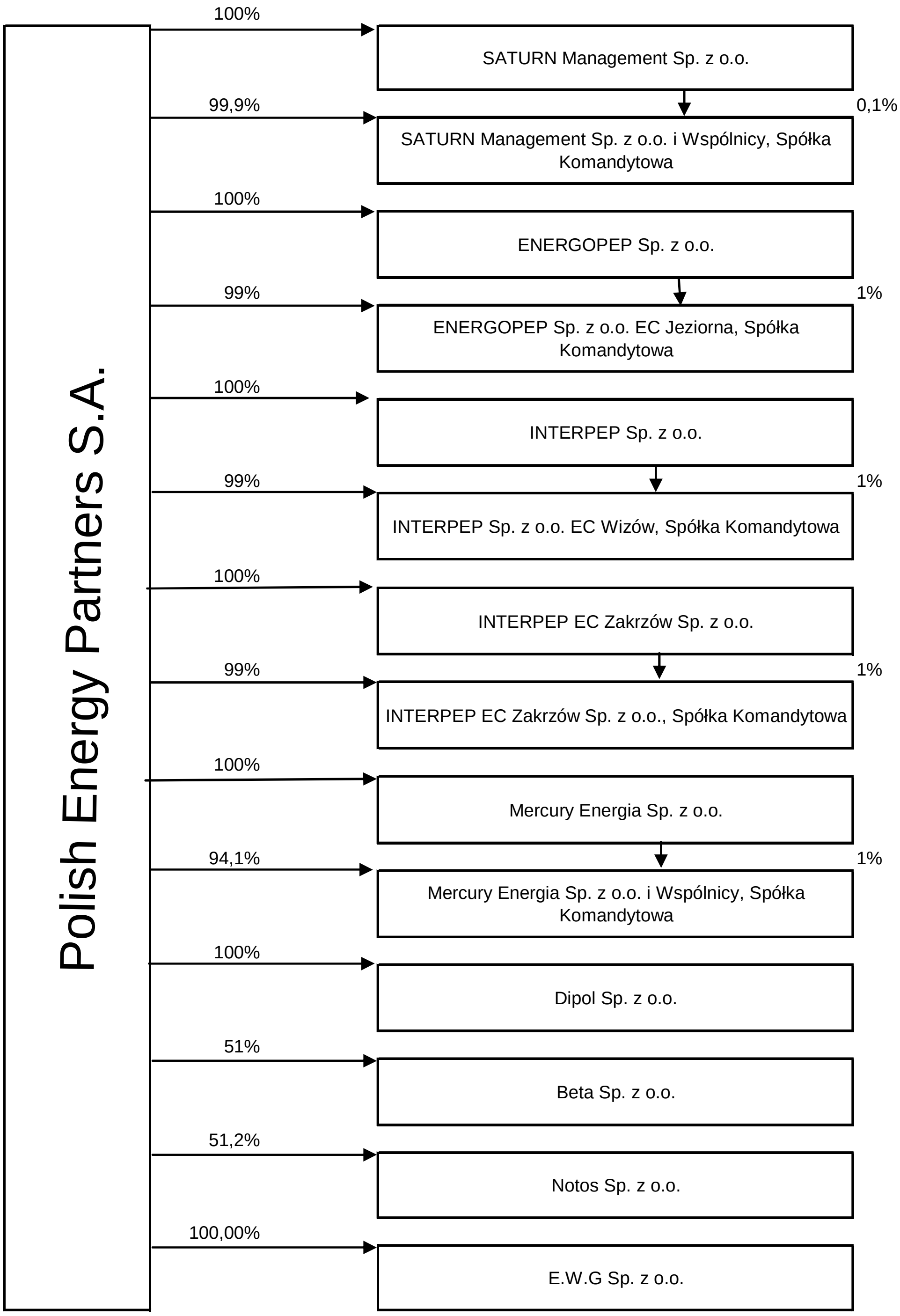
- Development – i.e. development and set-up of new projects and organization of project financing sources
- Construction and Operation of energy facilities

Polish Energy Partners S.A. offers its services in two main segments of the energy market:

- Outsourcing of combined heat and power generation for industrial customers, in particular for the paper industry
- Production and supply of renewable energy from biomass and wind.

The Group consists of following entities:

STRUKTURA ORGANIZACYJNA GRUPY



PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

The principles of consolidated financial statements preparation were described in the introduction to the consolidated financial statements and comparable consolidated financial data.

SHORT DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OR FAILURES OF THE COMPANY IN THE PERIOD COVERED BY THIS REPORT INCLUDING LIST OF THE MOST IMPORTANT EVENTS RELATING TO THESE ACHIEVEMENTS OR FAILURES

Outsourcing Projects

EC Saturn

In the first quarter of 2007 revenues resulting from share of benefits between the Group and one of its clients had significant impact on the reported financial result. The above mentioned benefits result from sale of electricity at preferred prices ("renewable energy", "green energy"). Moreover, as a result of completion of Jupiter project, milder winter time in 2007 and time shift of the planned maintenance overhaul of CFB boiler fro quarter 1 to quarter 2 of 2007 the production of green electricity is in first quarter of 2007 by 33% higher than in the comparable period of 2006. In second quarter of 2007 due to shift and prolonged maintenance of CFB boiler in relation to 2006 the production of green energy was slightly lower. Cumulative in the period of the half year of 2007 the production of green energy is higher than in the comparable period of 2006.

EC Zakrzów

The project is operating in accordance with the budget in quarter 1 and 2 of 2007.

EC Wizów

In the period of first quarter of 2007 heat was delivered to Wizów in a limited amount. In the second quarter heat was not delivered to Wizów. Wizów is in liquidation bankruptcy. The receiver is leading the process of searching for new investor for Wizów. As of the date of this report there are no condition precedents which indicate the chance to restore production in the near future.

EC Jeziorna

In the first quarter of 2007 the project operated significantly better than in the first and second quarter of 2006 but below budgeted results for 2007.

Mercury

On 18th January 2007, Mercury Energia Spółka z ograniczoną odpowiedzialnością i Wspólnicy, Spółka Komandytowa (hereinafter referred as the "ME") - a subsidiary company of Polish Energy Partners Spółka Akcyjna, hereby informs that the ME concluded an agreement for the supply of coke-oven gas and electricity with Zakłady Koksownicze "Wałbrzych" Spółka Akcyjna (hereinafter referred to as "ZKW"). Under the agreement, ME is obliged to collect the coke-oven gas supplied by ME in quantities as set out in the agreement, pay for the supplied coke-oven gas and to supply electricity to ZKW. Under the agreement, ZKW is obliged to supply the coke-oven gas to ME in quantities as set out in the agreement, purchase electricity from ME with precedence over other suppliers and to pay for the supplied coke-oven gas. The term of the agreement shall be by 31st December 2021. The agreement may be terminated only upon a gross breach of its provisions.

Moreover, on July 20, 2007 the annex to the loan agreement with BRE Bank S.A. was signed. The annex prolongs and adjusts the repayment schedule of the loan to the prolonged project duration in accordance with the agreement signed with ZKW.

The production of Mercury Energia in the first half year of 2007 was higher than budgeted.

Wind Energy

Wind Farm Puck

In 2006 PEP's subsidiary Dipol Sp. z o.o. completed the construction works for 11 wind turbines with total capacity of 22MW. The completion of the project is on time and budget. Starting from January 10, 2007 PEP's subsidiary Dipol has the necessary concession for electricity generation in the wind farm, which is the final step of the investment process. The wind farm started electricity generation in December 2006. In the period of first and second quarter of 2007 the electricity generation on the wind farm was slightly higher than budgeted. It was mainly caused by good wind conditions in half year of 2007.

Suwałki and Tychowo wind farm projects

The Company completed development process of wind farm Suwałki with estimated capacity of 38MW. The process of development of wind farm in Tychowo with estimated capacity of 32MW is in progress. The development of the 32MW project has prolonged due to tardiness of authorities responsible for issuing grid connection terms. The completion of the development of the mentioned project is planned for end 2007/early 2008.

In the current reports 38/2007 i 39/2007 the Management of the Company informed that on 30 May 2007 RWE Plus Sp. z. o.o. ("RWEP"), a 100 % subsidiary of RWE Power AG, and PEP signed the Shareholders Agreements ("Shareholders Agreements") which regulate their mutual relations as shareholders of EWG Sp. z o.o. ("SPV"), a special-purpose company which will construct the Suwałki wind farm with a total installed capacity of approx. 38 MW ("Suwałki Wind Farm") and as shareholders of Notos Sp. z o.o. ("SPV"), a special-purpose company which will construct the Tychowo wind farm with a total installed capacity of approx. 32 MW ("Tychowo Wind Farm").
The Shareholders Agreements provide, among other things, for the sale of shares in SPV by PEP to RWEP, increase of share capital of SPV to be taken up by RWEP and sale of rights to the Suwałki and Tychowo Wind Farms projects by PEP to SPV. Following the execution of the Shareholders Agreement, RWEP will hold 70% of the share capital of the SPV whereas PEP will hold the remaining 30 % with certain minority rights reflecting PEP's operational role in the venture.

Upon the Shareholders Agreement, each of the SPV's shareholders (i.e. RWEP and PEP) will assume responsibility for the successful completion and operation of the project regarding construction, operation and maintenance of the Suwałki Wind Farm ("Suwałki Wind Farm Project") and Tychowo Wind Farm ("Tychowo Wind Farm Project"), in particular (i) selecting suppliers that will construct the Suwałki and Tychowo Wind Farms, (ii) selecting a bank that will provide debt financing sufficient to implement the Suwałki and Tychowo Wind Farm Projects, (iii) ensuring that the Company will execute contracts necessary to implement the Suwałki and Tychowo Wind Farm Projects, including loan facility agreement (credit agreement), construction contracts, a long term agreement for the sale and purchase of property rights arising from certificates of origin of electric energy generated from renewable energy sources (iv) ensuring proper operational performance of the Suwałki and Tychowo Wind Farms. They will also be obliged to provide the SPV with funds necessary to cover SPV's equity part in capital expenditures ("CAPEX") of Suwałki and Tychowo Wind Farms. The buyer of property rights arising from certificates of origin of electric energy generated from renewable energy sources ("green certificates"), on the basis of 15-year contract with SPV, will be RWE Stoen S.A..

Pursuant to the Shareholders Agreements, PEP will grant RWEP a call option regarding PEP's shares in SPV. RWEP will be entitled to execute the call option only in case two of the conditions are fulfilled jointly (i) more than 50% of the shares or voting rights of PEP are transferred (either directly or indirectly) to a utility active in the European market and (ii) any resolution of the SPV's Shareholders Meeting has not been adopted due to a lack of sufficient majority and such a majority cannot be achieved within 2 months or 3 months. The option price will be equal to market price of the shares.

The Shareholders Agreements do not contain any provisions regarding contractual penalty. However, PEP is to grant RWEP a call option on PEP's shares in the SPV for their nominal value in case PEP fails to fulfill its obligation to provide the SPV with funds necessary to cover SPV's equity part in CAPEX of Suwałki and Tychowo Wind Farms, respectively.

The execution of the Shareholders Agreement regarding Suwałki Wind Farm is conditional on obtaining the permit of the Minister of Interior and Administration by RWEP. In case the above condition precedent is not met by December 31, 2007 each of the party can terminate the Shareholders Agreement.

The total value of PEP's proceeds resulting from implementation of Shareholders Agreement will amount to ca. PLN 19.7m. The exact amount of PEP's proceeds will depend on PLN/EURO exchange rate on the day before the day of singing the agreements which conclusion is provided by the Shareholders Agreement. The transaction will be recognized in the results of the quarter when the Shareholders Agreement is executed. In the current report 55/2007 the Management of the company informed that the condition precedent of agreement of 30th May 2007, described in detail in report no. 38/2007, has been met. Finalization of the transaction with RPP is planned for the beginning of August of the present year.

The execution of the Shareholders Agreement regarding Tychowo Wind Farm is conditional on the following conditions precedent:
a) the building permit has been irrevocably granted to SPV;
b) the Company has become 100% shareholder of SPV;
c) the Company has purchased the rights to Tychowo Wind Farm Project;
d) SPV has entered into a grid connection agreement for a capacity of at least 32 MW;
e) the Investor has confirmed in writing that it has accomplished a due diligence process over the Tychowo Wind Farm Project with a satisfactory result.

At the moment the Company holds 51% shares in SPV. In case the above conditions precedents are not met by December 31, 2009 each of the party can terminate the Shareholders Agreement.

The total value of PEP's proceeds resulting from implementation of Shareholders Agreement will amount to ca. PLN 17.4m. The exact amount of PEP's proceeds will depend mostly on (i) PLN/EURO exchange rate on the third day before the day of singing the agreements which conclusion is provided by the Shareholders Agreement and (ii) exact amount of the costs borne by PEP as regards to development of Tychowo Wind Farm Project. The transaction will be recognized in the results of the quarter when the Shareholders Agreement is executed.

<u>New Projects</u>

On March 13, 2006 the Company concluded with EPA Sp. z o.o. an annex to an agreement of 15th March 2004 for economic cooperation with regard to development of wind farm projects.
Under the Agreement, the Company and EPA jointly develop projects of wind farms and share the costs of development. The Agreement shall remain in effect by December 31, 2010 (originally, the Agreement was to be effective for three years after the date of the conclusion of the Agreement.)
Under the Agreement, the Company has the pre-emptive right of purchase to all projects developed with regard to the Agreement. Moreover, pursuant to the Annex, the price of the next projects for the

total nominal capacity of 150MW to be purchased by the Company has been set. On May 23, 2007 another Annex to the Agreement date March 15, 2004 was signed. Based on this annex the acquisition price of the next projects for the Company has been established, till the total installed capacity of 300MW and the term of the Agreement were prolonged till 2013.

PEP has wide pipeline of wind farm projects, out of which completion of 94MW is expected in 2008. Start of construction of these 94 MW is expected in 2008/9 and operational commencement for 2009/10. The completion of the development of 118MW is expected in 2009, start of construction for 2009/10 and commencement of operations for 2010/11.

Till 2012 the development of next 400MW will be completed.

DESCRIPTION OF FACTORS AND EVENTS ESPECIALLY UNUSUAL IN NATURE WHICH HAVE SIGNIFICANT IMPACT ON THE REPORTED FINANCIAL RESULTS

In the second quarter of 2007 the contribution from three new projects had significant impact – project Jupiter, wind farm Puck and ME Mercury.

In the first half year of 2007 revenues resulting from share of benefits between the Group and one of its clients had significant impact on the reported financial result. The above mentioned benefits result from sale of electricity at preferred prices ("renewable energy", "green energy").

Unrealized foreign exchange differences from balance sheet valuation of assets and liabilities denominated in foreign currencies have significant impact on the Group's result. As of June 30, 2007 the Group had active currency position in EURO. In the period of 2 quarter ended June 30, 2007 the Group achieved 1,092 thousand zlotys of financial income from foreign exchange differences. In the period of 6 months ended June 30, 2007 the Group achieved 2,304 thousand zlotys of financial income from foreign exchange differences.

EXPLANATION OF SEASONALITY AND CYCLICALITY OF COMPANY'S ACTIVITY IN THE REPORTED PERIOD

The Capital Group PEP operates in the industrial energy outsourcing market. Key accounts consume heat and electricity in its production plants for the production purposes. The demand for heat and electricity for production purposes indicates no seasonality. However some of the heat delivered is consumed to heat the buildings. The above refers both to industrial and municipal offtakers. Demand for space heating indicates seasonality which is higher in 1st and 4th quarter of the financial year. The seasonality of this demand does not have significant impact on the reported financial result.

Moreover, the wind conditions which determine electricity production in the wind farm are unequally distributed over the year. In the autumn- winter time the wind conditions are significantly better than in the spring- summer time.

DESCRIPTION OF MAIN RISKS AND THREATS

Risk Related to Competition

The Issuer is active on the market of industrial energy outsourcing. At present, the PEP Group enjoys a dominant position in this segment of the power market. Given the market's attractiveness for investors, the Company anticipates that competition will intensify, also on part of financially-strong foreign operators, which may affect the PEP Group's ability to attract new outsourcing contracts and to negotiate good terms and conditions of project execution. PEP SA has gathered unique experience on the Polish market in the area of both the development and implementation of optimally-customized technological solutions as well as construction of the right legal, fiscal and financial structures – which

secures PEP SA a significant competitive edge. Furthermore, the PEP Group believes it crucial that the provided services are of top quality and that its qualifications are regularly enhanced by know-how relating to cutting-edge technologies and more effective management methods.
Given the steady growth in demand for energy generated from renewable sources (required under regulations currently in force), its small supply, and, as a consequence, the anticipated rise in its prices, investments in green energy generation are becoming increasingly more attractive. Thus, this market segment is likely to also see the tightening of competition. The Issuer plans to launch wind farm operations. Given the weather and environmental constraints in Poland, this is the energy source which in addition to biomass combustion, is viewed as one offering the greatest potential as a source of green energy. This segment of the Polish power market is likely to attract Western European and American companies with relevant experience gathered on other markets. From the project profitability's perspective, the factor of utmost importance is the location of wind farms. The Issuer has concluded an exclusive agreement for development of wind farm projects with Przedsiębiorstwo Projektowo-Serwisowe Elektroniki, Pomiarów i Automatyki EPA Sp. z o.o., a leading developer of wind energy projects in Poland. Under the agreement, PEP SA has access to information on best sites for wind farms, results of wind measurements, and hands-on experience in execution of wind farms in Poland. Thus, the Issuer is provided with an edge over any potential competition, as the gathering of such data is time-consuming and costly.

Risk Related to the General Economic Situation in Poland

Implementation of the strategic goals assumed by the Issuer and the projected financial results are influenced, among others, by macroeconomic factors, which are independent of the Company's activities. These factors include GDP growth, the inflation rate, general situation in Polish economy and changes in the legislation. Unfavorable changes of the macroeconomic indicators may adversely affect the Issuer's projected revenue or increase its operating costs.

Currency Risk

Part of the PEP Group's agreements with its customers provide for payments in foreign currency. Therefore, exchange rate fluctuations can affect the Group's revenue as translated into the Polish currency. The Issuer's Group mitigates the effect of the currency risk on the projects' profitability by using natural hedging – in projects which involve currency conversions into the zloty, the majority of expenses incurred in connection with the construction, upgrading and operation of the CHP plants are borne in the same currency. This also refers to loans incurred to finance the projects.

Interest Rate Risk

The share of debt in the structure of the Group's financing is high. According to the PEP Group's strategy, which assumes maximization of return on equity, 80% of the financing of the projects under development comes in the form of debt. Under loan agreements concluded by the Group companies, interest on the contracted loans accrues at variable rates. A considerable increase in market interest rates above the values projected by the Issuer and assumed in project budgets may adversely affect the PEP Group's financial performance. The Issuer is aware of such risks and in order to prevent their possible adverse effects it continuously monitors the money market situation, efficiently manages its financial resources, and includes in its agreements with customers clauses which provide for the customers' participation in the interest rate risk.

Risk of Fluctuations of Coal and Natural Gas Prices and Risk Related to the Availability of These Resources

The Issuer and its Group companies use natural gas, hard coal and biomass to generate electricity and heat.
In Poland, the PGNiG Group is the main supplier of gas, which comes mainly from Russia. If PGNiG encounters any difficulties in importing the gas in quantities required to satisfy the existing needs, gas supplies to customers may be limited. In a case like this, market prices of natural gas would probably rise, and it could also happen that the Issuer and its Group would not be able to purchase required

amounts of the fuel gas. This could limit the business activities of the Issuer and the members of its Group.
The Issuer and its Group have implemented mechanisms intended to protect them against adverse effects of fluctuations of the natural resource prices. As a rule, prices of electricity and heat are linked to prices of hard coal and natural gas. However, there can be no assurance that the financial results of the Issuer and its Group will not be adversely affected in spite of implementing mechanisms protecting against price fluctuations.

Risk Related to Polish Energy Market

The energy market in Poland is regulated. The President of the Energy Regulatory Authority (URE) is the body appointed under the Energy Law to perform tasks related to the regulation of the fuel and energy management and promotion of competition in the power sector. The President of URE's powers and responsibilities include: granting, amending and revoking licenses; approval of draft development plans for power companies; settling disputes between power companies and between power companies and their customers; approval and control of tariffs in the energy sector in terms of their compliance with the regulations, especially with the principle of customer protection against unjustified pricing. The President of URE has the power to impose penalties on licensed operators.
In its present form, the Energy Law substantially ensures covering justified operating expenses of power companies. The producers' right to include their profit in the heat tariffs is limited, particularly by the overriding principles provided for in the energy law, such as the principles of protecting customer interests. Thus, profit earning potential depends, to a large extent, on the company's ability to reduce operating costs.
As the process of implementing competitive market mechanisms in the power sector is well advanced, licensed power producers are exempt from the obligation to file electricity tariffs for approval (subject to certain exceptions). PEP SA's electricity tariffs are not subject to approval by the URE. However, the tariffs must be prepared according to the principles provided for in the Energy Law and secondary legislation thereto. On the other hand, PEP SA is required to draw up heat tariffs and obtain their approval by the URE.
The government may also change its policy and strategy for the power sector in the future.
In the Issuer's case, as well as in the case of all the other companies in the power sector, there is a risk that the URE will refuse to recognize particular expenses borne by the Issuer as justified ones, which may lead to a lack of possibility to recover the expenses through heat charges paid by customers. Similarly, there exists a risk that the URE will not permit, in the future, to increase the prices of the heat energy in proportion to the rise in expenses, or that it will impose penalties on licensed operators. Based on its to-date experience, the Issuer is seeking ways to reduce the risk. Thanks to the use of efficient technological solutions and the Issuer's ability to deliver energy outside the transmission network (without incurring transmission costs); the prices offered by the PEP Group are competitive in comparison to market prices.

Risk Related to Customers' Financial Standing

The PEP Group derives revenues from developed and implemented industrial energy outsourcing projects under long-term agreements for electricity and heat supplies. Therefore, customers' financial standing and their ability to pay liabilities towards PEP SA constitute a key factor for the success of the projects as well as the PEP Group's financial performance and standing. A sudden fall in energy consumption by a customer may also affect the efficiency of energy generation. Prior to concluding outsourcing agreements and commencing investment projects, the Issuer conducts a thorough analysis of the potential customers, sometimes using the services of external consultants, with a view to assessing the customers' creditworthiness and prospects for their respective sectors. The PEP Group is very careful in selecting its customers from sectors with good market potential. The Issuer analyses in great detail the customer's technological process and the project launch is preceded by several-month cooperation of the two parties.

Risk of Dependence on Key Customers

Every industrial energy outsourcing project, developed and implemented by the Issuer, is in reality prepared for one customer – a production company. To-date, the PEP Group has implemented four projects in this area. The share of each of the Group's customers in the revenue structure exceeded 10%, which means dependence on the customers. With the development of the Group's activity, execution of new outsourcing projects and the Group's expansion on the renewable energy market, particular customers' shares in the revenue structure will be diminishing.

Risk of Loss of Key Personnel

The activities of the Issuer and the Group are based primarily on the knowledge and experience of their highly qualified personnel. Due to the limited availability of experts in industrial energy outsourcing, and the possible attempts by the existing and future competitors to take over the experts by offering them attractive terms of employment and remuneration, there is a risk of losing the employees who are of key importance for the development of the Issuer and its Group. This could adversely affect the Issuer's financial performance and strategy.
The risk is mitigated through:

- High corporate culture of the Issuer, which helps the employees identify themselves with the Company;
- Attractive remuneration schemes focusing on incentives and promoting loyalty;
- Knowledge management and extensive training programme.

Risk of CHP Plant Operations

CHP plant operations involve the risk of failure to achieve the projected efficiency and availability of the plant, and failure to meet the contractual terms of energy supplies. The Issuer's experience shows that the risk of unexpected breakdowns leading to the plants' operational budget overruns is limited. To mitigate this risk, PEP SA enhances operational procedures and concludes insurance agreements, or applies contractual clauses whereby any potential additional costs are transferred onto subcontractors.

MANAGEMENT'S OPINION IN RELATION TO THE ACHIEVEMENT OF THE PREVIOUSLY PUBLISHED FORECASTS FOR CURRENT YEAR, TAKING INTO ACCOUNT THE RESULTS PRESENTED IN THE CURRENT REPORT.

In the current report 40/2007 the Management of the Company informed that in case of completion the shareholders agreement dated May 30, 2007 regarding Suwałki wind farm, concluded by the Issuer with RWE Plus Sp. z o.o. ("RWEP") which is subject to consent of the Ministry of Interior and Administration is granted to RWEP for the acquisition of shares in EWG Sp. Z o.o., company completing Suwałki wind farm project, the forecast published in the current report nr 67/2006 will be updated.

The below table presents the updated 2007 forecast which includes the impact of the Transaction.

	Original Forecast	Impact of transaction with RWE Plus Polska regarding Suwałki Wind Farm	Adjusted Forecast
	[PLN m]	[PLN m]	[PLN m]
Revenues	76,7	13,8	90,5
Adjusted Revenues	79,6	13,8	93,4
EBITDA	34,1	11,0	45,1
Adjusted EBITDA	37,0	11,0	48,0
Net Profit	17,2	12,7	29,9

The total value of PEP's proceeds resulting from implementation of Shareholders Agreement will amount to ca. PLN 19.7m. The exact amount of PEP's proceeds will depend on PLN/EURO exchange rate on the third day before the day of singing the agreements which conclusion is provided by the Shareholders Agreement. The transaction will be recognized in the results of the quarter when the Shareholders Agreement is executed. The proceeds from the transaction in the consolidated profit and loss account will be recognized in sales revenues (70%) and financial income (30%)

The transaction described in the current report 39/2007 regarding sale of Tychowo Wind Farm will be realized and booked in the financial statements after the development process has been finalized and Shareholders Agreement executed.

In the current report 55/2007 the Management of the Company informed that a condition precedent of agreements of 30th May 2007, described in detail in report no. 38/2007, has been met. Finalization of the transaction with RPP is planned for the beginning of August of the present year.

INDICATION OF FACTORS WHICH MAY HAVE IMPACT IN THE OPINION OF THE COMPANY ON THE ACHIEVED FINANCIAL RESULT WITHIN AT LEAST ONE QUARTER AHEAD

In the opinion of the Company the following factors may have impact on the achieved financial result (both on standalone and consolidated basis) in the period of at least one quarter:

- Macroeconomic situation of Poland;
- EURO foreign exchange against zloty

  The table below presents the sensitivity of earnings before tax (due to changes in fair value of monetary assets and liabilities) on rational possible changes to the foreign exchange of Euro provided that other factors remain unchanged.

	Increase/ decrease of foreign exchange	***Impact on earnings before tax in the period till the next balance sheet valuation of assets and liabilities***
30 June 2007 – EUR	+ 0,01 PLN/EUR	(130)
	- 0,01 PLN/EUR	130
31 December 2006 - EUR	+ 0,01 PLN/EUR	(2)
	- 0,01 PLN/EUR	2
30 June 2006 - EUR	+ 0,01 PLN/EUR	83
	- 0,01 PLN/EUR	(83)

  The forecast of the Group's net result for 2007 was prepared under assumption of no impact of foreign exchange differences on the forecasted net profit.

- Changes in prices of CO2 certificates
- Changes in prices of "green electricity" certificates
- Wind conditions in the region of wind farm Puck
- Level of premium received from sale of majority stake in wind farm Suwałki which has total capacity of 38 MW
- Changes in prices of coal, gas, biomass and availability of these commodities
- Financial standing of Company's customers.

REMUNERATION OF MANAGING PERSONS

In the first half year ended June 30, 2007 and June 30, 2006 remuneration of the Management Board amounted to:

In thousand zlotys	**30.06.2007**	**30.06.2006**
Management Board		
Stephen Klein	447	297
Anna Kwarcińska	186	186
Michał Kozłowski	189	168

In the periods ended June 30, 2007 and June 30, 2006 the Management Board Members and Supervisory Board Members of the parent company did not receive any remuneration resulting from being in the management boards of related companies.
Till June 30, 2007 the members of the Supervisory Bodies received remuneration in accordance with the table below:

Supervisory Board Members	**Remuneration paid in the period of 6 months ended June 30, 2007**
Kaczmarczyk Krzysztof	14
Olszewski Artur	15
Prokopowicz Zbigniew	169
Sędziowski Krzysztof	15
Sierka Wojciech	14
Sobolewski Krzysztof	14

MANAGEMENT REPRESENTATION

Management of Polish Energy Partners S.A. confirms that these consolidated financial statements and comparable data were prepared in accordance with accounting principles and that reflect truly and fairly the financial and material situation of the Group Polish Energy Partners S.A. and the financial result and informs that the Director's report includes the true description of development and achievements and the situation of the Group including description of basic risks and threats.

MANAGEMENT REPRESENTATION ABOUT THE ENTITY TO AUDIT THE FINANCIAL STATEMENTS

Management of Polish Energy Partners S.A. confirms that the entity engaged in the review of half year consolidated financial statements was chosen in compliance with applicable laws and that the entity and the auditors reviewing the consolidated financial statements meet the requirements to issue and independent review report in compliance with applicable domestic law.