

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF SEPTEMBER 30, 2010

**CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2010**

in CZK Millions

	September 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Property, plant and equipment:		
Plant in service	523,544	509,618
Less accumulated provision for depreciation	(279,385)	(266,377)
Net plant in service	244,159	243,241
Nuclear fuel, at amortized cost	6,774	5,439
Construction work in progress	98,663	80,125
Total property, plant and equipment	349,596	328,805
Other non-current assets:		
Investment in associates and joint-ventures (Note 5)	17,182	17,250
Investments and other financial assets, net (Note 4)	53,068	49,423
Intangible assets, net	20,009	18,653
Deferred tax assets	655	824
Total other non-current assets	90,914	86,150
Total non-current assets	440,510	414,955
Current assets:		
Cash and cash equivalents	18,794	26,727
Receivables, net	31,657	46,350
Income tax receivable	9,850	997
Materials and supplies, net	5,719	4,959
Fossil fuel stocks	1,738	2,944
Emission rights	1,409	1,212
Other financial assets, net	20,510	29,706
Other current assets	3,005	2,409
Total current assets	92,682	115,304
Total assets	533,192	530,259

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2010

continued

	September 30, 2010 (unaudited)	December 31, 2009 (audited)
Equity and liabilities		
Equity attributable to equity holders of the parent:		
Stated capital	53,799	53,799
Treasury shares	(4,619)	(5,151)
Retained earnings and other reserves (Note 6)	165,325	151,713
Total equity attributable to equity holders of the parent	214,505	200,361
Non-controlling interests	5,537	6,314
Total equity	220,042	206,675
Long-term liabilities:		
Long-term debt, net of current portion (Note 7)	132,292	118,921
Accumulated provision for nuclear decommissioning and fuel storage	37,426	37,152
Other long-term liabilities	22,088	21,108
Total long-term liabilities	191,806	177,181
Deferred tax liability	25,619	15,335
Current liabilities:		
Short-term loans (Note 8)	8,832	31,257
Current portion of long-term debt (Note 7)	16,250	6,632
Trade and other payables	58,063	76,853
Income tax payable	60	1,359
Accrued liabilities	12,520	14,967
Total current liabilities	95,725	131,068
Total equity and liabilities	533,192	530,259

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

in CZK Millions

	1-9/2010 (unaudited)	1-9/2009 *) (unaudited)	7-9/2010 (unaudited)	7-9/2009 *) (unaudited)
Revenues:				
Sales of electricity	125,376	126,908	40,685	39,416
Gains and losses from electricity, coal and gas derivative trading, net	6,442	3,298	1,040	1,222
Heat sales and other revenues	12,570	10,610	3,980	3,117
Total revenues	144,388	140,816	45,705	43,755
Operating expenses:				
Fuel	(11,984)	(10,955)	(4,041)	(2,950)
Purchased power and related services	(39,617)	(33,858)	(12,738)	(11,447)
Repairs and maintenance	(3,476)	(3,789)	(1,397)	(1,578)
Depreciation and amortization	(17,153)	(16,533)	(5,722)	(5,551)
Salaries and wages	(12,903)	(12,053)	(4,369)	(4,305)
Materials and supplies	(3,356)	(3,283)	(1,092)	(1,110)
Emission rights, net	2,221	1,244	208	5
Other operating expenses	(8,099)	(7,117)	(2,289)	(3,191)
Total expenses	(94,367)	(86,344)	(31,440)	(30,127)
Income before other income (expenses) and income taxes	50,021	54,472	14,265	13,628
Other income (expenses):				
Interest on debt, net of capitalized interest	(2,694)	(2,349)	(975)	(813)
Interest on nuclear and other provisions	(1,520)	(1,568)	(501)	(522)
Interest income	1,594	1,765	492	685
Foreign exchange rate gains (losses), net	(208)	245	1,617	584
Gain (Loss) on sale of subsidiaries, associates and joint-ventures	-	(2)	-	4
Other income (expenses), net	1,658	1,843	(1,186)	925
Gain (Loss) from associates and joint-ventures	(87)	3,571	297	330
Total other income (expenses)	(1,257)	3,505	(256)	1,193
Income before income taxes	48,764	57,977	14,009	14,821
Income taxes	(8,551)	(10,711)	(2,505)	(2,770)
Net income	40,213	47,266	11,504	12,051
Net income attributable to:				
Equity holders of the parent	40,108	46,799	11,449	11,942
Non-controlling interests	105	467	55	109
Net income per share attributable to equity holders of the parent (CZK per share)				
Basic	75.1	87.8	21.4	22.4
Diluted	75.1	87.7	21.4	22.4
Average number of shares outstanding (000s)				
Basic	533,780	533,162	533,905	533,240
Diluted	533,847	533,445	533,918	533,508

*) The data for the period of 1-9/2009 and 7-9/2009 were restated due to the subsequent final completion of purchase price allocation reports of respective business combinations which took place in the first nine months of 2009.

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

in CZK Millions

	1-9/2010 (unaudited)	1-9/2009 *) (unaudited)	7-9/2010 (unaudited)	7-9/2009 *) (unaudited)
Net income	40,213	47,266	11,504	12,051
Other comprehensive income:				
Change in fair value of cash flow hedges recognized in equity	8,651	8,319	4,461	3,299
Cash flow hedges removed from equity	(1,801)	(486)	(566)	(42)
Change in fair value of available-for-sale financial assets recognized in equity	821	(518)	591	577
Available-for-sale financial assets removed from equity	(11)	17	(13)	1
Translation differences	(4,503)	(6,861)	(2,292)	(2,022)
Share on equity movements of associates and joint-ventures	1	(33)	14	(129)
Deferred tax relating to other comprehensive income (Note 10)	(1,501)	(1,390)	(778)	(642)
Other comprehensive income, net of tax	<u>1,657</u>	<u>(952)</u>	<u>1,417</u>	<u>1,042</u>
Total comprehensive income, net of tax	<u><u>41,870</u></u>	<u><u>46,314</u></u>	<u><u>12,921</u></u>	<u><u>13,093</u></u>
Total comprehensive income attributable to:				
Equity holders of the parent	42,084	47,201	13,010	13,499
Non-controlling interests	(214)	(887)	(89)	(406)

*) The data for the period of 1-9/2009 and 7-9/2009 were restated due to the subsequent final completion of purchase price allocation reports of respective business combinations which took place in the first nine months of 2009.

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CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

in CZK Millions

	Attributable to equity holders of the parent								
	Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Available-for-sale and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
December 31, 2008	59,221	(66,910)	(5,025)	(5,631)	503	191,094	173,252	12,158	185,410
Net income	-	-	-	-	-	46,799	46,799	467	47,266
Other comprehensive income	-	-	(5,554)	6,274	(462)	144	402	(1,354)	(952)
Total comprehensive income	-	-	(5,554)	6,274	(462)	46,943	47,201	(887)	46,314
Dividends	-	-	-	-	-	(26,638)	(26,638)	(3)	(26,641)
Reduction of the stated capital	(5,422)	61,313	-	-	-	(55,891)	-	-	-
Sale of treasury shares	-	226	-	-	-	(156)	70	-	70
Share options	-	-	-	-	81	-	81	-	81
Transfer of exercised and forfeited share options within equity	-	-	-	-	(34)	34	-	-	-
Change in non-controlling interests due to acquisitions	-	-	-	-	-	-	-	(2,755)	(2,755)
September 30, 2009 (unaudited)	<u>53,799</u>	<u>(5,371)</u>	<u>(10,579)</u>	<u>643</u>	<u>88</u>	<u>155,386</u>	<u>193,966</u>	<u>8,513</u>	<u>202,479</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

continued

	Attributable to equity holders of the parent								
	Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Available-for-sale and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
December 31, 2009, as previously stated	53,799	(5,151)	(6,649)	(2,168)	609	159,921	200,361	6,314	206,675
Change in accounting policy (Note 2.2)	-	-	-	-	-	(211)	(211)	-	(211)
January 1, 2010, as restated	53,799	(5,151)	(6,649)	(2,168)	609	159,710	200,150	6,314	206,464
Net income	-	-	-	-	-	40,108	40,108	105	40,213
Other comprehensive income	-	-	(4,185)	5,547	656	(42)	1,976	(319)	1,657
Total comprehensive income	-	-	(4,185)	5,547	656	40,066	42,084	(214)	41,870
Dividends (Note 6)	-	-	-	-	-	(28,256)	(28,256)	(548)	(28,804)
Sale of treasury shares	-	532	-	-	-	(195)	337	-	337
Share options	-	-	-	-	76	-	76	-	76
Transfer of exercised and forfeited share options within equity	-	-	-	-	(97)	97	-	-	-
Change in non-controlling interests due to acquisitions	-	-	-	-	-	114	114	(15)	99
September 30, 2010 (unaudited)	<u>53,799</u>	<u>(4,619)</u>	<u>(10,834)</u>	<u>3,379</u>	<u>1,244</u>	<u>171,536</u>	<u>214,505</u>	<u>5,537</u>	<u>220,042</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

in CZK Millions

	1-9/2010 (unaudited)	1-9/2009 *) (unaudited)
Operating activities:		
Income before income taxes	48,764	57,977
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	17,172	16,550
Amortization of nuclear fuel	2,572	1,924
Gain on fixed asset retirements, net	(123)	(13)
Foreign exchange rate losses (gains), net	208	(245)
Interest expense, interest income and dividend income, net	720	555
Provision for nuclear decommissioning and fuel storage	70	123
Valuation allowances, other provisions and other adjustments	(1,193)	2,802
(Gain) Loss from associates and joint-ventures	87	(3,571)
Changes in assets and liabilities:		
Receivables	6,307	8,231
Materials and supplies	(784)	(436)
Fossil fuel stocks	1,147	69
Other current assets	8,864	22,232
Trade and other payables	(14,963)	(21,675)
Accrued liabilities	(2,487)	(2,137)
Cash generated from operations	66,361	82,386
Income taxes paid	(10,191)	(12,927)
Interest paid, net of capitalized interest	(1,584)	(1,201)
Interest received	1,024	1,044
Dividends received	370	22
Net cash provided by operating activities	<u>55,980</u>	<u>69,324</u>
Investing activities:		
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired (Note 4)	(5,160)	(17,912)
Proceeds from disposal of subsidiaries and associates, net of cash disposed of	-	1,270
Additions to property, plant and equipment and other non-current assets, including capitalized interest	(44,604)	(36,683)
Proceeds from sale of fixed assets	2,072	1,488
Loans made	(70)	(10,606)
Repayment of loans	5,449	767
Change in decommissioning and other restricted funds	(1,948)	(323)
Total cash used in investing activities	<u>(44,261)</u>	<u>(61,999)</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

continued

	<u>1-9/2010</u> (unaudited)	<u>1-9/2009 *)</u> (unaudited)
Financing activities:		
Proceeds from borrowings	159,748	207,137
Payments of borrowings	(150,529)	(185,046)
Proceeds from other long-term liabilities	40	68
Payments of other long-term liabilities	(292)	(308)
Dividends paid to Company's shareholders	(28,144)	(26,457)
Dividends paid to non-controlling interests / Contributions received from non-controlling interests, net	(14)	(3)
(Acquisition) Sale of treasury shares, net	337	70
Total cash provided by (used in) financing activities	<u>(18,854)</u>	<u>(4,539)</u>
Net effect of currency translation in cash	<u>(798)</u>	<u>(1,883)</u>
Net increase (decrease) in cash and cash equivalents	(7,933)	903
Cash and cash equivalents at beginning of period	<u>26,727</u>	<u>17,303</u>
Cash and cash equivalents at end of period	<u><u>18,794</u></u>	<u><u>18,206</u></u>

Supplementary cash flow information

Total cash paid for interest	3,083	2,540
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*) The data for the period of 1-9/2009 were restated due to the subsequent final completion of purchase price allocation reports of respective business combinations which took place in the first nine months of 2009.

The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2010

1. The Company

ČEZ, a. s. ("ČEZ" or "the Company") is a Czech Republic joint-stock company, owned 69.8% (70.3% of voting rights) at September 30, 2010 by the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are publicly held. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The Company is a parent company of the CEZ Group ("the Group"), which is primarily engaged in the business of production, distribution and sale of electricity.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

The interim consolidated financial statements for the nine months ended September 30, 2010 have been prepared in accordance with IAS 34. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2009.

2.2. Significant Accounting Policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2009, except for the adoption of new standards and interpretations as of January 1, 2010, note below:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The Group adopted the revised standards from January 1, 2010. IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognized, the reported results in the period when an acquisition occurs and future reported results. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

As a result of the adoption of these revised standards the Group charged the transaction costs accumulated until December 31, 2009 related to ongoing acquisitions directly to retained earnings as of January 1, 2010.

IFRIC 12 Service Concession Arrangements

IFRIC Interpretation 12 was issued in November 2006. This interpretation was adopted by the EU in March 2009 and must be applied from January 1, 2010. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The interpretation had no effect on the financial position nor performance of the Group.

All the other standards and interpretation whose application was mandatory for the period beginning on or after January 1, 2010 have no material impact on the Group's interim consolidated financial statements.

3. Seasonality of Operations

The seasonality within the segments Power Production and Trading and Distribution and Sale usually takes effect in such a way that the revenues and operating profits of these segments for the 1st and 4th quarters of a calendar year are slightly higher than the revenues and operating profits achieved in the remaining period.

4. Changes in the Group Structure

Acquisitions of subsidiaries from third parties in the first nine months of 2010

In May 2010, the Group acquired an 85% interest in the company Teplárna Trmice, a.s., which deals with the production and sale of heat and electricity. As a result of this transaction the Group obtained control in the company Tepelné hospodářství města Ústí nad Labem s.r.o. („THMÚ“). The transaction included also acquisition of a 15% interest in the company Dalkia Česká republika, a.s., which is accounted for as the acquisition of available-for-sale securities.

Based on the provisional accounting of the acquisition of Teplárna Trmice, a.s., and of Tepelné hospodářství města Ústí nad Labem s.r.o. using book values as the best estimate of fair values as to the date of interim financial statements, the values of acquired identifiable assets and liabilities as to the date of acquisition are as follows (in CZK millions):

	<u>Teplárna Trmice and THMÚ</u>
Share acquired in 2010	85%
Property, plant and equipment	4,134
Other non-current assets	47
Cash and cash equivalents	298
Receivables, net	209
Income tax receivable	1
Materials and supplies, net	42
Fossil fuel stocks	26
Other current assets	371
Non-controlling interests	(85)
Long-term debt, net of current portion	(27)
Other long-term liabilities	(2)
Deferred tax liability	(520)
Trade and other payables	(413)
Income tax payable	(35)
Accrued liabilities	(204)
Total net assets	<u>3,842</u>
Share of net assets acquired	3,266
Goodwill	<u>1,579</u>
Total purchase consideration	4,845
Less:	
Cash and cash equivalents in the subsidiary acquired	<u>(298)</u>
Cash outflow on acquisition of the subsidiary	<u><u>4,547</u></u>

From the date of acquisition, the newly acquired subsidiaries have contributed the following balances to the Group's income statement for the nine months ended September 30, 2010 (in CZK millions):

	<u>Teplárna Trmice and THMÚ</u>
Revenues	336
Income before other income (expense) and income taxes	188
Net income	172

If the combination had taken place at the beginning of the year, the profit for the CEZ Group would have been CZK 40,377 million and revenues from continuing operation would have been CZK 145,094 million. The provisional amount of goodwill recognized as a result of the business combination comprises the fair value of expected synergies arising from the acquisition.

Acquisitions of non-controlling interest from third parties in the first nine months of 2010

In July 2010 the Group increased its capital share in CEZ Servicii S.A. from 63% to 100%. In August 2010 the capital share in Elektrociepłownia Chorzów ELCHO sp. z o.o. was increased from 75,20% to 100% while share on profits was increased from 88,82% to 100%.

The following table summarizes the critical terms of these transactions (in CZK millions):

	<u>CEZ Servicii</u>	<u>ELCHO</u>
Share of net assets acquired	17	567
Amount directly recognized in equity	3	(117)
Total purchase price	<u>20</u>	<u>450</u>

The following table summarizes the cash outflows on acquisitions during the first nine months of 2010 (in CZK millions):

Cash outflows on acquisition of the subsidiary	4,845
Cash outflows on acquisitions of non-controlling interest	470
Cash contribution to an associate	35
Change in payables from acquisitions	108
Less cash acquired	<u>(298)</u>
Total cash outflows on acquisitions in the first nine months of 2010	<u>5,160</u>

5. Investments in Subsidiaries, Associates and Joint-ventures

The interim consolidated financial statements include the financial figures of ČEZ, a. s., and the subsidiaries, associates and joint-ventures listed in the following table:

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
3 L invest a.s.	Czech Republic	100.00%	-	100.00%	-
AREA-GROUP CL a.s.	Czech Republic	100.00%	-	100.00%	-
Bioplyn technologie s.r.o.	Czech Republic	100.00%	-	100.00%	-
Bohemian Development, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Centrum výzkumu Řež s.r.o.	Czech Republic	52.46%	-	52.46%	-
CEZ Albania Sh.A.	Albania	100.00%	100.00%	100.00%	100.00%
	Bosnia and				
CEZ Bosna i Hercegovina d.o.o.	Herzegovina	100.00%	100.00%	100.00%	100.00%
CEZ Bulgaria EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ Ciepło Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Deutschland GmbH	Germany	100.00%	100.00%	100.00%	100.00%
CEZ Distributie S.A.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Elektro Bulgaria AD	Bulgaria	67.00%	67.00%	67.00%	67.00%
CEZ Elektroprodukcija Bulgaria AD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ FINANCE B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Finance Ireland Ltd.	Ireland	100.00%	100.00%	100.00%	100.00%
CEZ Hungary Ltd.	Hungary	100.00%	100.00%	100.00%	100.00%
CEZ Chorzow B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ International Finance B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Laboratories Bulgaria EOOD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ MH B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Nowa Skawina S.A.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Poland Distribution B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Produkty Energetyczne Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Razpredelenie Bulgaria AD	Bulgaria	67.00%	67.00%	67.00%	67.00%
CEZ Romania S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ RUS OOO	Russia	100.00%	100.00%	100.00%	100.00%
CEZ Servicii S.A.	Romania	100.00%	63.00%	100.00%	63.00%
CEZ Shpërndarje Sh.A. ³⁾	Albania	76.00%	76.00%	76.00%	76.00%
CEZ Silesia B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Slovensko, s.r.o.	Slovakia	100.00%	100.00%	100.00%	100.00%
CEZ Srbija d.o.o.	Serbia	100.00%	100.00%	100.00%	100.00%
CEZ Trade Albania Sh.P.K.	Albania	100.00%	100.00%	100.00%	100.00%
CEZ Trade Bulgaria EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ Trade Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Trade Romania S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Ukraine CJSC	Ukraine	100.00%	100.00%	100.00%	100.00%
CEZ Vanzare S.A.	Romania	100.00%	100.00%	100.00%	100.00%
CZECH HEAT a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
CZ INVEST – PLUS, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Bohunice a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Distribuce, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Distribuční služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Distribuční zařízení, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Energetické produkty, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Energetické služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
ČEZ ENERGOSERVIS spol. s r.o.	Czech Republic	100.00%	-	100.00%	-
ČEZ ICT Services, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Logistika, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Měření, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Obnovitelné zdroje, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Prodej, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Správa majetku, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Teplárenská, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Zákaznické služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
DOMICA FPI s.r.o.	Czech Republic	100.00%	-	100.00%	-
EDICOLLA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
eEnergy Hodonín a.s.	Czech Republic	100.00%	-	100.00%	-
eEnergy Ralsko a.s.	Czech Republic	100.00%	-	100.00%	-
eEnergy Ralsko - Kuřívody a.s.	Czech Republic	100.00%	-	100.00%	-
Elektra Žabčice a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Chvaletice a.s.	Czech Republic	100.00%	-	100.00%	-
Elektrociepłownia Chorzów ELCHO sp. z o.o.	Poland	100.00%	88.82%	100.00%	75.20%
Elektrownia Skawina S.A.	Poland	100.00%	100.00%	100.00%	100.00%
Energetické centrum s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
FVE Buštěhrad a.s.	Czech Republic	100.00%	-	100.00%	-
FVE Vranovská Ves a.s.	Czech Republic	100.00%	-	100.00%	-
GENTLEY a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
MALLA, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
MARTIA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
M.W. Team Invest S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
NERS d.o.o.	Bosnia and Herzegovina	51.00%	51.00%	51.00%	51.00%
New Kosovo Energy L.L.C.	Kosovo	100.00%	100.00%	100.00%	100.00%
Ovidiu Development S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
PPC Úžín, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
PRODECO, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - 1.strojírenská, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - Autodoprava, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - Kolejová doprava, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - KOMES, a.s.	Czech Republic	92.65%	92.65%	92.65%	92.65%
SD - Rekultivace, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Severočeské doly a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
STE - obchodní služby spol. s r.o. v likvidaci	Czech Republic	100.00%	100.00%	100.00%	100.00%
ŠKODA PRAHA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ŠKODA PRAHA Invest s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Š-BET s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
TEC Varna EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
Teplné hospodářství města Ústí nad Labem s.r.o.	Czech Republic	52,89%	-	55.83%	-
Teplárna Trmice, a.s.	Czech Republic	85.00%	-	85.00%	-
TEPLEX s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Tomis Team S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
Ústav jaderného výzkumu Řež a.s.	Czech Republic	52.46%	52.46%	52.46%	52.46%

Associates and joint-ventures	Country of incorporation	% equity interest		% voting interest	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Akcez Enerji A.S.	Turkey	44.31%	44.31%	50.00%	50.00%
Aken B.V.	Netherlands	37.36%	37.36%	37.36%	37.36%
Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S.	Turkey	37.36%	-	37.36%	-
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.	Turkey	33.63%	33.63%	33.63%	33.63%
Akenerji Elektrik Üretim A.S.	Turkey	37.36%	37.36%	37.36%	37.36%
Akka Elektrik Üretim A.S.	Turkey	33.63%	33.63%	33.63%	33.63%
Akkur Enerji Üretim A.S.	Turkey	36.99%	36.99%	36.99%	36.99%
AK-EL Yalova Elektrik Üretim A.S.	Turkey	33.65%	33.65%	33.65%	33.65%
CM European Power International B.V.	Netherlands	50.00%	50.00%	50.00%	50.00%
CM European Power International s.r.o.	Slovakia	50.00%	50.00%	50.00%	50.00%
CM European Power Slovakia s.r.o.	Slovakia	50.00%	50.00%	50.00%	50.00%
Egemer Elektrik Üretim A.S.	Turkey	36.99%	36.99%	36.99%	36.99%
Energonuclear S.A. ¹⁾	Romania	9.15%	9.15%	9.15%	9.15%
Ickale Enerji Elektrik Üretim ve Ticaret A.S.	Turkey	37.36%	-	37.36%	-
Jadrová energetická spoločnosť Slovenska, a. s.	Slovakia	49.00%	49.00%	50.00%	50.00%
JTSD - Braunkohlebergbau GmbH	Germany	50.00%	50.00%	50.00%	50.00%
LOMY MOŘINA spol. s r.o.	Czech Republic	51.05%	51.05%	50.00%	50.00%
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.S.	Turkey	36.99%	36.99%	36.99%	36.99%
Mibrag B.V. ²⁾	Netherlands	-	50.00%	-	50.00%
Mitteldeutsche Braunkohlengesellschaft mbH	Germany	50.00%	50.00%	50.00%	50.00%
MOL - CEZ European Power Hungary Ltd.	Hungary	50.00%	50.00%	50.00%	50.00%
Sakarya Elektrik Dagitim A.S.	Turkey	44.31%	44.31%	50.00%	50.00%

The equity interest represents effective ownership interest of the Group.

¹⁾ The Group exercises significant influence in the entity and therefore the entity is classified as an associate.

²⁾ On January 26, 2010, the company Mibrag B.V. merged with the succession company JTSD – Braunkohlebergbau GmbH.

³⁾ The former company name Operatori i Sistemit te Shperndarjes Sh.A. was changed to CEZ Shpërndarje Sh.A. in September 2010.

6. Equity

On June 29, 2010 the Annual Shareholders Meeting approved the dividends per share of CZK 53.0. The total amount of dividend approved amounts to CZK 28 297 million.

7. Long-term Debt

Long-term debt at September 30, 2010 and December 31, 2009 is as follows (in CZK millions):

	September 30, 2010	December 31, 2009
4,625% Eurobonds, due 2011 (EUR 400 million)	9,838	10,569
4,125% Eurobonds, due 2013 (EUR 500 million)	12,245	13,153
5,125% Eurobonds, due 2012 (EUR 500 million)	12,282	13,199
6,000% Eurobonds, due 2014 (EUR 600 million)	14,680	15,768
3,005% Eurobonds, due 2038 (JPY 12,000 million)	2,594	2,383
5,825% Zero Coupon Eurobonds, due 2038 (EUR 6 million)	29	30
4,270% Zero Coupon Eurobonds, due 2011 (CZK 1,400 million)	1,365	1,322
4,450% Zero Coupon Eurobonds, due 2011 (CZK 1,600 million)	1,555	1,504
5,750% Eurobonds, due 2015 (EUR 600 million)	14,708	15,807
2,845% Eurobonds, due 2039 (JPY 8,000 million)	1,731	1,590
5,000% Eurobonds, due 2021 (EUR 750 million) ¹⁾	18,395	15,666
6M Euribor + 1,25% Eurobonds, due 2019 (EUR 50 million)	1,225	1,316
3M Euribor + 0,45% Eurobonds, due 2011 (EUR 110 million)	2,706	2,909
3M Libor + 0,70% Eurobonds, due 2012 (USD 100 million)	1,798	1,831
3M Euribor + 0,50% Eurobonds, due 2011 (EUR 100 million)	2,460	2,644
6M Pribor + 0,62% Eurobonds, due 2012 (CZK 3,000 million)	2,997	2,996
4,875% Eurobonds, due 2025 (EUR 750 million)	18,341	-
4,500% Eurobonds, due 2020 (EUR 500 million)	12,162	-
9,220% Debentures, due 2014 (CZK 2,500 million) ²⁾	2,498	2,497
4,300% Debentures, due 2010 (CZK 6,000 million)	-	5,847
Total bonds and debentures	133,609	111,031
Less: Current portion	(15,464)	(5,847)
Bonds and debentures, net of current portion	118,145	105,184
Long-term bank and other loans:		
Total long-term bank and other loans	14,933	14,522
Less: Current portion	(786)	(785)
Long-term bank and other loans, net of current portion	14,147	13,737
Total long-term debt	148,542	125,553
Less: Current portion	(16,250)	(6,632)
Total long-term debt, net of current portion	132,292	118,921

¹⁾ As of December 31, 2009 the nominal value of this emission was EUR 600 million. In February 2010 it was increased by EUR 150 million.

²⁾ Since 2006 the interest rate has changed to consumer price index in the Czech Republic plus 4.20%.

8. Short-term Loans

Short-term loans at September 30, 2010 and December 31, 2009 are as follows (in CZK millions):

	September 30, 2010	December 31, 2009
Short-term bank loans	8,133	25,310
Bank overdrafts	699	1,336
Other short-term borrowings	-	4,611
Total	8,832	31,257

9. Salaries and Wages

At September 30, 2010 and December 31, 2009, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,230 thousand and 2,325 thousand, respectively. The share option plan for members of the Supervisory Board was canceled prospectively by the decision of the shareholders on General Meeting held in June 2005.

Members of the Board of Directors and selected managers are entitled to receive share options based on the conditions stipulated in the share option agreement. Pursuant to the resolution of the May 2008 General Meeting, members of the Board of Directors and selected managers are granted certain quantity of share options each year of their tenure. The exercise price for the granted options is based on the average quoted market price of the shares on the regulated exchange in the Czech Republic during one-month period preceding the grant date each year. Options granted could be exercised at the earliest 2 years and latest 3.5 years after each grant date. Option right is limited so that the profit per share option will not exceed 100% of exercise price and the beneficent has to hold at his/her account such number of shares exercised through options granted which is equivalent to 20% of profit made on exercise date until the end of share option plan.

In the period of nine months ended September 30, 2010 and 2009, the Company recognized a compensation expense of CZK 76 million and CZK 81 million, respectively, related to the granted options. The Company has settled all options exercised using treasury shares. The gains or losses on the sale of treasury shares were recognized directly in equity.

The following table shows changes during the first nine months of 2010 in the number of granted share options and the weighted average exercise price of these options:

	Number of share options			Weighted average exercise price (CZK per share)
	Board of Directors '000s	Selected managers '000s	Total '000s	
Share options at December 31, 2009	1,770	555	2,325	1,028.03
Options granted	175	210	385	904.43
Options exercised ¹⁾	(425)	(45)	(470)	716.47
Options forfeited	-	(10)	(10)	833.32
Share options at September 30, 2010	<u>1,520</u>	<u>710</u>	<u>2,230</u>	<u>1,073.23</u>

¹⁾ In the first nine months of 2010 the weighted average share price at the date of the exercise for the options exercised was CZK 905.73.

As at September 30, 2010 and December 31, 2009 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

	September 30, 2010	December 31, 2009
CZK 500 – 900 per share	510	935
CZK 900 – 1,400 per share	1,720	1,390
Total	<u>2,230</u>	<u>2,325</u>

10. Income Taxes

Tax effects relating to each component of other comprehensive income (in CZK millions):

	1-9/2010			1-9/2009		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges recognized in equity	8,651	(1,644)	7,077	8,319	(1,651)	6,668
Cash flow hedges removed from equity	(1,801)	342	(1,459)	(486)	92	(394)
Change in fair value of available-for-sale financial assets recognized in equity	821	(158)	663	(518)	92	(426)
Available-for-sale financial assets removed from equity	(11)	2	(9)	17	(4)	13
Translation differences	(4,503)	(43)	(4,546)	(6,861)	75	(6,786)
Share on equity movements of associates and joint-ventures	1	-	1	(33)	6	(27)
Total	3,158	(1,501)	1,657	438	(1,390)	(952)

11. Segment Information

The Group reports its result based on operating segments which are defined with respect to geographical location of the assets with similar economic environment and characteristics, e.g. similar long-term average gross margins, similar nature of the products and services and with regard to regulatory environment.

According to geographical location, the Group distinguishes the following two regions that in combination with products and services form the reportable segments: Central Europe (CE) and South East Europe (SEE). The Central Europe region includes the Czech Republic, the Netherlands, Poland, Germany, Hungary and Slovakia except for the Dutch company Aken B.V. which is included in the South East Europe region. The South East Europe region consists of the operations of the Group in Bulgaria, Romania, Turkey, Albania, Serbia, Kosovo, Bosnia and Herzegovina, Russia and the Ukraine except for trading operations that are provided at the Group headquarters and therefore presented in the Central Europe region.

According to nature of the products and services the Group distinguishes four categories as follows:

- (1) The power production and trading which includes production of electricity and heat and the commodity trading activities of the Group.
- (2) The distribution and sale which sells electricity to end customers through the power distribution grid and provides power distribution services.
- (3) The mining that produces coal and limestone used by the power production business operations and sold to third parties.
- (4) The other business activities.

The Group has seven reportable segments as a result of the combination of geographical location and nature of products and services as follows:

- Power Production and Trading / Central Europe
- Power Production and Trading / South East Europe
- Distribution and Sale / Central Europe
- Distribution and Sale / South East Europe
- Mining / Central Europe
- Other / Central Europe
- Other / South East Europe

The Group accounts for intersegment revenues and transfers as if the revenues or transfers were to third parties, that is, at current market prices or where the regulation applies at regulated prices. The Group evaluates the performance of its segments and allocates resources to them based on EBITDA (income before income taxes and other income (expenses) plus depreciation and amortization).

The following tables summarize segment information by operating segments for the nine months periods ended September 30, 2010 and 2009 (in CZK millions):

September 30, 2010:	Power Produc- tion and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Produc- tion and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Sales other than intersegment sales	45,636	66,076	3,383	2,536	2,231	24,523	3	144,388	-	144,388
Intersegment sales	38,101	4,735	4,424	29 759	69	70	1,611	78,769	(78,769)	-
Total revenues	83,737	70,811	7,807	32 295	2,300	24,593	1,614	223,157	(78,769)	144,388
EBITDA	46,453	9,698	3,448	4 146	257	3,011	110	67,123	51	67,174
Depreciation and amortization	(10,086)	(2,357)	(1,186)	(1,534)	(251)	(1,685)	(54)	(17,153)	-	(17,153)
EBIT	36,367	7,341	2,262	2,612	6	1,326	56	49,970	51	50,021
Interest on debt and provisions	(4,256)	(222)	(227)	(69)	8	(110)	(15)	(4,891)	677	(4,214)
Interest income	1,620	40	356	41	33	171	10	2,271	(677)	1,594
Gain (Loss) from associates and joint-ventures	66	-	(112)	-	53	(94)	-	(87)	-	(87)
Income taxes	(5,985)	(1,340)	(441)	(506)	85	(350)	(14)	(8,551)	-	(8,551)
Net income	36,725	5,779	2,264	2,187	22	798	33	47,808	(7,595)	40,213
Identifiable assets	219,228	59,757	16,634	16,347	20,570	26,119	100	358,755	(9,159)	349,596
Investment in associates and joint- ventures	4,119	-	3,598	-	6,887	2,577	1	17,182	-	17,182
Unallocated assets										166,414
Total assets										533,192
Capital expenditure	26,987	6,860	2,421	19,170	1,817	1,878	578	59,711	(18,861)	40,850

September 30, 2009:	Power Production and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Production and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Sales other than intersegment sales	52,438	60,033	3,200	2,438	2,151	20,548	8	140,816	-	140,816
Intersegment sales	37,731	2,927	5,099	22,365	277	102	1,876	70,377	(70,377)	-
Total revenues	90,169	62,960	8,299	24,803	2,428	20,650	1,884	211,193	(70,377)	140,816
EBITDA	51,644	8,215	4,036	4,540	39	2,426	104	71,004	1	71,005
Depreciation and amortization	(9,993)	(2,271)	(1,023)	(1,513)	(277)	(1,410)	(46)	(16,533)	-	(16,533)
EBIT	41,651	5,944	3,013	3,027	(238)	1,016	58	54,471	1	54,472
Interest on debt and provisions	(3,675)	(9)	(258)	(19)	(67)	(38)	(19)	(4,085)	168	(3,917)
Interest income	967	38	310	62	58	490	8	1,933	(168)	1,765
Gain (Loss) from associates and joint-ventures	(17)	-	3,391	-	92	105	-	3,571	-	3,571
Income taxes	(7,558)	(1,206)	(633)	(592)	(24)	(690)	(8)	(10,711)	-	(10,711)
Net income	40,212	4,875	6,061	2,521	(160)	865	39	54,413	(7,147)	47,266
Identifiable assets	189,249	53,341	14,103	17,629	17,191	26,624	122	318,259	(10,525)	307,734
Investment in associates and joint- ventures	338	-	3,669	-	4,997	2,642	(1)	11,645	-	11,645
Unallocated assets										169,848
Total assets										489,227
Capital expenditure	15,643	7,010	1,805	15,072	6,246	1,575	582	47,933	(14,593)	33,340

