

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF MARCH 31, 2011

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2011

in CZK Millions

| | March 31, 2011 (unaudited) | December 31, 2010 (audited) |
|--|----------------------------------|-----------------------------------|
| Assets | | |
| Property, plant and equipment: | | |
| Plant in service | 559,106 | 557,878 |
| Less accumulated provision for depreciation | (280,362) | (275,302) |
| Net plant in service | 278,744 | 282,576 |
| Nuclear fuel, at amortized cost | 6,108 | 7,005 |
| Construction work in progress | 77,961 | 71,485 |
| Total property, plant and equipment | 362,813 | 361,066 |
| Other non-current assets: | | |
| Investment in associates and joint-ventures (Note 5) | 16,380 | 16,928 |
| Investments and other financial assets, net | 53,395 | 52,509 |
| Intangible assets, net | 16,772 | 16,876 |
| Deferred tax assets | 450 | 655 |
| Total other non-current assets | 86,997 | 86,968 |
| Total non-current assets | 449,810 | 448,034 |
| Current assets: | | |
| Cash and cash equivalents (Note 6) | 19,040 | 22,163 |
| Receivables, net | 43,647 | 39,623 |
| Income tax receivable | 4,463 | 1,711 |
| Materials and supplies, net | 5,711 | 5,358 |
| Fossil fuel stocks | 1,629 | 1,800 |
| Emission rights | 6,449 | 2,648 |
| Other financial assets, net | 43,243 | 16,402 |
| Other current assets | 4,029 | 3,394 |
| Assets classified as held for sale | 2,784 | 2,558 |
| Total current assets | 130,995 | 95,657 |
| Total assets | 580,805 | 543,691 |

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2011

continued

| | March 31, 2011 (unaudited) | December 31, 2010 (audited) |
|--|----------------------------------|-----------------------------------|
| Equity and liabilities | | |
| Equity attributable to equity holders of the parent: | | |
| Stated capital | 53,799 | 53,799 |
| Treasury shares | (4,619) | (4,619) |
| Retained earnings and other reserves | 188,771 | 172,431 |
| Total equity attributable to equity holders of the parent | 237,951 | 221,611 |
| Non-controlling interests | 5,666 | 5,440 |
| Total equity | 243,617 | 227,051 |
| Long-term liabilities: | | |
| Long-term debt, net of current portion (Note 7) | 141,716 | 140,040 |
| Accumulated provision for nuclear decommissioning and fuel storage | 36,943 | 36,848 |
| Other long-term liabilities | 20,317 | 21,173 |
| Total long-term liabilities | 198,976 | 198,061 |
| Deferred tax liability | 21,477 | 17,902 |
| Current liabilities: | | |
| Short-term loans (Note 8) | 7,876 | 9,618 |
| Current portion of long-term debt (Note 7) | 12,723 | 14,786 |
| Trade and other payables | 74,346 | 58,804 |
| Income tax payable | 309 | 689 |
| Accrued liabilities | 20,261 | 16,020 |
| Liabilities directly associated with assets classified as held for sale | 1,220 | 760 |
| Total current liabilities | 116,735 | 100,677 |
| Total equity and liabilities | 580,805 | 543,691 |

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

CEZ GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011

in CZK Millions

| | 1-3/2011 (unaudited) | 1-3/2010 (unaudited) |
|--|-------------------------|-------------------------|
| Revenues: | | |
| Sales of electricity | 48,001 | 44,964 |
| Gains and losses from electricity, coal and gas derivative trading, net | 3,120 | 4,287 |
| Heat sales and other revenues | 5,684 | 4,635 |
| Total revenues | <u>56,805</u> | <u>53,886</u> |
| Operating expenses: | | |
| Fuel | (5,151) | (4,599) |
| Purchased power and related services | (17,695) | (13,945) |
| Repairs and maintenance | (636) | (806) |
| Depreciation and amortization | (6,058) | (5,640) |
| Salaries and wages | (4,339) | (4,066) |
| Materials and supplies | (1,039) | (1,186) |
| Emission rights, net | 1,314 | 921 |
| Other operating expenses | (2,637) | (2,874) |
| Total expenses | <u>(36,241)</u> | <u>(32,195)</u> |
| Income before other income (expenses) and income taxes | 20,564 | 21,691 |
| Other income (expenses): | | |
| Interest on debt, net of capitalized interest | (1,018) | (907) |
| Interest on nuclear and other provisions | (505) | (510) |
| Interest income | 466 | 703 |
| Foreign exchange rate gains (losses), net | 864 | (481) |
| Other income (expenses), net | 584 | 916 |
| Share of profit (loss) from associates and joint-ventures | 131 | 51 |
| Total other income (expenses) | <u>522</u> | <u>(228)</u> |
| Income before income taxes | 21,086 | 21,463 |
| Income taxes | <u>(3,853)</u> | <u>(4,001)</u> |
| Net income | <u><u>17,233</u></u> | <u><u>17,462</u></u> |
| Net income attributable to: | | |
| Equity holders of the parent | 17,259 | 17,455 |
| Non-controlling interests | (26) | 7 |
| Net income per share attributable to equity holders of the parent (CZK per share) | | |
| Basic | 32.3 | 32.7 |
| Diluted | 32.3 | 32.7 |
| Average number of shares outstanding (000s) | | |
| Basic | 533,905 | 533,561 |
| Diluted | 533,916 | 533,624 |

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

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011

in CZK Millions

| | <u>1-3/2011</u> (unaudited) | <u>1-3/2010</u> (unaudited) |
|---|--------------------------------|--------------------------------|
| Net income | 17,233 | 17,462 |
| Other comprehensive income: | | |
| Change in fair value of cash flow hedges recognized in equity | 91 | 5,354 |
| Cash flow hedges removed from equity | 213 | (407) |
| Change in fair value of available-for-sale financial assets recognized in equity | (150) | 147 |
| Available-for-sale financial assets removed from equity | 8 | 1 |
| Translation differences | (1,170) | (1,458) |
| Share on equity movements of associates and joint-ventures | 10 | (4) |
| Deferred tax relating to other comprehensive income (Note 10) | (31) | (944) |
| Other comprehensive income, net of tax | <u>(1,029)</u> | <u>2,689</u> |
| Total comprehensive income, net of tax | <u>16,204</u> | <u>20,151</u> |
| Total comprehensive income attributable to: | | |
| Equity holders of the parent | 16,321 | 20,331 |
| Non-controlling interests | (117) | (180) |

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2011

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, 2009 | 53,799 | (5,151) | (6,649) | (2,168) | 609 | 159,921 | 200,361 | 6,314 | 206,675 |
| Net income | - | - | - | - | - | 17,455 | 17,455 | 7 | 17,462 |
| Other comprehensive income | - | - | (1,269) | 4,004 | 126 | 15 | 2,876 | (187) | 2,689 |
| Total comprehensive income | - | - | (1,269) | 4,004 | 126 | 17,470 | 20,331 | (180) | 20,151 |
| Transaction costs related to business combinations | - | - | - | - | - | (244) | (244) | - | (244) |
| Sale of treasury shares | - | 429 | - | - | - | (159) | 270 | - | 270 |
| Share options | - | - | - | - | 28 | - | 28 | - | 28 |
| Transfer of exercised and forfeited share options within equity | - | - | - | - | (81) | 81 | - | - | - |
| March 31, 2010 (unaudited) | <u>53,799</u> | <u>(4,722)</u> | <u>(7,918)</u> | <u>1,836</u> | <u>682</u> | <u>177,069</u> | <u>220,746</u> | <u>6,134</u> | <u>226,880</u> |
| December 31, 2010 | 53,799 | (4,619) | (10,193) | 3,009 | 907 | 178,708 | 221,611 | 5,440 | 227,051 |
| Net income | - | - | - | - | - | 17,259 | 17,259 | (26) | 17,233 |
| Other comprehensive income | - | - | (1,079) | 246 | (115) | 10 | (938) | (91) | (1,029) |
| Total comprehensive income | - | - | (1,079) | 246 | (115) | 17,269 | 16,321 | (117) | 16,204 |
| Share options | - | - | - | - | 19 | - | 19 | - | 19 |
| Acquisition of a subsidiary (Note 4) | - | - | - | - | - | - | - | 343 | 343 |
| March 31, 2011 (unaudited) | <u>53,799</u> | <u>(4,619)</u> | <u>(11,272)</u> | <u>3,255</u> | <u>811</u> | <u>195,977</u> | <u>237,951</u> | <u>5,666</u> | <u>243,617</u> |

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

in CZK Millions

| | <u>1-3/2011</u> (unaudited) | <u>1-3/2010</u> (unaudited) |
|---|--------------------------------|--------------------------------|
| Operating activities: | | |
| Income before income taxes | 21,086 | 21,463 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | |
| Depreciation, amortization and asset write-offs | 6,059 | 5,649 |
| Amortization of nuclear fuel | 1,013 | 983 |
| Gain on fixed asset retirements, net | (8) | (21) |
| Foreign exchange rate losses (gains), net | (864) | 481 |
| Interest expense, interest income and dividend income, net | 552 | 204 |
| Provision for nuclear decommissioning and fuel storage | (22) | 16 |
| Valuation allowances, other provisions and other adjustments | 688 | (714) |
| Share of (profit) loss from associates and joint-ventures | (131) | (51) |
| Changes in assets and liabilities: | | |
| Receivables | (4,802) | 4,660 |
| Materials and supplies | (356) | (433) |
| Fossil fuel stocks | 150 | 888 |
| Other current assets | (32,081) | (5,315) |
| Trade and other payables | 13,362 | (4,677) |
| Accrued liabilities | 3,443 | (510) |
| Cash generated from operations | 8,089 | 22,623 |
| Income taxes paid | (3,256) | (3,454) |
| Interest paid, net of capitalized interest | (77) | (328) |
| Interest received | 280 | 632 |
| Net cash provided by operating activities | <u>5,036</u> | <u>19,473</u> |
| Investing activities: | | |
| Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired (Note 4) | 404 | (115) |
| Additions to property, plant and equipment and other non-current assets, including capitalized interest | (9,400) | (11,907) |
| Proceeds from sale of fixed assets | 305 | 422 |
| Loans made | (213) | (47) |
| Repayment of loans | 501 | 4,830 |
| Change in decommissioning and other restricted funds | (868) | (326) |
| Total cash used in investing activities | <u>(9,271)</u> | <u>(7,143)</u> |

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

continued

| | <u>1-3/2011</u> (unaudited) | <u>1-3/2010</u> (unaudited) |
|---|--------------------------------|--------------------------------|
| Financing activities: | | |
| Proceeds from borrowings | 25,929 | 71,603 |
| Payments of borrowings | (24,502) | (81,769) |
| Proceeds from other long-term liabilities | 21 | 3 |
| Payments of other long-term liabilities | (61) | (61) |
| Dividends paid to Company's shareholders | (17) | (20) |
| (Acquisition) Sale of treasury shares, net | - | 271 |
| Total cash provided by (used in) financing activities | <u>1,370</u> | <u>(9,973)</u> |
| Net effect of currency translation in cash | <u>(259)</u> | <u>(622)</u> |
| Net increase (decrease) in cash and cash equivalents | (3,124) | 1,735 |
| Cash and cash equivalents at beginning of period | <u>22,186</u> | <u>26,727</u> |
| Cash and cash equivalents at end of period (Note 6) | <u><u>19,062</u></u> | <u><u>28,462</u></u> |
| Supplementary cash flow information | | |
| Total cash paid for interest | 336 | 626 |

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

CEZ GROUP
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2011

1. The Company

ČEZ, a. s. ("ČEZ" or "the Company") is a Czech joint-stock company, owned 69.8% (70.3% of voting rights) at March 31, 2011 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 three months ended March 31, 2011 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, 2010.

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, 2010.

Gift Tax on Granted Emission Rights

Since 2011, the subject of a gift tax has been allocation of emission rights granted free of charge to an entity operating certain electricity generation facilities specified by the law. As a result, there are the following changes in the accounting for emission allowances compared to the year 2010. Granted emission rights are initially recognized at the amount of the related gift tax as of the grant date. The gift tax related to granted emission rights allocated in 2011 amounted to CZK 3,640 million. Furthermore, the Group also recognizes a provision for emission rights to be consumed based on the greenhouse gases produced. In these circumstances, the provision is measured at the cost of granted and purchased emission rights and credits up to the level of granted and purchased emission rights and credits held and then at the market price ruling at the balance sheet date. The amount of the gift tax on granted emission rights as part of the charge of the provision, the eventual cost of emission rights sold or as part of the consumption of emission rights when the allowances are remitted from the register is included in profit or loss in the line Other income (expenses), net. At March 31, 2011 such costs amounted to CZK 1,067 million.

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 three months of 2011

In January 2011, the Group acquired a 50.11% interest in the company ČEZ Energo, s.r.o., which operates approximately 45 cogeneration units at total installed capacity 12 MWe and will build other

projects of combined generation of electricity and heat with unit power up to 5 MWe. The control was gained by capital increase while ČEZ, a. s. made a cash contribution and TEDOM a.s. contributed part of its business operations.

Due to the fact that the fair values of acquired identifiable assets and liabilities have not been determined, the Group has made a provisional accounting of the acquired identifiable assets and liabilities based on original carrying amounts in books of the contributor which represents the best estimate of their fair values as of the date of interim financial statements. The values of acquired identifiable assets and liabilities as of the date of acquisition are as follows (in CZK millions):

| | <u>ČEZ Energo</u> |
|--|---------------------|
| Share acquired in the first three months of 2011 | 50.11% |
| Property, plant and equipment | 134 |
| Other non-current assets | 1 |
| Cash and cash equivalents | 401 |
| Receivables, net | 308 |
| Other current assets | 3 |
| Other long-term liabilities | (48) |
| Deferred tax liability | (82) |
| Trade and other payables | (25) |
| Accrued liabilities | (5) |
| Total net assets | <u>687</u> |
| Share of net assets acquired | 344 |
| Goodwill | <u>57</u> |
| Total purchase consideration | 401 |
| Less: | |
| Cash and cash equivalents in the subsidiary acquired | (401) |
| Consideration paid in previous periods | <u>(401)</u> |
| Cash received from acquisition of the subsidiary in the first three months of 2011 | <u><u>(401)</u></u> |

From the date of acquisition, the newly acquired subsidiary has contributed the following balances to the Group's income statement for the three months ended March 31, 2011 (in CZK millions):

| | <u>ČEZ Energo</u> |
|---|-------------------|
| Revenues | 55 |
| Income before other income (expense) and income taxes | 20 |
| Net income | 19 |

If the combination had taken place at the beginning of the year, the profit for the CEZ Group would have been CZK 17,241 million and revenues from continuing operation would have been CZK 56,834 million. The provisional amount of goodwill recognized as a result of the business combination comprises the value of expected synergies arising from the acquisition.

The following table summarizes the cash flows related to acquisitions during the first three months of 2011 (in CZK millions):

| | |
|---|---------------------|
| Decrease in acquisitions in progress | (3) |
| Less cash acquired | <u>(401)</u> |
| Total cash received from acquisitions in the first three months of 2011 | <u><u>(404)</u></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 | |
|---|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2011 | December 31, 2010 | March 31, 2011 | December 31, 2010 |
| 3 L invest a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| AREA-GROUP CL a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| Bioplyn technologie s.r.o. | Czech Republic | 100.00% | 100.00% | 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% | 100.00% | 100.00% |
| CEZ Albania Sh.A. | Albania | 100.00% | 100.00% | 100.00% | 100.00% |
| | Bosnia and Herzegovina | | | | |
| 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 Bulgarian Investments B.V. | Netherlands | 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 Elektroproizvodstvo 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 Finance Ireland (No.2) Ltd. | Ireland | 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.A. | 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. ¹⁾ | Romania | - | 100.00% | - | 100.00% |
| CEZ Shpërndarje Sh.A. | 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% |
| 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 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% |
| ČEZ Energo, s.r.o. | Czech Republic | 50.11% | - | 50.11% | - |

| Subsidiaries | Country of incorporation | % equity interest | | % voting interest | |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2011 | December 31, 2010 | March 31, 2011 | December 31, 2010 |
| ČEZ ENERGOSERVIS spol. s r.o. | Czech Republic | 100.00% | 100.00% | 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% | 100.00% | 100.00% |
| eEnergy Hodonín a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| eEnergy Ralsko a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| eEnergy Ralsko - Kuřívody a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| Elektrárna Chvaletice a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| Elektrociepłownia Chorzów ELCHO sp. z o.o. | Poland | 100.00% | 100.00% | 100.00% | 100.00% |
| 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% | 100.00% | 100.00% |
| FVE Vranovská Ves a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| GENTLEY a.s. | Czech Republic | 100.00% | 100.00% | 100.00% | 100.00% |
| KEFARIUM,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. | 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% |
| Taidana Limited | Cyprus | 100.00% | 100.00% | 100.00% | 100.00% |
| TEC Varna EAD | Bulgaria | 100.00% | 100.00% | 100.00% | 100.00% |
| Tepelné hospodářství města Ústí nad Labem s.r.o. | Czech Republic | 52.89% | 52.89% | 55.83% | 55.83% |
| Teplárna Trmice, a.s. | Czech Republic | 85.00% | 85.00% | 85.00% | 85.00% |
| 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 | |
|---|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2011 | December 31, 2010 | March 31, 2011 | December 31, 2010 |
| Akcez Enerji A.S. | Turkey | 44.31% | 44.31% | 50.00% | 50.00% |
| Aken B.V. | Netherlands | 37.36% | 37.36% | 50.00% | 50.00% |
| Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S. | Turkey | 37.36% | 37.36% | 50.00% | 50.00% |
| Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S. | Turkey | 33.63% | 33.63% | 45.00% | 45.00% |
| Akenerji Elektrik Üretim A.S. | Turkey | 37.36% | 37.36% | 37.36% | 37.36% |
| Akka Elektrik Üretim A.S. | Turkey | 33.63% | 33.63% | 45.00% | 45.00% |
| Akkur Enerji Üretim A.S. | Turkey | 36.99% | 36.99% | 49.50% | 49.50% |
| AK-EL Yalova Elektrik Üretim A.S. | Turkey | 33.65% | 33.65% | 45.54% | 45.54% |
| 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 | 37.36% | 37.36% | 50.00% | 50.00% |
| Ickale Enerji Elektrik Üretim ve Ticaret A.S. | Turkey | 37.36% | 37.36% | 50.00% | 50.00% |
| Jadrová energetická spoločnosť Slovenska, a. s. | Slovakia | 49.00% | 49.00% | 50.00% | 50.00% |
| JESS Invest, s. r. o. | 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% | 49.50% | 49.50% |
| 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⁾ On January 1, 2011, the company CEZ Servicii S.A. merged with the succession company CEZ Romania S.A.

6. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at March 31, 2011 and December 31, 2010 (in CZK millions):

| | March 31, 2011 | December 31, 2010 |
|--|----------------|-------------------|
| Cash and cash equivalents as a separate line in the balance sheet | 19,040 | 22,163 |
| Cash and cash equivalents attributable to assets classified as held for sale | 22 | 23 |
| Total | 19,062 | 22,186 |

7. Long-term Debt

Long-term debt at March 31, 2011 and December 31, 2010 is as follows (in CZK millions):

| | March 31, 2011 | December 31, 2010 |
|---|-------------------|----------------------|
| 4.625% Eurobonds, due 2011 (EUR 154 million) | 3,771 | 3,850 |
| 4.125% Eurobonds, due 2013 (EUR 500 million) | 12,220 | 12,474 |
| 5.125% Eurobonds, due 2012 (EUR 500 million) | 12,253 | 12,510 |
| 6.000% Eurobonds, due 2014 (EUR 600 million) | 14,649 | 14,954 |
| 3.005% Eurobonds, due 2038 (JPY 12,000 million) | 2,502 | 2,764 |
| 5.825% Zero Coupon Eurobonds, due 2038 (EUR 6 million) | 30 | 30 |
| 4.270% Zero Coupon Eurobonds, due 2011 (CZK 1,400 million) | 1,394 | 1,379 |
| 4.450% Zero Coupon Eurobonds, due 2011 (CZK 1,600 million) | 1,590 | 1,573 |
| 5.750% Eurobonds, due 2015 (EUR 600 million) | 14,672 | 14,980 |
| 2.845% Eurobonds, due 2039 (JPY 8,000 million) | 1,669 | 1,844 |
| 5.000% Eurobonds, due 2021 (EUR 750 million) | 18,346 | 18,733 |
| 6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million) | 1,222 | 1,248 |
| 3M Euribor + 0.45% Eurobonds, due 2011 (EUR 110 million) | 2,699 | 2,756 |
| 3M Libor + 0.70% Eurobonds, due 2012 (USD 100 million) | 1,724 | 1,871 |
| 3M Euribor + 0.50% Eurobonds, due 2011 (EUR 100 million) | 2,453 | 2,505 |
| 6M Pribor + 0.62% Eurobonds, due 2012 (CZK 3,000 million) | 2,998 | 2,998 |
| 4.875% Eurobonds, due 2025 (EUR 750 million) | 18,294 | 18,679 |
| 4.500% Eurobonds, due 2020 (EUR 750 million.) | 18,166 | 18,544 |
| 2.160% Eurobonds, due in 2023 (JPY 11,500 million) | 2,400 | - |
| 4.500% registered bonds, due 2030 (EUR 40 million) | 956 | 976 |
| 4.750% registered bonds, due 2023 (EUR 40 million) | 965 | - |
| 9.220% Debentures, due 2014 (CZK 2,500 million) ¹⁾ | 2,498 | 2,498 |
| Total bonds and debentures | 137,471 | 137,166 |
| Less: Current portion | (11,907) | (12,063) |
| Bonds and debentures, net of current portion | 125,564 | 125,103 |
| Long-term bank and other loans: | | |
| Total long-term bank and other loans | 16,968 | 17,660 |
| Less: Current portion | (816) | (2,723) |
| Long-term bank and other loans, net of current portion | 16,152 | 14,937 |
| Total long-term debt | 154,439 | 154,826 |
| Less: Current portion | (12,723) | (14,786) |
| Total long-term debt, net of current portion | 141,716 | 140,040 |

¹⁾ 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 March 31, 2011 and December 31, 2010 are as follows (in CZK millions):

| | March 31, 2011 | December 31, 2010 |
|-----------------------|-------------------|----------------------|
| Short-term bank loans | 6,870 | 8,306 |
| Bank overdrafts | 1,006 | 1,312 |
| Total | <u>7,876</u> | <u>9,618</u> |

9. Share options

At March 31, 2011 and December 31, 2010, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,465 thousand and 2,365 thousand, respectively.

The following table shows changes during the first three months of 2011 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, 2010 | 1,620 | 745 | 2,365 | 1,055.13 |
| Options granted | 60 | 40 | 100 | 834.81 |
| Share options at March 31, 2011 | <u>1,680</u> | <u>785</u> | <u>2,465</u> | <u>1,046.19</u> |

As at March 31, 2011 and December 31, 2010 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

| | March 31, 2011 | December 31, 2010 |
|---------------------------|-------------------|----------------------|
| CZK 500 – 900 per share | 745 | 645 |
| CZK 900 – 1,400 per share | 1,720 | 1,720 |
| Total | <u>2,465</u> | <u>2,365</u> |

In the period of three months ended March 31, 2011 and 2010, the Company recognized a compensation expense of CZK 19 million and CZK 28 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.

10. Income Taxes

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

| | 1-3/2011 | | | 1-3/2010 | | |
|--|-------------------|-------------|-------------------|-------------------|--------------|-------------------|
| | 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 | 91 | (17) | 74 | 5,354 | (1,017) | 4,337 |
| Cash flow hedges removed from equity | 213 | (40) | 173 | (407) | 77 | (330) |
| Change in fair value of available-for-sale financial assets recognized in equity | (150) | 28 | (122) | 147 | (28) | 119 |
| Available-for-sale financial assets removed from equity | 8 | (2) | 6 | 1 | - | 1 |
| Translation differences | (1,170) | - | (1,170) | (1,458) | 23 | (1,435) |
| Share on equity movements of associates and joint-ventures | 10 | - | 10 | (4) | 1 | (3) |
| Total | (998) | (31) | (1,029) | 3,633 | (944) | 2,689 |

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. The Group has identified seven reportable segments on this basis:

- Power Production and Trading / Central Europe
- Distribution and Sale / Central Europe
- Mining / Central Europe
- Other / Central Europe
- Power Production and Trading / South East Europe
- Distribution and Sale / South East 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 three months ended March 31, 2011 and 2010 and at December 31, 2010 (in CZK millions):

| March 31, 2011: | 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 | 17,983 | 26,288 | 1,164 | 625 | 1,306 | 9,428 | 11 | 56,805 | - | 56,805 |
| Intersegment sales | 12,819 | 1,707 | 1,661 | 6,820 | 221 | 56 | 556 | 23,840 | (23,840) | - |
| Total revenues | 30,802 | 27,995 | 2,825 | 7,445 | 1,527 | 9,484 | 567 | 80,645 | (23,840) | 56,805 |
| EBITDA | 16,940 | 5,765 | 1,398 | 1,527 | 373 | 566 | 51 | 26,620 | 2 | 26,622 |
| Depreciation and amortization | (3,467) | (849) | (440) | (512) | (221) | (554) | (15) | (6,058) | - | (6,058) |
| EBIT | 13,473 | 4,916 | 958 | 1,015 | 152 | 12 | 36 | 20,562 | 2 | 20,564 |
| Interest on debt and provisions | (1,438) | (65) | (77) | (8) | (108) | (42) | (23) | (1,761) | 238 | (1,523) |
| Interest income | 522 | 8 | 94 | 10 | 13 | 39 | 18 | 704 | (238) | 466 |
| Share of profit (loss) from associates and joint-ventures | 74 | - | 65 | - | (46) | 38 | - | 131 | - | 131 |
| Income taxes | (2,285) | (931) | (187) | (258) | (118) | (72) | (2) | (3,853) | - | (3,853) |
| Net income | 11,294 | 3,910 | 895 | 754 | 380 | (29) | 29 | 17,233 | - | 17,233 |
| Identifiable assets | 225,987 | 62,697 | 18,112 | 16,287 | 21,414 | 26,895 | 81 | 371,473 | (8,660) | 362,813 |
| Investment in associates and joint- ventures | 4,203 | - | 4,018 | - | 5,725 | 2,434 | - | 16,380 | - | 16,380 |
| Unallocated assets | | | | | | | | | | <u>201,612</u> |
| Total assets | | | | | | | | | | <u>580,805</u> |
| Capital expenditure | 5,665 | 1,884 | 485 | 3,172 | 16 | 566 | 179 | 11,967 | (3,061) | 8,906 |

| March 31, 2010: | 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 | 16,941 | 24,702 | 1,147 | 586 | 757 | 9,747 | 6 | 53,886 | - | 53,886 |
| Intersegment sales | 13,904 | 1,078 | 1,502 | 9,303 | (2) | 19 | 540 | 26,344 | (26,344) | - |
| Total revenues | 30,845 | 25,780 | 2,649 | 9,889 | 755 | 9,766 | 546 | 80,230 | (26,344) | 53,886 |
| EBITDA | 18,742 | 4,883 | 1,227 | 1,392 | 127 | 899 | 60 | 27,330 | 1 | 27,331 |
| Depreciation and amortization | (3,343) | (782) | (369) | (476) | (89) | (567) | (14) | (5,640) | - | (5,640) |
| EBIT | 15,399 | 4,101 | 858 | 916 | 38 | 332 | 46 | 21,690 | 1 | 21,691 |
| Interest on debt and provisions | (1,331) | (68) | (77) | (29) | (12) | (36) | (6) | (1,559) | 142 | (1,417) |
| Interest income | 571 | 14 | 148 | 14 | 25 | 71 | 2 | 845 | (142) | 703 |
| Share of profit (loss) from associates and joint-ventures | 80 | - | 39 | - | (27) | (41) | - | 51 | - | 51 |
| Income taxes | (2,744) | (743) | (178) | (173) | (9) | (146) | (8) | (4,001) | - | (4,001) |
| Net income | 12,146 | 3,296 | 1,045 | 732 | 309 | 61 | 38 | 17,627 | (165) | 17,462 |
| Capital expenditure | 8,093 | 1,545 | 454 | 5,988 | 426 | 581 | 197 | 17,284 | (5,929) | 11,355 |
| December 31, 2010: | 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 |
| Identifiable assets | 225,058 | 61,662 | 18,065 | 16,819 | 21,407 | 27,130 | 90 | 370,231 | (9,165) | 361,066 |
| Investment in associates and joint- ventures | 4,216 | - | 3,829 | - | 6,291 | 2,592 | - | 16,928 | - | 16,928 |
| Unallocated assets | | | | | | | | | | 165,697 |
| Total assets | | | | | | | | | | <u>543,691</u> |