

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF JUNE 30, 2011

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2011

in CZK Millions

	June 30, 2011	December 31, 2010 (restated *)
Assets		
Property, plant and equipment:		
Plant in service	565,851	559,349
Less accumulated provision for depreciation	(285,021)	(275,329)
Net plant in service	280,830	284,020
Nuclear fuel, at amortized cost	9,007	7,005
Construction work in progress	76,755	71,485
Total property, plant and equipment	366,592	362,510
Other non-current assets:		
Investment in associates and joint-ventures (Note 5)	15,393	16,927
Investments and other financial assets, net	53,473	52,512
Intangible assets, net	15,543	15,670
Deferred tax assets	542	655
Total other non-current assets	84,951	85,764
Total non-current assets	451,543	448,274
Current assets:		
Cash and cash equivalents (Note 6)	29,286	22,163
Receivables, net	41,320	39,627
Income tax receivable	6,833	1,711
Materials and supplies, net	6,046	5,369
Fossil fuel stocks	2,621	1,800
Emission rights	4,518	3,077
Other financial assets, net	25,982	16,402
Other current assets	5,482	3,394
Assets classified as held for sale	2,534	2,558
Total current assets	124,622	96,101
Total assets	576,165	544,375

* Certain numbers shown were restated due to the final report of fair value of Teplárna Trmice, a.s. as of the acquisition date and do not correspond to the 2010 consolidated financial statements.

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2011

continued

	June 30, 2011	December 31, 2010 (restated *)
Equity and liabilities		
Equity attributable to equity holders of the parent:		
Stated capital	53,799	53,799
Treasury shares	(4,382)	(4,619)
Retained earnings and other reserves	168,571	172,251
Total equity attributable to equity holders of the parent (Note 7)	217,988	221,431
Non-controlling interests	5,801	5,621
Total equity	223,789	227,052
Long-term liabilities:		
Long-term debt, net of current portion (Note 8)	156,487	140,040
Accumulated provision for nuclear decommissioning and fuel storage	37,111	36,848
Other long-term liabilities	21,564	21,173
Total long-term liabilities	215,162	198,061
Deferred tax liability	23,480	18,191
Current liabilities:		
Short-term loans (Note 9)	5,789	9,618
Current portion of long-term debt (Note 8)	3,208	14,786
Trade and other payables	87,904	58,804
Income tax payable	89	689
Accrued liabilities	16,089	16,414
Liabilities directly associated with assets classified as held for sale	655	760
Total current liabilities	113,734	101,071
Total equity and liabilities	576,165	544,375

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CEZ GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2011

in CZK Millions

	1-6/2011	1-6/2010 (restated *)	4-6/2011	4-6/2010 (restated *)
Revenues:				
Sales of electricity	89,089	84,691	41,088	39,727
Gains and losses from electricity, coal and gas derivative trading, net	4,331	5,402	1,211	1,115
Heat sales and other revenues	10,134	8,590	4,450	3,955
Total revenues	103,554	98,683	46,749	44,797
Operating expenses:				
Fuel	(8,834)	(7,943)	(3,683)	(3,344)
Purchased power and related services	(33,071)	(26,879)	(15,376)	(12,934)
Repairs and maintenance	(2,011)	(2,079)	(1,375)	(1,273)
Depreciation and amortization	(12,223)	(11,435)	(6,153)	(5,795)
Salaries and wages	(8,838)	(8,534)	(4,499)	(4,468)
Materials and supplies	(2,182)	(2,264)	(1,143)	(1,078)
Emission rights, net	1,436	1,993	137	1,072
Other operating expenses	(6,163)	(5,812)	(3,517)	(2,938)
Total expenses	(71,886)	(62,953)	(35,609)	(30,758)
Income before other income (expenses) and income taxes	31,668	35,730	11,140	14,039
Other income (expenses):				
Interest on debt, net of capitalized interest	(2,090)	(1,719)	(1,072)	(812)
Interest on nuclear and other provisions	(1,008)	(1,019)	(503)	(509)
Interest income	953	1,102	487	399
Foreign exchange rate gains (losses), net	95	(1,825)	(769)	(1,344)
Other income (expenses), net	119	2,845	(465)	1,929
Share of profit (loss) from associates and joint-ventures	(235)	(384)	(366)	(435)
Total other income (expenses)	(2,166)	(1,000)	(2,688)	(772)
Income before income taxes	29,502	34,730	8,452	13,267
Income taxes	(5,573)	(6,041)	(1,728)	(2,040)
Net income	23,929	28,689	6,724	11,227
Net income attributable to:				
Equity holders of the parent	23,974	28,641	6,739	11,186
Non-controlling interests	(45)	48	(15)	41
Net income per share attributable to equity holders of the parent (CZK per share)				
Basic	44.9	53.7	12.6	21.0
Diluted	44.9	53.7	12.6	21.0
Average number of shares outstanding (000s)				
Basic	533,966	533,718	534,028	533,875
Diluted	533,995	533,791	534,078	533,909

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

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2011

in CZK Millions

	1-6/2011	1-6/2010 (restated *)	4-6/2011	4-6/2010 (restated *)
Net income	23,929	28,689	6,724	11,227
Other comprehensive income:				
Change in fair value of cash flow hedges recognized in equity	2,723	4,190	2,632	(1,164)
Cash flow hedges removed from equity	(656)	(1,235)	(869)	(828)
Change in fair value of available-for-sale financial assets recognized in equity	17	230	167	83
Available-for-sale financial assets removed from equity	2	2	(6)	1
Translation differences	(2,746)	(2,211)	(1,576)	(753)
Share on equity movements of associates and joint-ventures	20	(12)	10	(8)
Deferred tax relating to other comprehensive income (Note 11)	(404)	(723)	(373)	221
Other comprehensive income, net of tax	<u>(1,044)</u>	<u>241</u>	<u>(15)</u>	<u>(2,448)</u>
Total comprehensive income, net of tax	<u>22,885</u>	<u>28,930</u>	<u>6,709</u>	<u>8,779</u>
Total comprehensive income attributable to:				
Equity holders of the parent	23,056	29,058	6,759	8,727
Non-controlling interests	(171)	(128)	(50)	52

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CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2011

in CZK Millions

	Attributable to equity holders of the parent							Non-controlling interests	Total equity
	Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Available-for-sale and other reserves	Retained earnings	Total		
December 31, 2009	53,799	(5,151)	(6,649)	(2,168)	609	159,921	200,361	6,314	206,675
Net income	-	-	-	-	-	28,641	28,641	48	28,689
Other comprehensive income	-	-	(2,035)	2,391	196	(135)	417	(176)	241
Total comprehensive income	-	-	(2,035)	2,391	196	28,506	29,058	(128)	28,930
Transaction costs related to business combinations	-	-	-	-	-	(218)	(218)	-	(218)
Dividends	-	-	-	-	-	(28,297)	(28,297)	(7)	(28,304)
Sale of treasury shares	-	532	-	-	-	(196)	336	-	336
Share options	-	-	-	-	49	-	49	-	49
Exercised and forfeited share options	-	-	-	-	(97)	97	-	-	-
Acquisition of a subsidiary (Note 4)	-	-	-	-	-	-	-	782	782
June 30, 2010 (restated *)	<u>53,799</u>	<u>(4,619)</u>	<u>(8,684)</u>	<u>223</u>	<u>757</u>	<u>159,813</u>	<u>201,289</u>	<u>6,961</u>	<u>208,250</u>
December 31, 2010 (restated *)	53,799	(4,619)	(10,193)	3,009	907	178,528	221,431	5,621	227,052
Net income	-	-	-	-	-	23,974	23,974	(45)	23,929
Other comprehensive income	-	-	(2,260)	1,674	8	20	(918)	(126)	(1,044)
Total comprehensive income	-	-	(2,260)	1,674	8	23,994	23,056	(171)	22,885
Dividends	-	-	-	-	-	(26,705)	(26,705)	(4)	(26,709)
Sale of treasury shares	-	237	-	-	-	(68)	169	-	169
Share options	-	-	-	-	37	-	37	-	37
Exercised and forfeited share options	-	-	-	-	(41)	41	-	-	-
Acquisition of a subsidiary (Note 4)	-	-	-	-	-	-	-	355	355
June 30, 2011	<u>53,799</u>	<u>(4,382)</u>	<u>(12,813)</u>	<u>4,683</u>	<u>911</u>	<u>175,790</u>	<u>217,988</u>	<u>5,801</u>	<u>223,789</u>

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011

in CZK Millions

	1-6/2011	1-6/2010 (restated *)
Operating activities:		
Income before income taxes	29,502	34,730
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	12,226	11,450
Amortization of nuclear fuel	1,817	1,808
Gain on fixed asset retirements, net	(38)	(37)
Foreign exchange rate losses (gains), net	(95)	1,825
Interest expense, interest income and dividend income, net	355	239
Provision for nuclear decommissioning and fuel storage	29	(2)
Valuation allowances, other provisions and other adjustments	(479)	(545)
Share of (profit) loss from associates and joint-ventures	235	384
Changes in assets and liabilities:		
Receivables	(4,043)	7,630
Materials and supplies	(678)	(528)
Fossil fuel stocks	(849)	1,085
Other current assets	(13,915)	(1,047)
Trade and other payables	4,870	(16,799)
Accrued liabilities	496	(2,237)
Cash generated from operations	29,433	37,956
Income taxes paid	(6,252)	(7,952)
Interest paid, net of capitalized interest	(1,837)	(783)
Interest received	508	793
Dividends received	739	1
Net cash provided by operating activities	22,591	30,015
Investing activities:		
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired (Note 4)	407	(4,752)
Additions to property, plant and equipment and other non-current assets, including capitalized interest	(20,481)	(26,222)
Proceeds from sale of fixed assets	638	1,196
Loans made	(411)	(81)
Repayment of loans	866	5,249
Change in decommissioning and other restricted funds	(1,870)	(1,261)
Total cash used in investing activities	(20,851)	(25,871)

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011

continued

	1-6/2011	1-6/2010 (restated *)
Financing activities:		
Proceeds from borrowings	55,870	137,660
Payments of borrowings	(50,104)	(119,378)
Proceeds from other long-term liabilities	33	19
Payments of other long-term liabilities	(89)	(129)
Dividends paid to Company's shareholders	(30)	(35)
Dividends paid to non-controlling interests	(4)	(7)
(Acquisition) Sale of treasury shares, net	169	337
Total cash provided by (used in) financing activities	<u>5,845</u>	<u>18,467</u>
Net effect of currency translation in cash	<u>(462)</u>	<u>(66)</u>
Net increase (decrease) in cash and cash equivalents	7,123	22,545
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>29,309</u></u>	<u><u>49,272</u></u>

Supplementary cash flow information

Total cash paid for interest	3,353	1,853
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The accompanying notes are an integral part of these interim consolidated financial statements.

CEZ GROUP
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 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 June 30, 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 six months ended June 30, 2011 have been prepared in accordance with IAS 34 and have not been audited by an independent auditor. 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 June 30, 2011 such costs amounted to CZK 1,942 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 half 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.

In May 2011 the Group acquired 100% share in company TMK Hydroenergy Power S.R.L. ("TMK") which is engaged in the generation of electricity from renewable sources in the southwestern part of Romania. The assets of newly acquired company include a complex of four dams and four small hydroelectric power plants with a total capacity of 18 MWe.

Due to the fact that the fair values of acquired identifiable assets and liabilities in the company ČEZ Energo, s.r.o. 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 acquisition of TMK Hydroenergy Power S.R.L. is also currently accounted for provisionally, based on book values of identifiable assets and liabilities which represent 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 acquisitions were as follows (in CZK millions):

	<u>ČEZ Energo</u>	<u>TMK</u>
Share acquired in the first half of 2011	50.11%	100%
Property, plant and equipment	134	215
Other non-current assets	1	-
Cash and cash equivalents	401	3
Receivables, net	308	9
Other current assets	3	1
Other long-term liabilities	(48)	-
Deferred tax liability	(58)	(1)
Trade and other payables	(25)	(1)
Accrued liabilities	(5)	(1)
	<hr/>	<hr/>
Total net assets	711	225
Share of net assets acquired	356	225
Goodwill	45	280
	<hr/>	<hr/>
Total purchase consideration	401	505
Less:		
Cash and cash equivalents in the subsidiary acquired	(401)	(3)
Consideration paid in previous periods	(401)	(508)
	<hr/>	<hr/>
Cash received from acquisition of the subsidiary in the first half of 2011	(401)	(6)
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From the date of acquisition, the newly acquired subsidiaries have contributed the following balances to the Group's income statement for the six months ended June 30, 2011 (in CZK millions):

	<u>ČEZ Energo</u>	<u>TMK</u>
Revenues	72	-
Income before other income (expense) and income taxes	12	-
Net income	10	-

If the combinations had taken place at the beginning of the year, the profit for the CEZ Group would have been CZK 23,946 million and revenues from continuing operations would have been CZK 103,605 million. The provisional amount of goodwill recognized as a result of the business combinations comprises the value of expected synergies arising from the acquisitions.

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

Decrease in cost of acquisition	(3)
Less cash acquired	<u>(404)</u>
Total cash received from acquisitions in the first half of 2011	<u><u>(407)</u></u>

Acquisitions of subsidiaries from third parties in the first half 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. 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.

Previously presented provisional accounting for the acquisition of Teplárna Trmice, a.s. based on book values was replaced by the final accounting for the business combination based on determined fair values of acquired identifiable assets and liabilities as of the date of acquisition. The fair values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

	<u>Teplárna Trmice</u>
Share acquired in the first half of 2010	85%
Property, plant and equipment	5,455
Other non-current assets	75
Cash and cash equivalents	239
Receivables, net	209
Materials and supplies, net	65
Fossil fuel stocks	26
Emission rights	430
Other current assets	67
Deferred tax liability	(852)
Trade and other payables	(72)
Income tax payable	(35)
Accrued liabilities	<u>(396)</u>
Total net assets	5,211
Share of net assets acquired	4,429
Goodwill	<u>416</u>
Total purchase consideration	4,845
Less:	
Cash and cash equivalents in the subsidiary acquired	<u>(239)</u>
Cash outflow on acquisition of the subsidiary	<u><u>4,606</u></u>

From the date of acquisition on May 31, 2010, the company Teplárna Trmice, a.s. has contributed the following balances to the Group's income statement for the six months ended June 30, 2010 (in CZK millions):

	<u>Teplárna Trmice</u>
Revenues	86
Loss before other income (expense) and income taxes	(32)
Net loss	(26)

If the combination had taken place at the beginning of the year 2010, the profit for the CEZ Group as of June 30, 2010 would have been CZK 28,664 million and revenues from continuing operations would have been CZK 99,274 million. The goodwill recognized as a result of the business combination comprises the fair value of expected synergies arising from the acquisition.

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

Cash outflows on acquisition of the subsidiary	4,845
Cash contribution to an associate	35
Change in payables from acquisitions	111
Less cash acquired	<u>(239)</u>
Total cash outflows on acquisitions in the first half of 2010	<u><u>4,752</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	
		June 30, 2011	December 31, 2010	June 30, 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 – in liquidation	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 LLC	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	
		June 30, 2011	December 31, 2010	June 30, 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%
	Bosnia and Herzegovina				
NERS d.o.o.	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%
TMK Hydroenergy Power S.R.L	Romania	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	
		June 30, 2011	December 31, 2010	June 30, 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 Kemah Elektrik Üretim ve Ticaret A.S. ²⁾	Turkey	37.36%	37.36%	50.00%	50.00%
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%
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.

²⁾ The former company name Ickale Enerji Elektrik Üretim ve Ticaret A.S. was changed to AK-EL Kemah Elektrik Üretim ve Ticaret A.S. in May 2011.

6. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at June 30, 2011 and December 31, 2010 (in CZK millions):

	June 30, 2011	December 31, 2010
Cash and cash equivalents as a separate line in the balance sheet	29,286	22,163
Cash and cash equivalents attributable to assets classified as held for sale	23	23
Total	29,309	22,186

7. Equity

On June 1, 2011 the Annual Shareholders Meeting of ČEZ, a. s. approved the dividends per share of CZK 50.0. The total amount of dividend approved amounts to CZK 26,706 million.

8. Long-term Debt

Long-term debt at June 30, 2011 and December 31, 2010 is as follows (in CZK millions):

	June 30, 2011	December 31, 2010
4.625% Eurobonds, due 2011 (EUR 154 million)	-	3,850
4.125% Eurobonds, due 2013 (EUR 500 million)	12,128	12,474
5.125% Eurobonds, due 2012 (EUR 500 million)	12,158	12,510
6.000% Eurobonds, due 2014 (EUR 600 million)	14,539	14,954
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,511	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)	-	1,379
4.450% Zero Coupon Eurobonds, due 2011 (CZK 1,600 million)	-	1,573
5.750% Eurobonds, due 2015 (EUR 600 million)	14,559	14,980
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,675	1,844
5.000% Eurobonds, due 2021 (EUR 750 million)	18,201	18,733
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,213	1,248
3M Euribor + 0.45% Eurobonds, due 2011 (EUR 110 million)	-	2,756
3M Libor + 0.70% Eurobonds, due 2012 (USD 100 million)	1,682	1,871
3M Euribor + 0.50% Eurobonds, due 2011 (EUR 100 million)	2,434	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)	18,150	18,679
4.500% Eurobonds, due 2020 (EUR 750 million)	18,028	18,544
2.160% Eurobonds, due in 2023 (JPY 11,500 million)	2,409	-
4.600% Eurobonds, due in 2023 (CZK 1,250 million)	1,247	-
3.625% Eurobonds, due 2016 (EUR 500 million)	12,066	-
2.150%*IRp Eurobonds, due 2021 (EUR 100 million)	2,435	-
4.500% Registered bonds, due 2030 (EUR 40 million)	949	976
4.750% Registered bonds, due 2023 (EUR 40 million)	958	-
9.220% Debentures, due 2014 (CZK 2,500 million) ¹⁾	2,498	2,498
Total bonds and debentures	142,868	137,166
Less: Current portion	(2,434)	(12,063)
Bonds and debentures, net of current portion	140,434	125,103
Long-term bank and other loans:		
Total long-term bank and other loans	16,827	17,660
Less: Current portion	(774)	(2,723)
Long-term bank and other loans, net of current portion	16,053	14,937
Total long-term debt	159,695	154,826
Less: Current portion	(3,208)	(14,786)
Total long-term debt, net of current portion	156,487	140,040

¹⁾ Since 2006 the interest rate has changed to consumer price index in the Czech Republic plus 4.20%.

9. Short-term Loans

Short-term loans at June 30, 2011 and December 31, 2010 are as follows (in CZK millions):

	June 30, 2011	December 31, 2010
Short-term bank loans	4,647	8,306
Bank overdrafts	1,142	1,312
Total	5,789	9,618

10. Share options

At June 30, 2011 and December 31, 2010, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,525 thousand and 2,365 thousand, respectively.

The following table shows changes during the first half of 2011 in the number of granted share options and the weighted average exercise prices 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	120	250	370	894.07
Options exercised ¹⁾	(120)	(90)	(210)	806.74
Share options at June 30, 2011	1,620	905	2,525	1,052.19

¹⁾ In the first half of 2011 the weighted average share price at the date of the exercise for the options exercised was CZK 936.76.

As at June 30, 2011 and December 31, 2010 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

	June 30, 2011	December 31, 2010
CZK 500 – 900 per share	565	645
CZK 900 – 1,400 per share	1,960	1,720
Total	2,525	2,365

In the period of six months ended June 30, 2011 and 2010, the Company recognized a compensation expense of CZK 37 million and CZK 49 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.

11. Income Taxes

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

	1-6/2011			1-6/2010		
	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	2,723	(518)	2,205	4,190	(796)	3,394
Cash flow hedges removed from equity	(656)	125	(531)	(1,235)	235	(1,000)
Change in fair value of available-for-sale financial assets recognized in equity	17	(11)	6	230	(46)	184
Available-for-sale financial assets removed from equity	2	-	2	2	-	2
Translation differences	(2,746)	-	(2,746)	(2,211)	(117)	(2,328)
Share on equity movements of associates and joint-ventures	20	-	20	(12)	1	(11)
Total	(640)	(404)	(1,044)	964	(723)	241

12. 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 six months ended June 30, 2011 and 2010 and at December 31, 2010 (in CZK millions):

June 30, 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	33,870	46,927	2,324	1,371	1,855	17,190	17	103,554	-	103,554
Intersegment sales	24,118	4,419	3,079	17,317	433	178	1,043	50,587	(50,587)	-
Total revenues	57,988	51,346	5,403	18,688	2,288	17,368	1,060	154,141	(50,587)	103,554
EBITDA	28,907	7,832	2,468	2,741	1,780	1,475	74	45,277	(1,386)	43,891
Depreciation and amortization	(6,959)	(1,704)	(885)	(1,077)	(454)	(1,115)	(29)	(12,223)	-	(12,223)
EBIT	21,948	6,128	1,583	1,664	1,326	360	45	33,054	(1,386)	31,668
Interest on debt and provisions	(2,935)	(131)	(151)	(17)	(240)	(85)	(44)	(3,603)	505	(3,098)
Interest income	1,077	16	203	21	28	81	32	1,458	(505)	953
Share of profit (loss) from associates and joint-ventures	32	-	(123)	-	(91)	(53)	-	(235)	-	(235)
Income taxes	(3,669)	(1,140)	(284)	(422)	(174)	(146)	(2)	(5,837)	264	(5,573)
Net income	29,724	4,847	1,526	1,233	894	143	31	38,398	(14,469)	23,929
Identifiable assets	229,439	64,189	18,800	14,255	21,265	26,412	74	374,434	(7,842)	366,592
Investment in associates and joint- ventures	4,123	-	3,875	-	5,215	2,180	-	15,393	-	15,393
Unallocated assets										194,180
Total assets										576,165
Additions to non-current assets	11,780	4,296	1,611	8,245	602	1,197	328	28,059	(9,085)	18,974

June 30, 2010 (restated *):	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	30,429	45,787	2,314	1,569	1,262	17,311	11	98,683	-	98,683
Intersegment sales	25,767	2,619	2,822	18,132	2	37	1,068	50,447	(50,447)	-
Total revenues	56,196	48,406	5,136	19,701	1,264	17,348	1,079	149,130	(50,447)	98,683
EBITDA	32,497	7,576	2,202	2,717	171	1,915	49	47,127	38	47,165
Depreciation and amortization	(6,762)	(1,584)	(784)	(967)	(175)	(1,131)	(32)	(11,435)	-	(11,435)
EBIT	25,735	5,992	1,418	1,750	(4)	784	17	35,692	38	35,730
Interest on debt and provisions	(2,776)	(147)	(151)	(59)	8	(70)	(6)	(3,201)	463	(2,738)
Interest income	1,106	27	248	30	28	123	3	1,565	(463)	1,102
Share of profit (loss) from associates and joint-ventures	57	-	(107)	-	(115)	(219)	-	(384)	-	(384)
Income taxes	(4,168)	(1,075)	(283)	(292)	52	(267)	(8)	(6,041)	-	(6,041)
Net income	27,614	4,786	1,463	1,563	(406)	204	2	35,226	(6,537)	28,689
Additions to non-current assets	14,173	4,400	1,280	11,513	1,186	1,245	440	34,237	(11,215)	23,022
December 31, 2010 (restated *):	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	226,502	61,662	18,065	16,819	21,407	27,130	90	371,675	(9,165)	362,510
Investment in associates and joint- ventures	4,215	-	3,829	-	6,291	2,592	-	16,927	-	16,927
Unallocated assets										164,938
Total assets										<u>544,375</u>

* Certain numbers shown were restated due to the final report of fair value of Teplárna Trmice, a.s. as of the acquisition date and do not correspond to the interim consolidated financial statements as of June 30, 2010 and the 2010 consolidated financial statements.

13. Contingencies

The company is as a defendant involved in a number of lawsuits related to the realization of squeeze-outs of minority shareholders in the former regional electricity distribution companies, and the companies Severočeské doly a.s. and ČEZ Teplárenská, a.s. Given that it is currently impossible to predict the outcome of proceedings and to estimate the potential risk of failure in these disputes, and thus the amount of any future expenses, there is no liability recognized in this regard in the interim financial statements included.

14. Events after the Balance Sheet Date

At the end of July 2011, all competent authorities of the CEZ Group approved the transaction in which, after approval by the relevant competition authorities, CEZ Group is to sell its 50% stake in the German mining company MIBRAG and a project of the construction of new coal-fired power plant Profen in the site of MIBRAG's mines to the company Energetický a průmyslový holding, a.s., while to acquire 100% stake in Energotrans, a.s., which supplies heat from Mělník to Prague.