

CEZ GROUP BRIEF REPORT FOR 1ST HALF 2007

NON-AUDITED, CONSOLIDATED RESULTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Highlights

Prague, 15 August 2007

- Net income rose year-on-year by CZK 4.4 billion (26.8%) to CZK 21.0 billion.
- EBITDA rose CZK 3.8 billion (11.1%) to CZK 38.2 billion.
- ČEZ, a. s. began trading on the Prague Energy Exchange on 17 July 2007 - the first day of trading.
- As of 13 August 2007, ČEZ, a. s. had bought back 23.8 m of its own shares (4%) at an average price of CZK 1,081 per share.
- The Moscow city government passed a resolution on the selection of ČEZ, a. s. to build a combined cycle power plant with installed generating capacity of 3 x 200 MW.

Key Figures	Units	As of June 30, or 6 months ended June 30, 2007	As of June 30, or 6 months ended June 30, 2006	Index 07/06
Generation of electricity (gross)	GWh	36,066	31,853	113.2%
Sales of electricity	GWh	39,415	36,498	108.0%
Sales of heat	TJ	6,993	6,112	114.4%
Revenues	CZK millions	83,162	74,408	111.8%
Operating expenses (excl. depreciation & amortization)	CZK millions	-45,007	-40,077	112.3%
EBITDA	CZK millions	38,154	34,330	111.1%
- Central Europe segment	CZK millions	36,128	31,987	112.9%
- Southeastern Europe segment	CZK millions	2,026	2,343	86.5%
Depreciation and amortization	CZK millions	-10,826	-10,950	98.9%
Operating income (EBIT)	CZK millions	27,328	23,380	116.9%
Net income	CZK millions	21,015	16,568	126.8%
Return on equity (ROE), net	%	17.2	14.6	118.0%
Price/earnings ratio (P/E)	1	19.6	16.9	115.9%
Net debt / EBITDA	1	0.26	0.47	55.3%
Net debt / equity	%	9.2	14.4	63.4%
Capital expenditure (CAPEX)	CZK millions	-11,020	-7,168	153.7%
Investments	CZK millions	-2,434	-15,129	16.1%
Operating cash flows	CZK millions	32,957	25,622	128.6%
Employee head count	persons	30,652	30,560	100.3%

*) sales to end customers + sales to cover grid losses + wholesale surplus/deficit
**) 12 month sliding

Revenues, Expenses, Income

CEZ Group net income rose CZK 4.4 billion (26.8%) in year-on-year terms and EBITDA was up CZK 3.8 billion (11.1%) over the same period. The principal factor was growth in the gross margin by CZK 5.2 billion, in particular in production and sales of electricity and mining in the Czech Republic (CZK 4.6 billion). Newly acquired foreign companies contributed CZK 1.3 billion y-o-y. To the contrary, there was a CZK 0.5 billion drop in the gross margin in Czech Republic's distribution and to smaller extent also in the foreign distribution companies. Widening of CEZ Group is shown in increase of costs too: Polish power plants ELCHO and Skawina entered the accounting results in June 2006 and the Varna Power Station and other newly established companies in Bulgaria, Poland, Serbia, and Kosova have been reflected in the results since Q4 2006.

Cash Flows

Net cash provided by operating activities, at CZK 33.0 billion, was up CZK 7.3 billion (28.6%) year-on-year, thanks to the improved income result. Cash used in investing activities totaled CZK 18.7 billion, which is down CZK 4.6 billion (19.7%) year-on-year (major outlays in H1 2006 included the acquisition of the Polish power plants and increases in our stakes in Severočeské doly, a. s. and Severočeská energetika, a. s.). Components that were higher in H1 2007 included, in particular, bank deposits linked to special provisions (up CZK 3.9 billion year-on-year) and additions to property, plant and equipment (up CZK 3.8 billion year-on-year), due primarily to outlays for plant renewal. CZK 16.1 billion in cash was used in financing activities, particularly in relation to purchasing of treasury shares (CZK 13.6 billion). Also, drawdowns of credits and loans were higher in H1 2006.

Capital Expenditures

Work continues on the comprehensive retrofit of Tušimice II Power Station (4 x 200 MW) with a total budget of CZK 25 billion. In the first half, most of the work involved dismantling and demolition. Negotiations are underway with boiler and machinery suppliers for Pruněřov Power Station (3 x 250 MW) as well as other technical and commercial negotiations relating to the comprehensive retrofit.

In the Ledvice new-build plant project (1 x 660 MW), a zoning decision was issued, demolition permits were issued for existing buildings, and State authorization for construction of the new plant was obtained. Currently discussions are ongoing on objections raised by nature preservation officials concerning transmission of power generated by the new plant from the Chotěřovice Substation.

Plant renewal expenditures in H1 2007 totaled CZK 1.8 billion.

Upgrades of our nuclear power plants are also continuing. During a shutdown of Unit Two at Temelín, one quarter of the fuel was replaced with an improved, more resistant type. A new high-pressure rotor part was installed in the turbine, increasing the equipment's output from 981 to 1,020 MW (increase of 4%). Unit One is to undergo the same modification during a shutdown begun in August.

The I&C system renewal project at Dukovany Nuclear Power Station continued with upgrades of generating unit transformers, high-pressure turbine parts, and generator stators.

H1 2007 capital expenditures at nuclear power plants totaled CZK 1.4 billion.

Trading in Electricity and Emission Allowances

The H1 2007 was characterized by above-average winter temperatures, resulting in a temporary decline in real electricity consumption. However, when adjusted for weather variations, consumption was up 0.7% year-on-year.

In general, spot electricity prices were low during this period (due to warm weather and the low price of CO₂ allowances). This, however, did not impact the ČEZ, a. s. income result because the low electricity prices were offset by the low price of CO₂ allowances, which, after a gradual decline, stabilized at a level of 0.1 EUR/t. The decline was driven primarily by the expected surplus in the first allocation period within the EU ETS system.

The price of a 2008 price-band supply in Germany rose steadily from late February low of 49 EUR/MWh (due to the warm winter) up to 57.5 EUR/MWh in mid-June, followed by a correction to 55 EUR/MWh. This

development was related to the rising prices of other commodities (oil, gas) and, significantly, CO₂ allowances for 2008 (i.e. 2008 forward), driven by the European Commission's decision-making process on lower (than demanded) NAP II allocations, up to 25 EUR/t. The subsequent correction for 2008 allowances to 20 EUR/t and their remaining steady at this level is giving rise to expectations of future growth.

ČEZ, a. s. kept its promise and joined the Prague Energy Exchange (PXE), where effective September 2007 it will be a market maker, and began to sell its own electricity through this trading platform. The PXE's most important contributions will be the creation of a market with transparent price-setting, guaranteed equal treatment for all market participants, and increased energy market liquidity.

Central Europe (CE) Segment

Central Europe (CE)		Consolidated		Power Production & Trading		Distribution & Sale		Mining		Other	
		H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006
Sales other than intersegment sales	CZK millions	69,719	62,756	33,559	24,924	33,613	34,502	1,721	1,706	927	1,663
Intersegment sales	CZK millions	101	39	19,709	19,804	1,414	2,272	3,381	2,516	8,965	6,313
Total revenues	CZK millions	69,820	62,795	53,268	44,728	35,027	36,774	5,102	4,222	9,892	7,976
EBITDA	CZK millions	36,128	31,987	26,868	22,661	4,069	5,155	2,677	1,702	2,514	2,470
EBIT	CZK millions	26,349	21,941	20,098	15,774	2,552	3,912	2,143	1,234	1,556	1,021
Employee headcount	persons	22,122	22,842	7,792	7,903	1,373	1,331	3,551	3,539	9,406	10,069

CE: Power Production & Trading

Power production in the Central Europe Segment increased year-on-year by 3.1 TWh (9.8%), 1.6 TWh of which is attributable to the Polish power plants, which were not part of CEZ Group in January – May 2006. Production at ČEZ, a. s. was up nearly 5% year-on-year, as fossil power plants generated nearly 24% (3.8 TWh) more and covered a 1.9 TWh shortfall in production in nuclear power plants due to an additional shutdown of Unit One at Temelín Nuclear Power Station.

CE: Power Production		H1 2007	H1 2006
Power produced	TWh	35.0	31.9
of which: nuclear plants	TWh	12.2	14.0
coal plants	TWh	21.9	16.4
hydro and other plants	TWh	0.9	1.4

Electricity sales in the Central Europe Segment were up 15.0 TWh. Of the total increase, 12.3 TWh was due to higher trading volume, foreign trading in particular, and 2.7 TWh was attributable to higher sales of electricity generated in-house. ELCHO and Skawina sold 2.0 TWh of electricity in their domestic market (Poland).

CE: Wholesale (trading)		H1 2007		H1 2006	
		domestic	foreign	domestic	foreign
Electricity purchased	TWh	5.7	13.9	3.6	3.7
of which, outside CEZ Group	TWh	3.8	13.2	2.1	3.7
Electricity sold	TWh	32.7	18.5	28.7	7.5
of which, outside CEZ Group	TWh	17.3	17.4	11.7	7.5
- wholesale	TWh	16.9	17.4	11.3	7.5
- to end customers	TWh	0.5	0.0	0.4	0.0
Balance	TWh	27.0	4.6	25.1	3.8

CE: Distribution & Sales

ČEZ Prodej, s.r.o. sold 14.1 TWh of electricity in the Czech Republic for final consumption (1.4 TWh of which was within CEZ Group – particularly to ČEZ Distribuce to cover grid losses).

CE: Distribution & Retail		H1 2007	H1 2006
Sales to end customers outside CEZ Group	TWh	12.7	15.5
Electricity distribution to end customers	TWh	16.6	17.4

In year-on-year terms, this represented an overall 2.4 TWh decline in sales (or 2.8 TWh outside of CEZ Group) due to both warmer weather and growing competition in the liberalized market. The share of ČEZ Prodej, s. r. o. in the end customer market in H1 2007 was 44.5%. ČEZ Distribuce, a. s. saw the volume of electricity it distributed to end customers fall to 16.6 TWh (down 4.8%) partly due to overall decline in Czech Republic electricity demand. The result is a CZK 1.0 billion (25.5%) year-on-year drop in distribution EBITDA. In addition to the warm weather, the financial performance of ČEZ Distribuce, a. s. was also impacted by higher mandatory buying volume from renewable energy sources, including "green" bonuses.

CE: Mining Segment

CE: Coal sales		H1 2007	H1 2006
Coal sold, total	kt	11,857	10,428
of which: sold to ČEZ, a. s.	kt	9,187	7,544

Southeastern Europe (SEE) Segment

Southeastern Europe (SEE)		Consolidated		Power Production & Trading		Distribution & Sale		Other	
		H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006
Sales other than intersegment sales	CZK millions	13,443	11,652	1,240	0	12,199	11,632	40	21
Intersegment sales	CZK millions	36	1	0	0	23	0	404	0
Total revenues	CZK millions	13,479	11,653	1,240	0	12,222	11,632	444	21
EBITDA	CZK millions	2,026	2,343	158	-1	1,912	2,346	-44	-2
EBIT	CZK millions	979	1,439	68	-1	976	1,444	-65	-4
Employee headcount	persons	8,530	7,718	836	3	6,463	7,673	1,231	42

SEE: Power Production & Trading

As of Q4 2006, CEZ Group owns the Varna Power Station, which produced 1.1 TWh of electricity in H1 2007.

SEE: Power Production & Wholesale	H1 2007	H1 2006
Electricity produced	TWh	1.1
Electricity purchased	TWh	0.3
Electricity sold	TWh	1.3
of which, outside CEZ Group	TWh	1.3

SEE: Distribution & Sales

The distribution companies in Bulgaria and Romania sold a total of 6.2 TWh in H1 2007. Of this figure, 5.8 TWh was sold to end customers for a year-on-year decline of 3.4%. The decline in sales is related to lower electricity demand caused by warm weather and anticipated developments in the regulation environment.

SEE: Distribution & Retail	H1 2007	H1 2006
Sales to end customers outside CEZ Group	TWh	5.8
Electricity distribution to end customers	TWh	8.5

Other Information

- On June 7th, ČEZ, a. s. expressed interest in entering the tender for a strategic partner to operate, finance, manage, and own the Belene Nuclear Power Station in Bulgaria. The strategic partner is to hold a 49% stake in the stated capital of the newly prepared company BPC (Belene Power Company), with the remaining stake to belong to the Bulgarian State power company Nacionalna Električeska Kompanija EAD.
- On June 26th, ČEZ, a. s. entered the pre-qualifying round of a tender to build a new gas- or black coal-fired plant in Borzeşt, Romania. The tender to find a strategic partner was announced by Termoelectrica S.A.
- On June 28th, ČEZ, a. s. entered the pre-qualifying round of a tender for a strategic partner to upgrade an existing coal-fired power plant (535 MW) and potentially build a new power plant in Galaţi, Romania. The tender is organized by Termoelectrica S.A. through its subsidiary.
- The Moscow city government passed a resolution on the selection of ČEZ, a. s. to build a combined cycle power plant with installed generating capacity of 3 x 200 MW. The project implementation contract will be negotiated within the following six months.
- August 1st saw commencement of pay-out of a CZK 20 per share gross dividend for the 2006 financial year.
- Buy-back of ČEZ, a. s. shares in accordance with a resolution of this year's General Meeting continues. As of August 13th, 23.8 m shares had been bought back, corresponding to 4% of the stated capital.
- On August 27th, CZK-denominated bonds will be issued. The total volume of the issue is CZK 7 billion, the bonds will mature in three years, and will bear interest at a fixed rate of 4.30% p.a., or 13 bps above the CZK interest rate swap.

ČEZ, a. s. Share Performance



