

**ČEZ Group Brief Report
on Operational, Economic, and Financial Results
January – June 2004**

Main Features

- ČEZ Group turnover totaled CZK 50.5 bn, which is CZK 14.8 bn higher than in 1st half of 2003 due to a significant enlargement of the Group.
- ČEZ Group gross electricity generation amounted to 30.8 TWh; the bulk of this figure consisted of generation in fossil power stations (59.2%) and in nuclear power stations (37.3%). ČEZ Group power plants covered 72.5 % of overall generation in the Czech Republic.
- Electricity demand in the Czech Republic reached 28.8 TWh, which represents a year-on-year increase of 3.5%.
- ČEZ won a tender for three electricity distribution companies in Western Bulgaria.
- On 28 July 2004, ČEZ sent an official bid for a 66% stake in the dominant Slovak energy producer Slovenské elektrárne, a.s.
- ČEZ sold a 34% stake in PRE in line with the Antitrust Office decision of 2003.
- Mr. Martin Roman is the new Chairman of the Board of Directors and Chief Executive Officer as of February and April 2004, respectively. Mr. Alan Svoboda is the new member of the Board of Directors and Chief Sales Officer as of April.
- The previous electricity distribution companies integration project was replaced by the ambitious, Group-wide “Vision 2008” project.
- A new, EUR 400 m bond issue was made in June 2004.

Prague, August 25, 2004

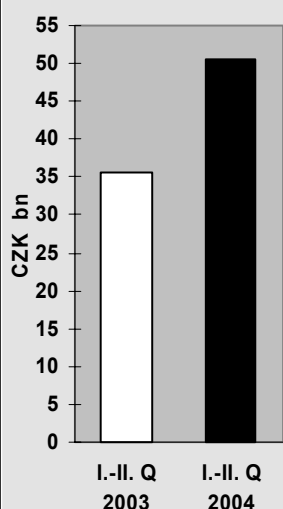
Income Statement in Accordance with International Financial Reporting Standards

	June 30, 2004	June 30, 2003	Index 04/03
	CZK m	EUR m	CZK m
Operating revenues	50,510	1,590	35,740
Operating expenses	39,301	1,237	29,270
Fuel	7,381	232	7,287
Purchased power and related services	13,721	432	6,900
Depreciation and amortization	9,021	284	7,456
Operating income	11,209	353	6,470
Other expenses (income)	1,063	33	359
Income before income taxes	10,146	319	6,111
Income taxes	2,235	70	1,567
Net income	7,288	229	4,611

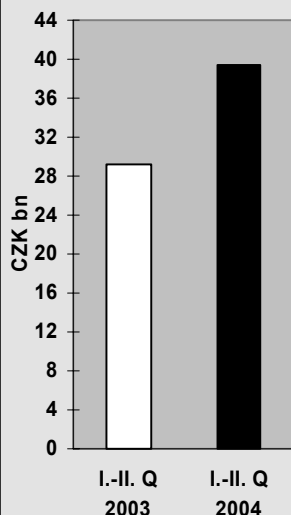
	Unit	June 30, 2004	June 30, 2003	Index 04/03
Earnings per share (EPS)	CZK	12.3	7.8	157.6%
Price earnings ratio (P/E) *	1	12.7	9.9	128.6%
Return on equity (ROE) net *	%	5.7	4.3	131.4%
Return on total assets (ROA) net *	%	3.1	2.5	124.1%
Assets turnover *	1	0.36	0.25	140.8%
Total indebtedness (provisions excluded)	%	27.6	30.5	90.5%
Long-term indebtedness	%	15.5	13.4	116.1%

*/ for the last 12 months

Operating Revenues



Operating Expenses



Revenues, Expenses, Income

The reported figures are influenced significantly by the change in ČEZ Group structure. In addition to ČEZ, a. s. itself, the Group currently consists of 23 fully consolidated companies and 9 companies consolidated by the equity method. However, until 31 March 2003 it contained only ČEZ plus 8 fully consolidated companies and 9 equity-consolidated companies, while from 1 April 2003 it consisted of ČEZ plus 20 fully consolidated companies and 10 equity-consolidated companies. For further details see www.skupina-cez.cz/eng.

ČEZ Group turnover totaled CZK 50.5 bn, which is CZK 14.8 bn higher than in the first half of 2003, mainly due to enlargement of the Group (figures include sales of electricity by distributors to final consumers). **Operating expenses** increased by CZK 10.0 bn (34.3%) to CZK 39.3 bn, mainly as a result of the Group's enlargement (distribution companies' activities were included in 2nd quarter 2003 only), which drove up energy purchases by CZK 6.8 bn (98.9%) and labor costs by CZK 1.1 bn (34.7%). The Group's enlargement also had a substantial influence on growth of depreciation & amortization by CZK 1.6 bn, as did the commissioning of Unit Two of Temelín Nuclear Power Station for commercial operation in April 2003. **Other expenses** amounted to CZK 1.1 bn, up CZK 0.7 bn from the same period last year mainly due to a CZK 1.4 bn increase in forex losses. On the other hand, other expenses were reduced by increased overall net gains realized on derivatives (by CZK 0.7 bn) and income from associates (up by CZK 0.3 bn). **Income tax** (CZK 2.2 bn) was higher by CZK 0.7 bn (42.6%) due to the increase in gross profit. **Net income**, at CZK 7.3 bn, increased by CZK 2.7 bn (58.1%) in comparison with the same period last year, as a result of jumps in EBIT by CZK 4.7 bn, and EBT by CZK 4.0 bn, respectively.

Earnings per share went up from CZK 7.8 to CZK 12.3, in line with the increase in net income.

The **price/earnings ratio** went up by 28.6% from 9.9 to 12.7 thanks to a strong rise in ČEZ's share price (by 74.7 %). Profitability indicators continued at favorable levels - the **net return on equity** increased from 4.3% to 5.7% thanks to net income for the last 12 months rising faster than shareholders' equity, and the **net return on total assets** increased from 2.5% to 3.1% as a result of the already mentioned higher net income, which prevailed over the increase in the average value of total assets (by 9.8%). **Assets turnover** rose from 0.25 to 0.36 due to sharp growth in operating revenues (relating to Group enlargement) along with an accompanying but smaller increase in the average value of total assets. **Total indebtedness (provisions excluded)** decreased from 30.5% to 27.6%, mostly as a result of repayment of bills of exchange. On the other hand, **long-term indebtedness** increased from 13.4% to 15.5% following the new issue of eurobonds.

Sales of Electricity

ČEZ Group total electricity sales in the first half of 2004 reached 32,795 GWh (CZK 29.8 bn). In the domestic market we sold 26,954 GWh. These figures are not comparable with the previous period (first half of 2003) because of the changes in the ČEZ Group structure. In the first quarter of 2003 only two Group members sold electricity. Starting on 1 April 2003 this unit was enlarged to eight companies while in the first half of 2004 ten companies contributed to the electricity sales total.

Total export of electricity in the first half of 2004 was 7,791 GWh. Of the total, direct export

accounted for 5,841 GWh while 1,950 GWh was exported through third parties. This is due to the new ban on sale (delivery) to multiple buyers (recipients) by a single entity over a given cross-border transmission profile. The year-on-year decrease in export is 1,150 GWh (12.9%). The total amount of imported electricity was 39 GWh compared to 411 GWh in the same period of the previous year.

ČEZ Group gross electricity generation amounted 30,762 GWh in the first half of 2004, which represents year-on-year growth by 562 GWh. Generation in fossil and hydro power plants increased by 373 GWh, 417 GWh respectively, while generation in nuclear power plants slightly decreased (by 228 GWh).

ČEZ Group **final customer market share** (i.e. share in total supplies to final customers) reached 58.2%.

Demand for electricity in the Czech Republic, amounting to 28.8 TWh, increased year-on-year by 3.5%. After recalculation based on long-term average temperature the increase is only 2.5%. Industrial consumption increased by 727 GWh (4.4%). Household consumption increased by 167 GWh (2.2%) and small business consumption rose by 66 GWh (1.7%).

Investment Program and Financing

Net cash provided by operating activities increased by CZK 1.2 bn (9.3%) to CZK 14.3 bn. Positive factors included mainly the increased net profit and depreciation & amortization, while changes in assets and liabilities were the main negative factors. Total cash used in financing activities increased by CZK 7.4 bn (from CZK -1.3 bn to CZK 6.2 bn) when two remaining bills of exchange were repaid. Proceeds from borrowings amounted to CZK 14.1 bn, in the context of the latest bond issue. Repayments of borrowings increased by CZK 3.1 bn to CZK 8.1 bn.

Total cash used in investing activities remained nearly at the same level. Additions to property, plant and equipment and other non-current assets decreased by CZK 5.6 bn, cash used for acquisitions decreased by CZK 6.6 bn, but unlike the previous year there were no proceeds from disposal of a subsidiary.

The 8th issue of domestic currency bonds matured in June. New bonds denominated in EUR were issued in June 2004. They amount EUR 400 m, bear interest at a rate of 4 5/8 % p.a. and are due in 2011.

Current credit rating for ČEZ:

from Moody's - 'Baa1' with a stable outlook,
from Standard & Poor's - 'BBB+' with a stable outlook

Other information

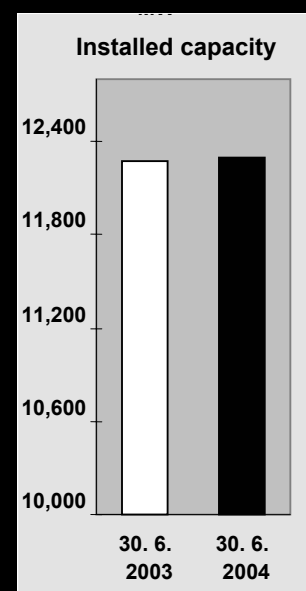
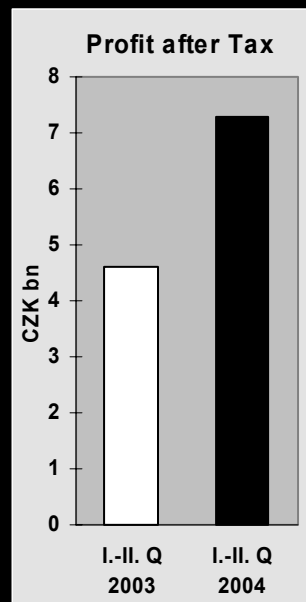
The annual general meeting took place on 17 June 2004. It approved the highest dividend in company history: CZK 8 per share. The "Duhová energie" Foundation will acquire the majority (CZK 50 m) of the total approved amount of donations (CZK 87 m). The Supervisory Board's competencies were enhanced by amendments to the Articles of Association and a new Company Vision was approved. Mr. Jaroslav Košut was replaced by Mr. Pavel Šafařík on the Supervisory Board.

ČEZ Group continues in its transformation. ČEZ, a. s. won a tender in Bulgaria for three electricity distribution companies in Western Bulgaria, one of which supplies Bulgaria's capital, Sofia. Our bid, EUR 281.5 m, is the biggest-ever foreign investment of a Czech company. The stakes in PRE and ČEPS were put up for sale. The PRE stake was sold on 2 August 2004. The stake in ČEPS is being prepared for sale as an unsuccessful tender did not yield any buyer due to restrictions (concerning the buyer) set mainly by Antitrust Office. Tenders for the dominant power producer in the Slovak Republic, Slovenské elektrárne a.s., and two Romanian distribution companies are in progress. ČEZ, a. s. bid for Slovenské elektrárne, a.s in July while due diligence is proceeding in Romania.

Furthermore, the ongoing electricity distribution companies integration project was replaced by the ambitious "Vision 2008" project in April, which encompasses the entire ČEZ Group and aims to prepare the Group for full market liberalization in 2006, when customer focus and well managed processes will be key factors of success. Synergies are expected to improve ČEZ Group's position among European electric utilities.

Mr. Martin Roman is the new Chairman of the Board of Directors and Chief Executive Officer as of February and April 2004, respectively. Mr. Alan Svoboda is the new Vice Chairman of the Board of Directors and Chief Sales Officer as of May and April, respectively. Mr. Petr Vobořil is the new Vice Chairman of the Board of Directors and temporary Chief Financial Officer as of June and July, respectively. Mr. David Svojitka left the position of Chief Financial Officer and was recalled from the Board of Directors in July. Mr. Radomír Lašák will join the Board of Directors effective September 1, 2004.

ČEZ was recognized by Euromoney as having the best corporate governance in the Czech Republic. It is listed in the Forbes 2000 - World's leading companies ranking (measured by a composite of sales, profits, assets and market value) in 1,125th place, which is the highest ranking of any company from the Czech Republic. It is also included in the Europe's 500 biggest companies list compiled by Handelsblatt and Wall Street Journal Europe in 484th place.



List of abbreviations

JČE = Jihočeská energetika, a.s.

JME = Jihomoravská energetika, a.s.

PRE = Pražská energetika, a.s.

SČE = Severočeská energetika, a.s.

SME = Severomoravská energetika, a.s.

STE = Středočeská energetická a.s.

VČE = Východočeská energetika, a.s.

ZČE = Západočeská energetika, a.s.

Income Statement in accordance with International Financial Reporting Standards (IFRS) (CZK m)	4 - 6 / 2004	1 - 6 / 2004	4 - 6 / 2003	1 - 6 / 2003
Operating revenues	22,842	50,510	19,905	35,740
Sales of electricity	21,076	46,614	18,700	33,662
Heat sales and other revenues	1,766	3,896	1,205	2,078
Operating expenses	19,914	39,301	18,079	29,270
Fuel	3,558	7,381	3,476	7,287
Purchased power and related services	6,341	13,721	5,110	6,900
Repairs and maintenance	945	1,586	856	1,271
Depreciation and amortization	4,446	9,021	4,316	7,456
Salaries and wages	2,394	4,378	2,286	3,249
Materials and supplies	951	1,678	930	1,302
Other operating expenses	1,279	1,536	1,105	1,805
Income before other expenses/income and income taxes	2,928	11,209	1,826	6,470
Other expenses/income	134	1,063	263	359
Interest on debt, net of capitalized interest	342	772	556	640
Interest on nuclear provisions	492	985	417	835
Interest income	-92	-131	-140	-166
Foreign exchange rate losses/gains, net	-418	166	-838	-1,190
Gain on sale of subsidiary				
Other expenses/income, net	105	2	483	700
Income from associates	-295	-731	-215	-460
Income before income taxes	2,794	10,146	1,563	6,111
Income taxes	547	2,235	356	1,567
Income after income taxes	2,247	7,911	1,207	4,544
Minority interests	213	623	-67	-67
Net income	2,034	7,288	1,274	4,611
Cash Flow Statement in accordance with International Financial Reporting Standards (IFRS) (CZK m)		1 - 6 / 2004		1 - 6 / 2003
Cash and cash equivalents at beginning of period		4,014		4,225
Effect of change in group structure on opening balance of cash and cash equivalents				159
Operating activities:		14,252		13,038
- Income before income taxes		10,146		6,111
- Depreciation and amortization and asset write-offs		9,022		7,459
- Amortization of nuclear fuel		1,476		1,579
- Foreign exchange rate loss (gain)		166		-1,191
- Provision for nuclear decommissioning and fuel storage		378		250
- Changes in assets and liabilities		-1,256		628
Investing activities		-13,004		-13,528
Financing activities		6,166		-1,279
Net effect of currency translation on cash		105		-38
Cash and cash equivalents at end of period		11,533		2,577
		1 - 6 / 2004		1 - 6 / 2003
ČEZ Group electricity supplied from power plants (GWh)		28,444		x
Electricity sold by ČEZ Group in the Czech Republic (GWh)		25,004		x
ČEZ Group electricity exports (GWh)		7,791		8,941
ČEZ Group electricity imports (GWh)		39		411
Capacity, Employees		June 30 2004		Dec 31 2003
ČEZ Group installed capacity (MW)		12,297		12,297
ČEZ Group number of employees (pers)		18,127		18,100

This report has not been audited.

Balance Sheet in accordance with International Financial Reporting Standards (IFRS) (CZK m)	June 30 2004	Dec 31 2003			
Assets	278,434	274,143			
Fixed assets	248,313	254,443			
Plant in service	365,340	363,165			
Less accumulated provision for depreciation	158,777	150,426			
Net plant in service	206,563	212,739			
Nuclear fuel, at amortized cost	9,207	9,574			
Construction work in progress	11,104	10,204			
Investment in associates	10,609	10,999			
Investments and other financial assets, net	8,678	8,642			
Intangible assets, net	1,889	1,997			
Deferred tax assets	263	288			
Current assets	30,121	19,700			
Cash and cash equivalents	11,533	4,014			
Receivables, net	7,034	7,063			
Income tax receivable	683	103			
Materials and supplies, net	3,934	3,242			
Fossil fuel stock	630	979			
Other current assets	6,307	4,299			
Shareholders' equity and liabilities	278,434	274,143			
Shareholders' equity	152,733	149,687			
Stated capital	59,221	59,152			
Retained earnings and other reserves	93,512	90,535			
Minority interests	8,632	7,893			
Long-term liabilities	71,804	59,486			
Long-term debt, net of current portion	42,662	30,965			
Accumulated provision for nuclear decommissioning and fuel storage	28,598	28,164			
Other long-term liabilities	544	357			
Deferred taxes liability	16,369	14,721			
Current liabilities	28,896	42,356			
Short-term loans		387			
		2,320			
Current portion of long-term debt		2,426			
Trade and other payables		14,469			
Income tax payable		3,203			
Accrued liabilities		11,614			
		10,564			
Consolidated Statement of Shareholders' Equity in accordance with IFRS (CZK m)	Stated Capital	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total Equity
December 31, 2002, as previously reported	59,041			84,634	143,675
Change in accounting policy - effect of change in group structure				686	686
January 1, 2003, as restated	59,041			85,320	144,361
Net Income for period 1-6/2003				4,611	4,611
Dividends declared				-2,657	-2,657
Returned dividends on treasury shares				4	4
Sale of treasury shares	10			-1	9
Share on equity movements of associates				8	8
Change in fair value of available-for-sale financial assets recognized in equity			5		5
Gain on sale of subsidiary ČEPS, net of tax				7,162	7,162
Effect of acquisition of REAS on equity				-3,643	-3,643
Other movements				-2	-2
June 30, 2003	59,051			90,802	149,858
December 31, 2003	59,152	1	-81	90,615	149,687
Net Income for period 1-6/2004				7,288	7,288
Dividends declared				-4,738	-4,738
Effect of acquisition of ŠKODA PRAHA on equity				404	404
Available-for-sale financial assets removed from equity to P&L			50		50
Sale of treasury shares	69			4	73
Share on equity movements of associates				-21	-21
Other movements		-1		-9	-10
June 30, 2004	59,221		-31	93,543	152,733