

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF JUNE 30, 2015

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2015

in CZK Millions

	June 30, 2015	December 31, 2014
Assets		
Property, plant and equipment:		
Plant in service	703,575	701,316
Less accumulated provision for depreciation	(382,716)	(371,515)
Net plant in service	320,859	329,801
Nuclear fuel, at amortized cost	12,066	10,953
Construction work in progress	90,955	85,788
Total property, plant and equipment	423,880	426,542
Other non-current assets:		
Investment in joint-ventures	10,438	12,277
Investments and other financial assets, net	40,973	36,348
Intangible assets, net	20,092	20,611
Deferred tax assets	1,443	1,738
Total other non-current assets	72,946	70,974
Total non-current assets	496,826	497,516
Current assets:		
Cash and cash equivalents	20,021	20,095
Receivables, net	45,406	50,864
Income tax receivable	3,860	1,618
Materials and supplies, net	8,216	8,462
Fossil fuel stocks	1,059	1,481
Emission rights	1,227	5,097
Other financial assets, net	34,219	39,438
Other current assets	3,272	3,299
Total current assets	117,280	130,354
Total assets	614,106	627,870

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2015

continued

	June 30, 2015	December 31, 2014
Equity and liabilities		
Equity:		
Equity attributable to equity holders of the parent:		
Stated capital	53,799	53,799
Treasury shares	(4,246)	(4,382)
Retained earnings and other reserves	209,448	211,891
Total equity attributable to equity holders of the parent	259,001	261,308
Non-controlling interests	4,513	4,543
Total equity	263,514	265,851
Long-term liabilities:		
Long-term debt, net of current portion (Note 7)	157,421	160,852
Nuclear provisions	47,084	47,302
Other long-term liabilities	25,107	25,917
Total long-term liabilities	229,612	234,071
Deferred tax liability	24,620	20,609
Current liabilities:		
Short-term loans (Note 8)	1,477	7,608
Current portion of long-term debt (Note 7)	11,369	15,674
Trade and other payables	70,111	60,331
Income tax payable	48	830
Accrued liabilities	13,355	22,896
Total current liabilities	96,360	107,339
Total equity and liabilities	614,106	627,870

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

CEZ GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015

in CZK Millions

	1-6/2015	1-6/2014	4-6/2015	4-6/2014
Revenues:				
Sales of electricity and related services	90,458	86,538	44,220	42,790
Gains and losses from electricity, coal and gas derivative trading, net	(934)	3,456	24	1,291
Sales of gas, coal, heat and other revenues	13,371	11,712	5,645	4,468
Total revenues	102,895	101,706	49,889	48,549
Operating expenses:				
Fuel	(6,364)	(6,577)	(2,665)	(2,924)
Purchased power and related services	(44,497)	(38,342)	(22,382)	(18,631)
Repairs and maintenance	(1,577)	(1,794)	(900)	(1,047)
Depreciation and amortization	(14,298)	(13,774)	(7,104)	(6,911)
Impairment of plant, property and equipment and intangible assets including goodwill	(21)	(2,098)	(83)	(2,086)
Salaries and wages	(8,643)	(8,984)	(4,399)	(4,625)
Materials and supplies	(1,916)	(2,229)	(1,008)	(1,211)
Emission rights, net	239	621	198	704
Other operating expenses	(4,518)	(4,431)	(2,273)	(2,094)
Total expenses	(81,595)	(77,608)	(40,616)	(38,825)
Income before other income (expenses) and income taxes	21,300	24,098	9,273	9,724
Other income (expenses):				
Interest on debt, net of capitalized interest	(1,608)	(2,029)	(795)	(975)
Interest on nuclear and other provisions	(843)	(911)	(421)	(451)
Interest income	226	380	116	176
Foreign exchange rate gains (losses), net	(562)	229	(169)	226
Other income (expenses), net	1,617	(192)	1,540	227
Share of profit (loss) from joint ventures	(956)	(78)	54	165
Total other income (expenses)	(2,126)	(2,601)	325	(632)
Income before income taxes	19,174	21,497	9,598	9,092
Income taxes	(3,760)	(4,256)	(1,747)	(1,759)
Net income	15,414	17,241	7,851	7,333
Net income attributable to:				
Equity holders of the parent	15,375	17,272	7,860	7,360
Non-controlling interests	39	(31)	(9)	(27)
Net income per share attributable to equity holders of the parent (CZK per share)				
Basic	28.8	32.3	14.7	13.8
Diluted	28.8	32.3	14.7	13.8
Average number of shares outstanding (000s)				
Basic	534,146	534,115	534,215	534,115
Diluted	534,253	534,138	534,340	534,169

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, 2015

in CZK Millions

	1-6/2015	1-6/2014	4-6/2015	4-6/2014
Net income	15,414	17,241	7,851	7,333
Other comprehensive income - items that may be reclassified subsequently to statement of income:				
Change in fair value of cash flow hedges recognized in equity	5,914	2,930	1,297	258
Cash flow hedges reclassified from equity	(1,611)	(790)	1,529	(387)
Change in fair value of available-for-sale financial assets recognized in equity	1,149	(1,015)	20	52
Available-for-sale financial assets reclassified from equity	(16)	(45)	(16)	(1)
Translation differences	(1,219)	703	(1,635)	694
Translation differences reclassified from equity	(1)	-	-	-
Share on equity movements of joint-ventures	(17)	(6)	7	(4)
Deferred tax relating to other comprehensive income (Note 9)	(660)	(497)	(318)	(52)
Net other comprehensive income that may be reclassified to statement of income in subsequent periods	3,539	1,280	884	560
Total comprehensive income, net of tax	18,953	18,521	8,735	7,893
Total comprehensive income attributable to:				
Equity holders of the parent	18,983	18,548	8,788	7,917
Non-controlling interests	(30)	(27)	(53)	(24)

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CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2015

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, 2013	53,799	(4,382)	(8,198)	(8,671)	1,201	224,327	258,076	4,690	262,766
Net income	-	-	-	-	-	17,272	17,272	(31)	17,241
Other comprehensive income	-	-	699	1,738	(1,155)	(6)	1,276	4	1,280
Total comprehensive income	-	-	699	1,738	(1,155)	17,266	18,548	(27)	18,521
Dividends	-	-	-	-	-	(21,365)	(21,365)	(228)	(21,593)
Share options	-	-	-	-	12	-	12	-	12
Transfer of forfeited share options within equity	-	-	-	-	(24)	24	-	-	-
Put options held by non-controlling interest	-	-	-	-	-	(6)	(6)	6	-
June 30, 2014	<u>53,799</u>	<u>(4,382)</u>	<u>(7,499)</u>	<u>(6,933)</u>	<u>34</u>	<u>220,246</u>	<u>255,265</u>	<u>4,441</u>	<u>259,706</u>
December 31, 2014	53,799	(4,382)	(7,350)	(7,972)	1,849	225,364	261,308	4,543	265,851
Net income	-	-	-	-	-	15,375	15,375	39	15,414
Other comprehensive income	-	-	(1,150)	3,485	1,290	(17)	3,608	(69)	3,539
Total comprehensive income	-	-	(1,150)	3,485	1,290	15,358	18,983	(30)	18,953
Dividends (Note 6)	-	-	-	-	-	(21,370)	(21,370)	(4)	(21,374)
Sale of treasury shares	-	136	-	-	-	(68)	68	-	68
Share options	-	-	-	-	16	-	16	-	16
Transfer of exercised and forfeited share options within equity	-	-	-	-	(44)	44	-	-	-
Acquisition of non-controlling interests (Note 4)	-	-	19	-	-	(166)	(147)	(145)	(292)
Put options held by non-controlling interest	-	-	-	-	-	143	143	149	292
June 30, 2015	<u>53,799</u>	<u>(4,246)</u>	<u>(8,481)</u>	<u>(4,487)</u>	<u>3,111</u>	<u>219,305</u>	<u>259,001</u>	<u>4,513</u>	<u>263,514</u>

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, 2015

in CZK Millions

	1-6/2015	1-6/2014
Operating activities:		
Income before income taxes	19,174	21,497
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	14,303	13,777
Amortization of nuclear fuel	1,822	1,717
Gain on fixed asset retirements, net	(288)	(31)
Foreign exchange rate losses (gains), net	562	(229)
Interest expense, interest income and dividend income, net	705	851
Nuclear provisions	(356)	(214)
Valuation allowances, other provisions and other adjustments	(4,762)	(1,972)
Share of (profit) loss from joint-ventures	956	78
Changes in assets and liabilities:		
Receivables	5,650	9,352
Materials and supplies	252	(827)
Fossil fuel stocks	422	662
Other current assets	6,120	1,048
Trade and other payables	(7,316)	455
Accrued liabilities	(3,949)	(4,988)
Cash generated from operations	33,295	41,176
Income taxes paid	(3,146)	(3,425)
Interest paid, net of capitalized interest	(2,009)	(2,345)
Interest received	232	301
Dividends received	337	742
Net cash provided by operating activities	28,709	36,449
Investing activities:		
Disposal of subsidiaries and joint-ventures, net of cash disposed of	310	27
Additions to property, plant and equipment and other non-current assets, including capitalized interest	(15,246)	(16,083)
Proceeds from sale of fixed assets	267	941
Loans made	(30)	(6)
Repayment of loans	60	139
Change in decommissioning and other restricted funds	(562)	(703)
Total cash used in investing activities	(15,201)	(15,685)

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, 2015

continued

	1-6/2015	1-6/2014
Financing activities:		
Proceeds from borrowings	45,507	17,166
Payments of borrowings	(58,731)	(25,162)
Proceeds from other long-term liabilities	32	58
Payments of other long-term liabilities	(102)	(69)
Dividends paid to Company's shareholders	(44)	(46)
(Dividends paid to) contributions received from non-controlling interests, net	(4)	(5)
Sale of treasury shares	68	-
Total cash provided by financing activities	(13,274)	(8,058)
Net effect of currency translation in cash	(308)	(28)
Net increase (decrease) in cash and cash equivalents	(74)	12,678
Cash and cash equivalents at beginning of period	20,095	25,003
Cash and cash equivalents at end of period	20,021	37,681
Supplementary cash flow information		
Total cash paid for interest	4,482	4,991

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, 2015

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, 2015 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"). Main business of the Group is the production, distribution, trade and sale of electricity and heat, trade and sale of natural gas and coal mining.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

The interim consolidated financial statements for the six months ended June 30, 2015 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, 2014.

2.2. Changes in 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, 2014, except for as follows. The Group has adopted the following new or amended and endorsed by EU IFRS and IFRIC interpretations as of January 1, 2015:

- Annual Improvements to IFRSs 2010 - 2012
- Annual Improvements to IFRSs 2011 - 2013

The impact of the adoption of standards or interpretations (or their annual improvements respectively) on the financial statements or performance of the Group is described below:

Annual Improvements to IFRSs 2010 - 2012

In December 2013 the IASB issued a collection of amendments to IAS and IFRS in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. The following standards were amended:

IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 8	Operating Segments
IFRS 13	Fair Value Measurement
IAS 16	Property, Plant and Equipment
IAS 24	Related Party Disclosures
IAS 38	Intangible Assets

The annual improvements had no significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2011 - 2013

In December 2013 the IASB issued a collection of amendments to IAS and IFRS in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. The following standards were amended:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 13	Fair Value Measurement
IAS 40	Investment Property

The annual improvements had no significant impact on the Group's financial statements.

3. Seasonality of Operations

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

4. Changes in the Group Structure

Acquisitions of non-controlling interests in the first half of 2015

On April 15, 2015 the Group increased the ownership interest from 75% to 100% in company Eco-Wind Construction S.A. by calling the option to acquire the non-controlling interest.

The following table summarizes the critical terms of this transaction (in CZK millions):

Acquired share of net assets derecognized from non-controlling interests	145
Amount directly recognized in equity	147
Total purchase consideration	<u>292</u>

5. Investments in Subsidiaries and Joint-ventures

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

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Areál Třeboradice, a.s.	Czech Republic	95.00%	95.00%	95.00%	95.00%
A.E. Wind sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green I sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green II sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green III sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green IV sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green V sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green VI sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green VII sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Baltic Green VIII sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Bara Group OOD	Bulgaria	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 Bosna i Hercegovina d.o.o. ¹⁾	Bosnia and Herzegovina	-	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%	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 Finance Ireland Ltd.	Ireland	100.00%	100.00%	100.00%	100.00%
CEZ Finance Polska sp. z o.o. ²⁾	Poland	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 Chorzów S.A. ³⁾	Poland	100.00%	100.00%	100.00%	100.00%
CEZ ICT Bulgaria EAD ²⁾	Poland	67.00%	-	67.00%	-
CEZ International Finance B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ International Finance Ireland Ltd.	Ireland	100.00%	100.00%	100.00%	100.00%
CEZ MH B.V.	Netherlands	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 Silesia B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Skawina S.A. ⁴⁾	Poland	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 Towarowy Dom Maklerski sp. z o.o.	Poland	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%

1) The company CEZ Bosna i Hercegovina d.o.o was liquidated on February 5, 2015.

2) The company was newly established in 2015.

3) The company name Elektrociepłownia Chorzów ELCHO S.A. was changed to CEZ Chorzów S.A. in May 2015.

4) The company name Elektrownia Skawina S.A. was changed to CEZ Skawina S.A. in April 2015.

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
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 ENERGOSERVIS spol. s r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ ESCO, a.s.	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 Inženýring, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Korporátní služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Nová energetika, a.s.	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 OZ uzavřený investiční fond a.s.	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 Recyklace, s.r.o.	Czech Republic	99.00%	99.00%	99.00%	99.00%
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%
Eco-Wind Construction S.A.	Poland	100.00%	75.00%	100.00%	75.00%
Elektrárna Dětmorovice, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Mělník III, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Počeradý, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Tisová, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrownie Wiatrowe Lubiechowo sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Energetické centrum s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Energocentrum Vítkovice, a. s. ²⁾	Czech Republic	100.00%	-	100.00%	-
Energotrans, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
EVČ s.r.o.	Czech Republic	75.00%	75.00%	75.00%	75.00%
Farma Wiatrowa Leśce sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Farma Wiatrowa Wilkolaz-Bychawa sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
Free Energy Project Oreshets EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
MARTIA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Mega Energy sp. z o.o.	Poland	100.00%	75.00%	100.00%	100.00%
M.W. Team Invest S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
Ovidiu Development S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
PRODECO, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Revitrans, 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%
Severočeské doly a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Shared Services Albania Sh.A.	Albania	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%
Telco Pro Services, a. s	Czech Republic	100.00%	100.00%	100.00%	100.00%
Tepelné hospodářství města Ústí nad Labem s.r.o.	Czech Republic	55.83%	55.83%	55.83%	55.83%
TMK Hydroenergy Power S.R.L	Romania	100.00%	100.00%	100.00%	100.00%
Tomis Team S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
ÚJV Řež, a. s.	Czech Republic	52.46%	52.46%	52.46%	52.46%

Joint-ventures	Country of incorporation	% equity interest		% voting interest	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Akcez Enerji A.S.	Turkey	50.00%	50.00%	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	37.36%	37.36%	50.00%	50.00%
Akenerji Elektrik Üretim A.S.	Turkey	37.36%	37.36%	37.36%	37.36%
Akkur Enerji Üretim Ticaret ve Sanayi A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
AK-EL Kemah Elektrik Üretim ve Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
AK-EL Yalova Elektrik Üretim A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
CM European Power International B.V.	Netherlands	50.00%	50.00%	50.00%	50.00%
CM European Power Slovakia s.r.o.	Slovakia	50.00%	50.00%	50.00%	50.00%
ČEZ Energo, s.r.o.	Czech Republic	50.10%	50.10%	50.10%	50.10%
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%
LOMY MOŘINA spol. s r.o.	Czech Republic	51.05%	51.05%	51.05%	51.05%
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Sakarya Elektrik Dagitim A.S.	Turkey	50.00%	50.00%	50.00%	50.00%
Sakarya Elektrik Perakende Satis A.S.	Turkey	50.00%	50.00%	50.00%	50.00%

The equity interest represents effective ownership interest of the Group.

6. Equity

On June 12, 2015 the Annual Shareholders Meeting of ČEZ, a. s. approved the dividends per share of CZK 40.0. The total amount of dividend approved amounts to CZK 21,369 million.

Movements of treasury shares in the first half of 2015 (in pieces):

	1-6/2015
Number of treasury shares at beginning of period	3,875,021
Sales of treasury shares	(120,000)
Number of treasury shares at end of period	<u>3,755,021</u>

7. Long-term Debt

Long-term debt at June 30, 2015 and December 31, 2014 is as follows (in CZK millions):

	June 30, 2015	December 31, 2014
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,378	2,283
5.825% Zero Coupon Eurobonds, due 2038 (EUR 6 million)	42	42
5.750% Eurobonds, due 2015 (EUR 460 million)	-	12,749
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,586	1,523
5.000% Eurobonds, due 2021 (EUR 750 million)	20,362	20,715
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,357	1,380
3M Euribor + 0.35% Eurobonds, due 2017 (EUR 45 million)	1,203	1,219
4.875% Eurobonds, due 2025 (EUR 750 million)	20,347	20,701
4.500% Eurobonds, due 2020 (EUR 750 million)	20,290	20,633
2.160% Eurobonds, due 2023 (JPY 11,500 million)	2,286	2,195
4.600% Eurobonds, due 2023 (CZK 1,250 million)	1,248	1,248
3.625% Eurobonds, due 2016 (EUR 340 million)	9,242	9,397
2.150%*IRp Eurobonds, due 2021 (EUR 100 million)	2,725	2,773
4.102% Eurobonds, due 2021 (EUR 50 million)	1,358	1,382
4.250% U.S. bonds, due 2022 (USD 700 million)	16,907	15,847
5.625% U.S. bonds, due 2042 (USD 300 million)	7,225	6,775
4.375% Eurobonds, due 2042 (EUR 50 million)	1,335	1,358
4.500% Eurobonds, due 2047 (EUR 50 million)	1,335	1,358
4.383% Eurobonds, due 2047 (EUR 80 million)	2,180	2,218
3.000% Eurobonds, due 2028 (EUR 500 million)	13,426	13,655
4.500% registered bonds, due 2030 (EUR 40 million)	1,068	1,086
4.750% registered bonds, due 2023 (EUR 40 million)	1,078	1,096
4.700% registered bonds, due 2032 (EUR 40 million)	1,083	1,102
4.270% registered bonds, due 2047 (EUR 61 million)	1,634	1,662
3.550% registered bonds, due 2038 (EUR 30 million)	814	828
Exchangeable bonds, due 2017 (EUR 470.2 million) ¹⁾	12,431	12,560
Total bonds and debentures	144,940	157,785
Less: Current portion	(9,242)	(12,749)
Bonds and debentures, net of current portion	135,698	145,036
Long-term bank loans:		
Total long-term bank loans	23,850	18,741
Less: Current portion	(2,127)	(2,925)
Long-term bank loans, net of current portion	21,723	15,816
Total long-term debt	168,790	176,526
Less: Current portion	(11,369)	(15,674)
Total long-term debt, net of current portion	157,421	160,852

¹⁾ Bonds are exchangeable for ordinary shares of MOL Hungarian Oil and Gas PLC. The bonds carry no interest and the separation of embedded conversion option resulted in effective interest rate of 1.43%

8. Short-term Loans

Short-term loans at June 30, 2015 and December 31, 2014 are as follows (in CZK millions):

	June 30, 2015	December 31, 2014
Short-term bank loans	1,142	7,466
Bank overdrafts	335	142
Total	1,477	7,608

9. Income Taxes

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

	1-6/2015			1-6/2014		
	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	5,914	(1,124)	4,790	2,930	(552)	2,378
Cash flow hedges reclassified from equity	(1,611)	306	(1,305)	(790)	150	(640)
Change in fair value of available-for-sale financial assets recognized in equity	1,149	154	1,303	(1,015)	(106)	(1,121)
Available-for-sale financial assets reclassified from equity	(16)	4	(12)	(45)	11	(34)
Translation differences	(1,219)	-	(1,219)	703	-	703
Translation differences reclassified from equity	(1)	-	(1)	-	-	-
Share on equity movements of joint-ventures	(17)	-	(17)	(6)	-	(6)
Total	4,199	(660)	3,539	1,777	(497)	1,280

10. 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 based on earnings before interest, taxes, depreciation and amortization (EBITDA). The reconciliation of EBITDA to income before other income (expenses) and income taxes summarizes the following table (in CZK millions):

	1-6/2015	1-6/2014
Income before other income (expenses) and income taxes (EBIT)	21,300	24,098
Depreciation and amortization	14,298	13,774
Impairment of plant, property and equipment and intangible assets including goodwill	21	2,098
Gain on sale of property, plant and equipment *	(95)	(29)
EBITDA	35,524	39,941

* Item Gain on sale of property, plant and equipment is presented in the statement of income as part of the line item Other operating expenses.

The following tables summarize segment information by operating segments for the three months ended June 30, 2015 and 2014 and at December 31, 2014 (in CZK millions):

June 30, 2015:

	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	27,076	53,165	2,086	1,109	784	18,662	13	102,895	-	102,895
Intersegment sales	18,732	1,693	2,461	10,970	252	157	898	35,163	(35,163)	-
Total revenues	45,808	54,858	4,547	12,079	1,036	18,819	911	138,058	(35,163)	102,895
EBITDA	18,412	10,920	2,009	1,869	333	1,914	66	35,523	1	35,524
Depreciation and amortization	(8,679)	(1,989)	(1,211)	(973)	(499)	(910)	(37)	(14,298)	-	(14,298)
Impairment of property, plant and equipment and intangible assets including goodwill	-	(3)	-	1	-	(6)	(13)	(21)	-	(21)
EBIT	9,729	8,929	799	928	(167)	1,012	69	21,299	1	21,300
Interest on debt and provisions	(2,337)	(145)	(101)	(54)	(258)	(5)	(6)	(2,906)	455	(2,451)
Interest income	517	11	120	10	2	18	3	681	(455)	226
Share of profit (loss) from joint-ventures	34	-	3	-	(691)	(302)	-	(956)	-	(956)
Income taxes	(1,631)	(1,680)	(143)	(188)	51	(161)	(8)	(3,760)	-	(3,760)
Net income	20,447	7,108	1,238	1,582	(1,064)	561	56	29,928	(14,514)	15,414
Identifiable assets	269,182	81,502	20,732	9,832	20,181	23,661	130	425,220	(1,340)	423,880
Investment in joint-ventures	4,845	-	173	-	2,918	2,502	-	10,438	-	10,438
Unallocated assets										179,788
Total assets										614,106
Capital expenditure	7,724	3,256	670	4100	39	919	300	17,008	(3,599)	13,409

June 30, 2014:	Power Produc- tion and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Produc- tion and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Sales other than intersegment sales	30,933	50,260	2,101	1,079	686	16,638	9	101,706	-	101,706
Intersegment sales	18,002	2,442	2,613	12,539	433	276	1,064	37,369	(37,369)	-
Total revenues	48,935	52,702	4,714	13,618	1,119	16,914	1,073	139,075	(37,369)	101,706
EBITDA	23,843	9,445	1,941	2,377	641	1,643	62	39,952	(11)	39,941
Depreciation and amortization	(8,080)	(1,891)	(1,131)	(1,094)	(661)	(881)	(36)	(13,774)	-	(13,774)
Impairment of property, plant and equipment and intangible assets including goodwill	-	-	3	24	(2,106)	(19)	-	(2,098)	-	(2,098)
EBIT	15,775	7,556	814	1,313	(2,126)	751	26	24,109	(11)	24,098
Interest on debt and provisions	(2,840)	(174)	(116)	(19)	(287)	(11)	(13)	(3,460)	520	(2,940)
Interest income	695	6	130	20	6	32	11	900	(520)	380
Share of profit (loss) from joint-ventures	92	-	(1)	-	(317)	148	-	(78)	-	(78)
Income taxes	(2,211)	(1,373)	(161)	(291)	(55)	(165)	(5)	(4,261)	5	(4,256)
Net income	25,402	6,009	1,225	1,027	(2,397)	745	21	32,032	(14,791)	17,241
Capital expenditure	8,365	3,134	792	5,883	(29)	1,010	383	19,538	(5,624)	13,914
December 31, 2014:	Power Produc- tion and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Produc- tion and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Identifiable assets	271,636	80,211	21,267	10,102	20,840	24,052	100	428,208	(1,666)	426,542
Investment in joint-ventures	5,005	-	190	-	4,159	2,923	-	12,277	-	12,277
Unallocated assets										189,051
Total assets										<u>627,870</u>