

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF JUNE 30, 2013

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2013

in CZK Millions

	June 30, 2013	December 31, 2012
Assets		
Property, plant and equipment:		
Plant in service	647,587	656,757
Less accumulated provision for depreciation	(321,841)	(320,574)
Net plant in service	325,746	336,183
Nuclear fuel, at amortized cost	10,334	9,702
Construction work in progress	83,604	73,869
Total property, plant and equipment	419,684	419,754
Other non-current assets:		
Investment in associates and joint-ventures	13,945	14,383
Investments and other financial assets, net	27,469	38,406
Intangible assets, net	21,025	21,604
Deferred tax assets	527	750
Total other non-current assets	62,966	75,143
Total non-current assets	482,650	494,897
Current assets:		
Cash and cash equivalents	32,553	17,957
Receivables, net	60,430	54,763
Income tax receivable	4,880	1,798
Materials and supplies, net	7,497	7,671
Fossil fuel stocks	2,468	4,032
Emission rights	10,257	12,153
Other financial assets, net	58,015	39,476
Other current assets	3,273	3,323
Assets classified as held for sale (Note 6)	1,700	-
Total current assets	181,073	141,173
Total assets	663,723	636,070

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2013

Continued

	June 30, 2013	December 31, 2012
Equity and liabilities		
Equity:		
Equity attributable to equity holders of the parent:		
Stated capital	53,799	53,799
Treasury shares	(4,382)	(4,382)
Retained earnings and other reserves	206,071	200,818
Total equity attributable to equity holders of the parent	255,488	250,235
Non-controlling interests	5,506	3,984
Total equity	260,994	254,219
Long-term liabilities:		
Long-term debt, net of current portion (Note 8)	182,383	176,106
Accumulated provision for nuclear decommissioning and fuel storage	42,405	42,415
Other long-term liabilities	23,998	22,559
Total long-term liabilities	248,786	241,080
Deferred tax liability	26,218	21,828
Current liabilities:		
Short-term loans (Note 9)	1,740	4,784
Current portion of long-term debt (Note 8)	17,960	12,005
Trade and other payables	88,566	73,267
Income tax payable	642	1,615
Accrued liabilities	18,332	27,272
Liabilities directly associated with assets classified as held for sale (Note 6)	485	-
Total current liabilities	127,725	118,943
Total equity and liabilities	663,723	636,070

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, 2013

in CZK Millions

	1-6/2013	1-6/2012 (restated *)	4-6/2013	4-6/2012 (restated *)
Revenues:				
Sales of electricity and related services	94,537	93,912	45,732	46,238
Gains and losses from electricity, coal and gas derivative trading, net	4,823	3,977	1,975	(520)
Sales of gas, coal, heat and other revenues	13,745	15,135	5,419	6,513
Total revenues	113,105	113,024	53,126	52,231
Operating expenses:				
Fuel	(6,938)	(7,930)	(2,953)	(3,028)
Purchased power and related services	(39,424)	(39,930)	(18,972)	(18,270)
Repairs and maintenance	(2,060)	(2,000)	(1,242)	(1,249)
Depreciation and amortization	(14,114)	(12,994)	(7,108)	(6,512)
Impairment of plant, property and equipment and intangible assets including goodwill	(2)	96	5	5
Salaries and wages	(8,872)	(8,865)	(4,615)	(4,533)
Materials and supplies	(3,236)	(2,318)	(1,542)	(1,196)
Emission rights, net	1,498	797	(451)	432
Other operating expenses	(4,776)	(4,441)	(2,401)	(2,272)
Total expenses	(77,924)	(77,585)	(39,279)	(36,623)
Income before other income (expenses) and income taxes	35,181	35,439	13,847	15,608
Other income (expenses):				
Interest on debt, net of capitalized interest	(2,284)	(1,900)	(1,135)	(960)
Interest on nuclear and other provisions	(901)	(1,029)	(451)	(518)
Interest income	741	915	385	512
Foreign exchange rate gains (losses), net	21	(382)	(177)	(220)
Gain (Loss) on sale and loss of control of subsidiaries, associates and joint-ventures (Note 4)	1,785	-	-	-
Other income (expenses), net	243	(120)	944	751
Share of profit (loss) from associates and joint ventures	(237)	451	(434)	195
Total other income (expenses)	(632)	(2,065)	(868)	(240)
Income before income taxes	34,549	33,374	12,979	15,368
Income taxes	(5,948)	(6,212)	(2,228)	(2,609)
Net income	28,601	27,162	10,751	12,759
Net income attributable to:				
Equity holders of the parent	28,592	27,680	10,785	12,862
Non-controlling interests	9	(518)	(34)	(103)
Net income per share attributable to equity holders of the parent (CZK per share)				
Basic	53.5	51.8	20.2	24.1
Diluted	53.5	51.8	20.2	24.1
Average number of shares outstanding (000s)				
Basic	534,115	534,115	534,115	534,115
Diluted	534,115	534,120	534,115	534,115

* Certain numbers shown were restated due to the final report of fair value of Eco-Wind Construction S.A. and Energotrans, a.s. as of the acquisition date and do not correspond to the interim consolidated financial statements as of June 30, 2012.

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, 2013

in CZK Millions

	1-6/2013	1-6/2012 (restated *)	4-6/2013	4-6/2012 (restated *)
Net income	28,601	27,162	10,751	12,759
Other comprehensive income - items that may be reclassified subsequently to income statement:				
Change in fair value of cash flow hedges recognized in equity	(672)	1,119	245	(6,582)
Cash flow hedges removed from equity	(2,531)	(3,519)	(545)	(3,713)
Change in fair value of available-for-sale financial assets recognized in equity	(486)	793	(365)	678
Available-for-sale financial assets removed from equity	(25)	(24)	(4)	(17)
Translation differences	851	(313)	(851)	1,897
Translation differences removed from equity	229	-	-	-
Share on equity movements of associates and joint-ventures	96	2	11	1
Deferred tax relating to other comprehensive income (Note 11)	706	(309)	128	1,830
Other comprehensive income, net of tax	<u>(1,832)</u>	<u>(1,633)</u>	<u>(1,381)</u>	<u>(5,906)</u>
Total comprehensive income, net of tax	<u>26,769</u>	<u>25,529</u>	<u>9,370</u>	<u>6,853</u>
Total comprehensive income attributable to:				
Equity holders of the parent	26,628	26,092	9,373	6,820
Non-controlling interests	141	(563)	(3)	33

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CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013

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, 2011 (restated *)	53,799	(4,382)	(10,647)	(4,826)	950	191,931	226,825	5,365	232,190
Net income	-	-	-	-	-	27,680	27,680	(518)	27,162
Other comprehensive income	-	-	(268)	(1,944)	622	2	(1,588)	(45)	(1,633)
Total comprehensive income	-	-	(268)	(1,944)	622	27,682	26,092	(563)	25,529
Dividends	-	-	-	-	-	(24,035)	(24,035)	(4)	(24,039)
Share options	-	-	-	-	42	-	42	-	42
Transfer of forfeited share options within equity	-	-	-	-	(169)	169	-	-	-
Put options held by non-controlling interest	-	-	-	-	-	73	73	12	85
Acquisition of non-controlling interests	-	-	-	-	-	(78)	(78)	(14)	(92)
June 30, 2012 (restated *)	<u>53,799</u>	<u>(4,382)</u>	<u>(10,915)</u>	<u>(6,770)</u>	<u>1,445</u>	<u>195,742</u>	<u>228,919</u>	<u>4,796</u>	<u>233,715</u>

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CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013

in CZK Millions

Continued

	Attributable to equity holders of the parent								
	Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Available-for-sale and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
December 31, 2012	53,799	(4,382)	(11,977)	1,506	1,802	209,487	250,235	3,984	254,219
Net income	-	-	-	-	-	28,592	28,592	9	28,601
Other comprehensive income	-	-	949	(2,595)	(413)	95	(1,964)	132	(1,832)
Total comprehensive income	-	-	949	(2,595)	(413)	28,687	26,628	141	26,769
Dividends	-	-	-	-	-	(21,365)	(21,365)	(4)	(21,369)
Share options	-	-	-	-	19	-	19	-	19
Transfer of forfeited share options within equity	-	-	-	-	(56)	56	-	-	-
Put options held by non-controlling interest	-	-	-	-	-	(16)	(16)	9	(7)
Loss of control of subsidiary	-	-	-	-	-	-	-	1,341	1,341
Acquisition of a subsidiary	-	-	-	-	-	-	-	49	49
Acquisition of non-controlling interests	-	-	-	-	-	(13)	(13)	(14)	(27)
June 30, 2013	53,799	(4,382)	(11,028)	(1,089)	1,352	216,836	255,488	5,506	260,994

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, 2013

in CZK Millions

	1-6/2013	1-6/2012 (restated *)
Operating activities:		
Income before income taxes	34,549	33,374
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	14,114	13,007
Amortization of nuclear fuel	1,449	1,423
Gain on fixed asset retirements, net	(1,904)	(85)
Foreign exchange rate losses (gains), net	(21)	382
Interest expense, interest income and dividend income, net	1,200	682
Provision for nuclear decommissioning and fuel storage	(130)	31
Valuation allowances, other provisions and other adjustments	(3,380)	(5,841)
Share of (profit) loss from associates and joint-ventures	237	(451)
Changes in assets and liabilities:		
Receivables	5,423	4,757
Materials and supplies	(29)	(1,049)
Fossil fuel stocks	1,591	(465)
Other current assets	(19,119)	(18,765)
Trade and other payables	4,810	3,545
Accrued liabilities	(2,545)	4,222
Cash generated from operations	36,245	34,767
Income taxes paid	(4,910)	(5,494)
Interest paid, net of capitalized interest	(2,532)	(1,961)
Interest received	687	692
Dividends received	-	270
Net cash provided by operating activities	29,490	28,274
Investing activities:		
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	(975)	(3,348)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of	(151)	686
Additions to property, plant and equipment and other non-current assets, including capitalized interest	(21,384)	(25,413)
Proceeds from sale of fixed assets	1,175	2,261
Loans made	(904)	(1,319)
Repayment of loans	530	3,752
Change in decommissioning and other restricted funds	(716)	(1,167)
Total cash used in investing activities	(22,425)	(24,548)

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, 2013

continued

	1-6/2013	1-6/2012 (restated *)
Financing activities:		
Proceeds from borrowings	54,432	58,384
Payments of borrowings	(48,114)	(43,420)
Proceeds from other long-term liabilities	1,327	86
Payments of other long-term liabilities	(123)	(56)
Dividends paid to Company's shareholders	(39)	(44)
(Dividends paid to) contributions received from non-controlling interests, net	(4)	(4)
Total cash provided by financing activities	7,479	14,946
Net effect of currency translation in cash	52	645
Net increase in cash and cash equivalents	14,596	19,317
Cash and cash equivalents at beginning of period	17,957	22,062
Cash and cash equivalents at end of period	32,553	41,379

Supplementary cash flow information

Total cash paid for interest	4,488	3,948
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CEZ GROUP
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2013

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, 2013 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, 2013 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, 2012.

Certain numbers as of June 30, 2012 were restated due to the final purchase price allocation of Eco-Wind Construction S.A. and Energotrans, a.s. as of the acquisition date and do not correspond to the interim consolidated financial statements as of June 30, 2012.

The presentation of the Statement of income was changed in 2013 and the comparative previous period was restated to provide comparative information on the same basis. The change in the presentation consists in new separate line for impairment losses (and its reversals) of property, plant and equipment and intangible assets, which were presented on the line Other operating expenses in previous financial statements, and impairment losses of goodwill, which were presented on the separate line Goodwill impairment in previous financial statements.

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, 2012.

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 2013

On June 28, 2013, the Group acquired an 85% interest in Areál Třeboradice, a.s., which deals with the asset management of property mainly used as a reserve source of heat for Prague.

The fair values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

	Areál Třeboradice
Share acquired in 2013	85%
Property, plant and equipment	399
Intangible assets	1
Cash and cash equivalents	6
Receivables, net	1
Deferred tax liability	(72)
Trade and other payables	(11)
Total net assets	324
Share of net assets acquired	275
Goodwill	7
Total purchase consideration	282
Less:	
Cash and cash equivalents in the subsidiary acquired	(6)
Cash outflow on acquisition of the subsidiary	276

If the combination had taken place at the beginning of the year 2013, the profit for CEZ Group as of June 30, 2013 would have been CZK 28,589. The amount of goodwill recognized as a result of the business combination comprises the value of expected synergies arising from the acquisition.

Acquisitions of non-controlling interests from third parties in the first half of 2013

On March 19, 2013 the Group decided to acquire the non-controlling interest in company SD - KOMES, a.s through the squeeze-out transaction which increases the ownership interest from 92.65% to 100%. Furthermore the Group additionally increased purchase price for previously acquired non-controlling interest in a subsidiary Eco-Wind Construction S.A. ("EWC").

The following table summarizes the critical terms of these transactions (in CZK millions):

	SD - KOMES	EWC	Total
Share of net assets acquired	14	-	14
Amount directly recognized in equity	-	13	13
Total purchase consideration	14	13	27

The following table summarizes the cash flows related to acquisitions during the first half of 2013 (in CZK millions):

Investment in subsidiaries	282
Acquisitions of non-controlling interests	27
Change in payables from acquisitions	676
Received cash and cash equivalents previously used on acquisitions in progress	(4)
Less cash acquired	(6)
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Total cash outflows on acquisitions	<u>975</u>

Loss of control of subsidiary CEZ Shpërndarje Sh.A.

On January 21, 2013 the Albanian regulator decided to revoke the CEZ Shpërndarje Sh.A.'s license for the distribution and sale of electricity to tariff customers and appointed the administrator of CEZ Shpërndarje Sh.A. As a result, the Group lost control of CEZ Shpërndarje Sh.A. as of the same date. The administrator took control over the company including the decision making powers and responsibility for its operations. Both the rights of statutory bodies of CEZ Shpërndarje Sh.A. and the ČEZ shareholder rights were transferred to the administrator.

As a result of the loss of control, the Group has recognized the following items (in CZK millions):

Derecognized balance sheet items:

Plant in service	6,479
Less accumulated provision for depreciation	(2,138)
Net plant in service	4,341
Construction work in progress	77
Total property, plant and equipment	4,418
Intangible assets, net	26
Total non-current assets	4,444
Cash and cash equivalents	151
Receivables, net	2,699
Income tax receivable	396
Materials and supplies, net	64
Other current assets	456
Total current assets	3,766
Total assets	8,210
Long-term debt, net of current portion	2,114
Other long-term liabilities	2
Total long-term liabilities	2,116
Current portion of long-term debt	349
Trade and other payables	5,747
Accrued liabilities	4,253
Total current liabilities	10,349
Total liabilities	12,465
Net excess of derecognized liabilities over assets	4,255
Less:	
Non-controlling interest	(1,341)
Translation differences	(229)
Recognition of provision for issued guarantee	(900)
Gain from loss of control of CEZ Shpërndarje Sh.A.	1,785

The amount of cash and cash equivalents disposed of in relation to loss of control CZK 151 million was presented on statement of cash flows in the line item Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of.

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, 2013	December 31, 2012	June 30, 2013	December 31, 2012
A.E. Wind sp. z o.o.	Poland	75.00%	75.00%	100.00%	100.00%
Areál Třeboradice, a.s.	Czech Republic	85.00%	-	85.00%	-
Baltic Green I sp. z o.o.	Poland	75.00%	100.00%	100.00%	100.00%
Baltic Green II sp. z o.o.	Poland	75.00%	100.00%	100.00%	100.00%
Baltic Green III sp. z o.o.	Poland	75.00%	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.	Bosnia and 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%	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 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 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 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 Shpërndarje Sh.A. ¹⁾	Albania	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 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%
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%	50.11%	50.11%
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 Korporátní služby, s.r.o. ²⁾	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%

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
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 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 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 Etropol AD	Bulgaria	100.00%	100.00%	100.00%	100.00%
Eco-Wind Construction S.A.	Poland	75.00%	75.00%	75.00%	75.00%
Elektrárna Dětmárovice, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Chvalovice 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%
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%
Elektrownie Wiatrowe Lubiechowo sp. z o.o.	Poland	75.00%	75.00%	100.00%	100.00%
Energetické centrum s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Energotrans, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Leśce sp. z o.o.	Poland	75.00%	75.00%	100.00%	100.00%
Farma Wiatrowa Wilkolaz-Bychawa sp. z o.o.	Poland	75.00%	75.00%	100.00%	100.00%
Free Energy Project Oreshets EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
F.W. Tolkowiec sp. z o.o.	Poland	75.00%	75.00%	100.00%	100.00%
MARTIA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Mega Energy sp. z o.o.	Poland	75.00%	75.00%	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%
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	100.00%	92.65%	100.00%	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%
Shared Services Albania Sh.A. ³⁾	Albania	100.00%	100.00%	100.00%	100.00%
STE - obchodní služby spol. s r.o. v likvidaci	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%
Telco Pro Services, a. s.	Czech Republic	100.00%	-	100.00%	-
Tepelné hospodářství města Ústí nad Labem s.r.o.	Czech Republic	55.83%	55.83%	55.83%	55.83%
Teplárna Trmice, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
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%
ÚJV 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, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Akcez Enerji A.S.	Turkey	50.00%	50.00%	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	37.36%	33.63%	50.00%	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 Ticaret ve Sanayi A.S.	Turkey	37.36%	37.15%	50.00%	49.71%
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 International s.r.o. ⁴⁾	Slovakia	-	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%
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	37.09%	37.09%	49.64%	49.64%
MOL - CEZ European Power Hungary Ltd.	Hungary	50.00%	50.00%	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.

¹⁾ The Group lost control over CEZ Shpërndarje Sh.A. on January 21, 2013.

²⁾ The former company name ČEZ Správa majetku, s.r.o. was changed to ČEZ Korporátní služby, s.r.o. in January 2013.

³⁾ The former company name CEZ Albania Sh.A. was changed to Shared Services Albania Sh.A. in March 2013.

⁴⁾ The company merged with the succession company CM European Power Slovakia, s.r.o. with the effective date of June 1, 2013.

6. Assets classified as held for sale

In March 2013 ČEZ concluded an agreement with Litvínovská uhelná a.s. to sell its subsidiary Elektrárna Chvaletice a.s. which operates a coal fired power plant in East Bohemia. The completion of this transaction is expected to occur in the first half of September 2013. The sale of company Elektrárna Chvaletice a.s. is also related to ČEZ's decision to put an end to the European Commission's investigation launched in 2009, and to do so by means of a settlement agreement, in which ČEZ agreed to sell one of its coal-fired power plants (see also Note 13).

At March 31, 2013 the Group classified its subsidiary Elektrárna Chvaletice a.s. as a disposal group held for sale.

The assets classified as held for sale at June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Property, plant and equipment	1,447	-
Other non-current assets	24	-
Receivables, net	85	-
Other current assets	144	-
Assets classified as held for sale	1,700	-
Long-term liabilities	(60)	-
Deferred tax liability	(118)	-
Trade and other payables	(34)	-
Other short-term liabilities	(273)	-
Liabilities directly associated with assets classified as held for sale	(485)	-
Net assets classified as held for sale	1,215	-

The assets and results associated with the assets classified as held for sale are reported in the operating segment Power Production and Trading / Central Europe.

7. Equity

On June 19, 2013 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 21,365 million.

8. Long-term Debt

Long-term debt at June 30, 2013 and December 31, 2012 is as follows (in CZK millions):

	June 30, 2013	December 31, 2012
4.125% Eurobonds, due 2013 (EUR 372 million)	9,654	9,345
6.000% Eurobonds, due 2014 (EUR 600 million)	15,545	15,048
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,404	2,653
5.825% Zero Coupon Eurobonds, due 2038 (EUR 6 million)	36	34
5.750% Eurobonds, due 2015 (EUR 600 million)	15,545	15,054
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,604	1,770
5.000% Eurobonds, due 2021 (EUR 750 million)	19,413	18,804
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,294	1,253
3M Euribor + 0.36% Eurobonds, due 2014 (EUR 150 million)	3,892	3,771
4.875% Eurobonds, due 2025 (EUR 750 million)	19,363	18,755
4.500% Eurobonds, due 2020 (EUR 750 million)	19,271	18,656
2.160% Eurobonds, due 2023 (JPY 11,500 million)	2,306	2,545
4.600% Eurobonds, due 2023 (CZK 1,250 million)	1,248	1,247
3.625% Eurobonds, due 2016 (EUR 500 million)	12,907	12,493
2.150%*IRp Eurobonds, due 2021 (EUR 100 million)	2,595	2,514
4.102% Eurobonds, due 2021 (EUR 50 million)	1,292	1,252
4.250% U.S. bonds, due 2022 (USD 700 million)	13,745	13,193
5.625% U.S. bonds, due 2042 (USD 300 million)	5,883	5,649
4.375% Eurobonds, due 2042 (EUR 50 million)	1,270	1,230
4.500% Eurobonds, due 2047 (EUR 50 million)	1,270	1,230
4.383% Eurobonds, due 2047 (EUR 80 million)	2,076	2,011
4.500% registered bonds, due 2030 (EUR 40 million)	1,014	982
4.750% registered bonds, due 2023 (EUR 40 million)	1,024	991
4.700% registered bonds, due 2032 (EUR 40 million)	1,031	999
4.270% registered bonds, due 2047 (EUR 61 million)	1,554	1,506
3.550% registered bonds, due 2038 (EUR 30 million)	775	-
3.000% Eurobonds, due 2028 (EUR 500 million)	12,762	-
9.220% Debentures, due 2014 (CZK 2,500 million) ¹⁾	2,500	2,499
Total bonds and debentures	173,273	155,484
Less: Current portion	(16,046)	(9,345)
Bonds and debentures, net of current portion	157,227	146,139
Long-term bank and other loans:		
Total long-term bank and other loans	27,070	32,627
Less: Current portion	(1,914)	(2,660)
Long-term bank and other loans, net of current portion	25,156	29,967
Total long-term debt	200,343	188,111
Less: Current portion	(17,960)	(12,005)
Total long-term debt, net of current portion	182,383	176,106

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, 2013 and December 31, 2012 are as follows (in CZK millions):

	June 30, 2013	December 31, 2012
Short-term bank loans	323	4,304
Bank overdrafts	1,417	480
Total	1,740	4,784

10. Share Options

At June 30, 2013 and December 31, 2012, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,338 thousand and 2,443 thousand, respectively.

The following table shows changes during the first half of 2013 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, 2012	1,657	786	2,443	852.85
Options granted	220	200	420	598.07
Forfeited share options	(445)	(80)	(525)	1,036.31
Share options at June 30, 2013	1,432	906	2,338	765.88

As at June 30, 2013 and December 31, 2012 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

	June 30, 2013	December 31, 2012
CZK 500 – 900 per share	1,808	1,688
CZK 900 – 1,400 per share	530	755
Total	2,338	2,443

In the period of six months ended June 30, 2013 and 2012, the Company recognized a compensation expense of CZK 19 million and CZK 42 million, respectively, related to the granted options.

11. Income Taxes

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

	1-6/2013			1-6/2012		
	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	(672)	127	(545)	1,119	(213)	906
Cash flow hedges removed from equity	(2,531)	481	(2,050)	(3,519)	669	(2,850)
Change in fair value of available-for-sale financial assets recognized in equity	(486)	92	(394)	793	(152)	641
Available-for-sale financial assets removed from equity	(25)	6	(19)	(24)	5	(19)
Translation differences	851	-	851	(313)	-	(313)
Translation differences removed from equity	229	-	229	-	-	-
Share on equity movements of associates and joint-ventures	96	-	96	2	-	2
Total	<u>(2,538)</u>	<u>706</u>	<u>(1,832)</u>	<u>(1,942)</u>	<u>309</u>	<u>(1,633)</u>

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). EBITDA is considered a key performance indicator and therefore is the subject of particular interest of management within the Group and during the external communication. Definition of EBITDA in CEZ Group was revised and compared to previously reported amounts till 2012, it was changed. The change was made with regard to the usual international practice of companies in the industry. While EBITDA is used by many analysts in basic evaluation of ability to generate cash, impairment losses of property, plant and equipment and intangible assets and other non-cash expenses related to property, plant and equipment and intangible assets have been excluded from EBITDA. Furthermore, other related non-recurring items, especially gain / loss from sale of property, plant and equipment and intangible assets, have also been excluded from EBITDA. This provides greater comparability with other companies in the energy sector.

The reconciliation of EBITDA to income before other income (expenses) and income taxes summarizes the following table (in CZK millions):

	1-6/2013	1-6/2012
Income before other income (expenses) and income taxes (EBIT)	35,181	35,439
Depreciation and amortization	14,114	12,994
Impairment of plant, property and equipment and intangible assets including goodwill	2	(96)
(Gain) loss on sale of property, plant and equipment *	(48)	(21)
EBITDA	49,249	48,316

* Item (Gain) loss 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 six months ended June 30, 2013 and 2012 and at December 31, 2012 (in CZK millions):

June 30, 2013:

	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	35,273	57,533	2,343	1,360	441	16,148	7	113,105	-	113,105
Intersegment sales	21,759	1,924	3,382	18,757	926	382	1,088	48,218	(48,218)	-
Total revenues	57,032	59,457	5,725	20,117	1,367	16,530	1,095	161,323	(48,218)	113,105
EBITDA	29,321	10,663	2,815	2,783	1,995	1,468	63	49,108	141	49,249
Depreciation and amortization	(8,299)	(1,855)	(1,247)	(1,047)	(724)	(908)	(34)	(14,114)	-	(14,114)
Impairment of non-current assets	-	-	-	1	5	(8)	-	(2)	-	(2)
EBIT	21,026	8,812	1,572	1,765	1,274	562	29	35,040	141	35,181
Interest on debt and provisions	(3,100)	(198)	(122)	(14)	(300)	(14)	(30)	(3,778)	593	(3,185)
Interest income	1,087	4	137	10	12	61	23	1,334	(593)	741
Gain from loss of control	-	-	-	-	-	1,785	-	1,785	-	1,785
Share of profit (loss) from associates and joint-ventures	21	-	3	-	(174)	(87)	-	(237)	-	(237)
Income taxes	(3,448)	(1,457)	(302)	(394)	(142)	(175)	(4)	(5,922)	(26)	(5,948)
Net income	25,659	7,176	1,713	1,394	326	2,138	24	38,430	(9,829)	28,601
Identifiable assets	260,238	73,786	21,240	11,548	30,833	25,013	71	422,729	(3,045)	419,684
Investment in associates and joint- ventures	4,416	-	-	189	6,061	3,279	-	13,945	-	13,945
Unallocated assets										<u>230,094</u>
Total assets										<u>663,723</u>
Additions to non-current assets	12,396	3,239	645	9,959	291	1,598	508	28,636	(9,684)	18,952

June 30, 2012 (restated *):

	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	39,621	50,794	2,480	1,441	1,243	17,436	9	113,024	-	113,024
Intersegment sales	23,932	2,752	3,293	19,397	540	280	1,114	51,308	51,308	-
Total revenues	63,553	53,546	5,773	20,838	1,783	17,716	1,123	164,332	(51,308)	113,024
EBITDA	32,426	8,090	2,983	3,325	1,298	152	80	48,354	(38)	48,316
Depreciation and amortization	(7,387)	(1,775)	(1,023)	(1,103)	(524)	(1,149)	(33)	(12,994)	-	(12,994)
Impairment of non-current assets	-	1	(7)	107	-	(5)	-	96	-	96
EBIT	25,057	6,321	1,958	2,302	774	(982)	47	35,477	(38)	35,439
Interest on debt and provisions	(2,855)	(112)	(153)	(25)	(218)	(79)	12	(3,430)	501	(2,929)
Interest income	1,079	13	236	30	14	67	(23)	1,416	(501)	915
Share of profit (loss) from associates and joint-ventures	(59)	-	32	-	178	300	-	451	-	451
Income taxes	(3,982)	(1,176)	(506)	(476)	12	(81)	(5)	(6,214)	2	(6,212)
Net income	31,310	5,042	2,015	1,813	81	(745)	61	39,577	(12,415)	27,162
Additions to non-current assets	13,125	3,476	807	11,085	2,795	1,606	491	33,385	(10,449)	22,936
December 31, 2012:										
	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	258,548	72,390	21,838	13,366	30,391	28,027	76	424,636	(4,882)	419,754
Investment in associates and joint- ventures	4,243	-	185	-	6,413	3,542	-	14,383	-	14,383
Unallocated assets										201,933
Total assets										636,070

* Certain numbers shown were restated due to the final report of fair value of Eco-Wind Construction S.A. and Energotrans, a.s. as of the acquisition date and do not correspond to the interim consolidated financial statements as of June 30, 2012.

13. Events after the Balance Sheet Date

On August 1, 2013 ČEZ received a letter from the European Commission, in which the European Commission approves the sale of Elektrárna Chvaletice to the company Litvínovská uhelná a.s. (the former company name Litvínovská uhelná a.s. was changed to Severní energetická a.s. on August 2, 2013).