



ČEZ Group Quarterly Report on Operational, Economic and Financial Results for 1st Half 2005

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

Main features

- ČEZ Group EBIT grew by 43.6% from CZK 11.2 bn to CZK 16.1 bn; EBIT margin increased by approximately 20% to 26.5%. Net income increased by CZK 3.2 bn to CZK 11.0 bn.
- We revised expected net income for the whole year 2005 to CZK 16.1 bn, up from CZK 13.1 bn last year.
- Based on the results of the Virtual Power Plant and regular wholesale auctions, in which most of 2006 domestic capacity was sold, ČEZ expects a 14.3% increase in wholesale power prices in 2006.
- The price of ČEZ shares on the Prague Stock Exchange grew from CZK 341 to CZK 471 in H1 2005. Later, the price rose to its all time high, closing at CZK 605 on August 30. Market capitalization stands at EUR 12.1 bn.
- The Annual General Meeting of ČEZ, a. s. (on June 20) decided to pay CZK 5.3 bn dividend (CZK 9 per share) for the 2004 fiscal year.
- On August 29 ČEZ, a. s., submitted to the National Property Fund bid to acquire its 55.8% stake in the lignite mining company Severočeské doly a.s., in which ČEZ, a. s. already holds a stake of 37.3%. The bid has been submitted within framework of exclusivity arrangement granted to ČEZ, a. s. by the Czech Republic government on July 13.
- On July 20, the Government of the Czech Republic granted ČEZ Group members an annual volume of 38.33 million tons of emission allowances (for the period 2005 - 2007). Of that amount, ČEZ, a. s. was granted 36.87 million tons.
- Moody's increased ČEZ's rating from Baa1 to A3 and Standard & Poor's increased its rating outlook from stable to positive, leaving the rating itself unchanged at BBB+.

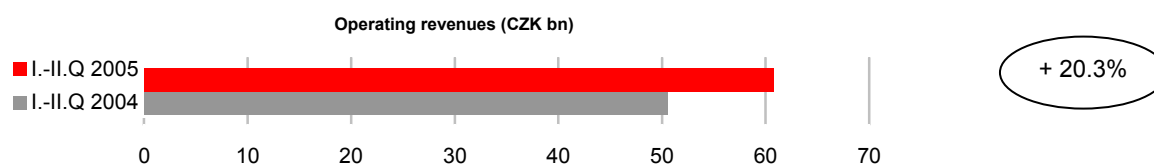
Prague, August 31, 2005

Income Statement in Accordance with International Financial Reporting Standards	June 2005		June 2004		Index CZK 05/04
	CZK m	TWh	CZK m	TWh	
Revenues	60,742		50,510		120.3%
Sales of electricity	57,502	37,094	46,614	33,871	123.4%
End-user sales	21,304	19,938	13,795	16,238	154.4%
Sales to distribution companies	8,441	8,075	6,871	7,520	122.8%
Domestic traders, market operator, other	3,814	1,614	2,871	1,246	132.8%
Traders for export	3,095	3,781	1,419	1,950	218.1%
Export	3,532	3,686	5,566	6,917	63.4%
Revenues from sale of ancillary, system & distr. services	17,316		16,091		107.6%
Heat sales and other revenues	3,240		3,896		83.2%
Operating expenses	44,642		39,301		113.6%
Fuel	7,229		7,381		97.9%
Purchased power and related services	18,215		13,721		132.8%
Depreciation and amortization	9,472		9,021		105.0%
Operating income (EBIT)	16,100		11,209		143.6%
EBITDA	25,572		20,230		126.4%
Other expenses (income)	2,273		1,063		213.8%
Income before income taxes (EBT)	13,827		10,146		136.3%
Income taxes	2,853		2,235		127.7%
Net income	10,974		7,911		138.7%
Net income attributable to equity holders of the parent	10,497		7,288		144.0%
Net income attributable to minority interests	477		623		76.6%
	Unit	June 2005	June 2004	Index 05/04	
Earnings per share (EPS) *	CZK	17.9	12.3	145.2%	
Price earnings ratio (P/E) **	1	16.9	9.5	178.2%	
Return on equity (ROE) net *	%	6.3	4.7	133.9%	
Return on invested capital (ROIC) *	%	5.0	3.3	151.7%	
EBITDA margin *	%	42.1	40.1	105.1%	
Total indebtedness (provisions excluded)	%	28.3	27.6	102.6%	
Long-term indebtedness	%	14.8	15.3	96.8%	
* for the period					
** for the last 12 months					

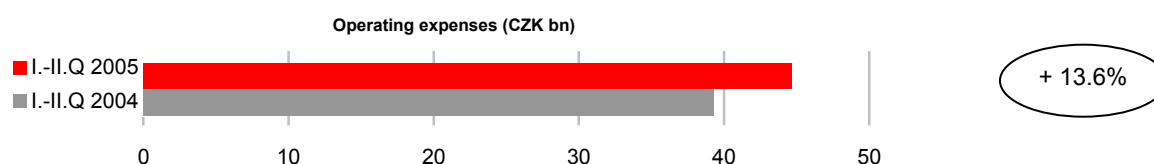
At the end of June 2005, ČEZ Group consisted of 32 fully consolidated companies and 6 companies consolidated by the equity method. The consolidated group increased mainly by the inclusion of three Bulgarian electricity distribution companies at the beginning of the year.

Revenues, Expenses, Income

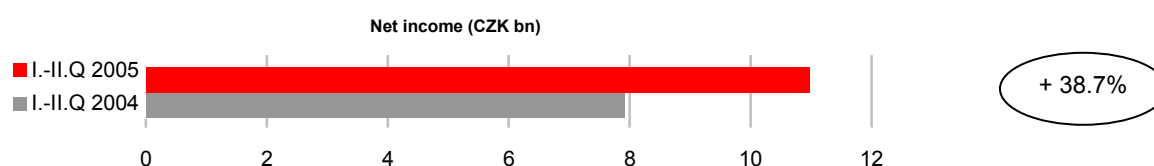
1st half revenues increased by 20.3% to CZK 60.7 bn, driven mainly by end user sales (which were up by CZK 7.5 bn); of this, Bulgarian distribution companies contributed CZK 6.0 bn. In the domestic market, ČEZ increased end user sales by CZK 1.5 bn and sales to distribution companies were up CZK 1.6 bn. The domestic growth is driven by increases in both price and volumes; domestic volumes increased by 2.3% (0.6 TWh). Revenues from sale of ancillary, system and distribution services increased by CZK 1.2 bn (7.6%) as result of an ancillary services increase by CZK 0.5 bn (when ČEZ started to provide ancillary services to the Slovak grid operator) as well as regulated distribution revenue cap improvement.



When the impact of the Bulgarian distribution companies on consolidation is excluded, the operating expenses fell by CZK 0.2 bn; operating expenses of the Bulgarian distribution companies stood at CZK 5.5 bn compared to an overall operating expense increase of CZK 5.3 bn. The Group's repairs and maintenance costs (i.e. including Bulgarian distribution companies) decreased by CZK 0.3 bn. Domestic purchases of electricity and related services increased by CZK 0.1 bn; purchases by the Bulgarian distribution companies amounted to CZK 4.4 bn.



EBIT increased by CZK 4.9 bn to CZK 16.1 bn; out of this the Bulgarian distribution companies accounted for CZK 0.6 bn. EBT totalled CZK 13.8 (up by 3.7 bn, of which CZK 0.5 bn attributable to Bulgarian segment). Income tax increase is mainly related to domestic profit growth as taxes in Bulgarian companies accounted for CZK 0.1 bn only. Net income increased by CZK 3.1 bn (38.7%) to CZK 11.0 bn (this amount includes CZK 0.5 bn corresponding to minority interests, which is lower due to increased ČEZ ownership). Bulgarian net income stood at CZK 0.4 bn.



ČEZ Group continues to improve its profitability. The EBIT margin grew by approximately 20%, mainly on domestic revenue growth and cost cutting policies; EBITDA margin increased to 42.1%. The net return on equity increased from 4.7% to 6.3% and the return on invested capital (ROIC) rose from 3.3% to 5.0%.

The number of employees was up by 4,925 mainly due to acquisition of the three Bulgarian distribution companies (4,879 employees) in first half of 2005.

Electricity Sales

CZECH REPUBLIC

ELECTRICITY DEMAND in the Czech Republic in the first half of 2005 totaled 29.5 TWh, up 623 GWh (2.2%). Electricity consumption by industry rose substantially (by 4.1%) while small business consumption rose only slightly (0.6%) and household consumption declined by 1.3%. These developments were influenced by a 0.2 °C increase in the average temperature, among other factors.

ČEZ Group marginally increased its domestic market share as **ELECTRICITY SALES** intended for the domestic market increased by 566 GWh (2.3%) to 25,570 GWh. Driven by rising cross border transmission fees and CO₂ optimization, electricity sold abroad fell by 1,400 GWh (15.8%). Total ČEZ Group sales decreased by 834 GWh (2.5%) to 33,037 GWh.

On August 3, ČEZ held a **Virtual Power Plant (VPP) auction** in line with an antitrust authority ruling related to the SČE acquisition. The auctioned capacity was heavily oversubscribed, leading to a price increase of 15%. The VPP auction set a benchmark for the first regular auction round on August 12-22. Based on the results of both auctions, where most of the domestic capacity for 2006 was sold, wholesale prices for 2006 should grow by 14.3%. Despite the increase, the wholesale baseload price is still some 20% below German 2006 forward prices, leaving room for future growth. The results of the second round of the regular auction will be announced in mid-September.

ELECTRICITY GENERATION by ČEZ Group member companies reached 30,527 GWh, down 235 GWh (0.8%) in comparison with the same period of 2004. Generation in nuclear facilities increased by 857 GWh (7.5%) as the Group looked to optimize the use of lower cost plants; generation in fossil power plants decreased by 1,160 GWh (6.4%). An 68 GWh (6.3%) increase in production in hydro power plants was due to the completion of plant refurbishments following the floods of 2002, as well as better hydrological conditions.

BULGARIA

In the 1st half of 2005, the three Bulgarian distribution companies belonging to ČEZ Group sold an aggregate total of 4,057 GWh of electricity, corresponding to CZK 6.0 bn in revenues.

Investment Program

Additions to property, plant and equipment decreased year-on-year by CZK 2.8 bn (33.6%) to reach CZK 5.6 bn.

At the Dukovany Nuclear Power Station, preparatory work continues on replacing the protection and instrumentation & control systems on the nuclear portions of Unit 4, which will enable the unit's useful life to be extended to at least 2025. Also ongoing are preparations for building a spent fuel repository within the power plant compound. At the Temelín Nuclear Power Station, a planned outage of Unit 2 took place from April to July. In an extended technical inspection, defects were found in the blades on a high-pressure part of the turbine rotor. Pending correction of the defects, Unit 2 will be operated at reduced capacity. A planned outage of Unit 1 began in July and will last until September. During a technical inspection, one fourth of the nuclear fuel is being changed and equipment is being checked.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES increased year-on-year by CZK 1.2 bn (8.2%) to CZK 15.4 bn, with higher electricity sales being partially offset by an increase in receivables.

TOTAL CASH USED IN INVESTING ACTIVITIES decreased significantly (by CZK 9.7 bn or 74.5%) to CZK 3.3 bn. Acquisitions of subsidiaries, net of cash, were down CZK 3.6 bn and proceeds from sale of subsidiary increased by CZK 2.0 bn. Proceeds from sales of fixed assets increased by CZK 0.5 bn (102.9%). Additions to property, plant and equipment decreased by CZK 2.8 bn (33.6%).

TOTAL CASH USED IN FINANCING ACTIVITIES (CZK 3.4 bn) increased strongly by CZK 9.6 bn. Proceeds from borrowings decreased almost to zero (by CZK 13.8 bn or 97.8%), payments of borrowings fell by CZK 5.3 bn (65.4%). Acquisition of treasury shares grew by CZK 1.1 bn.

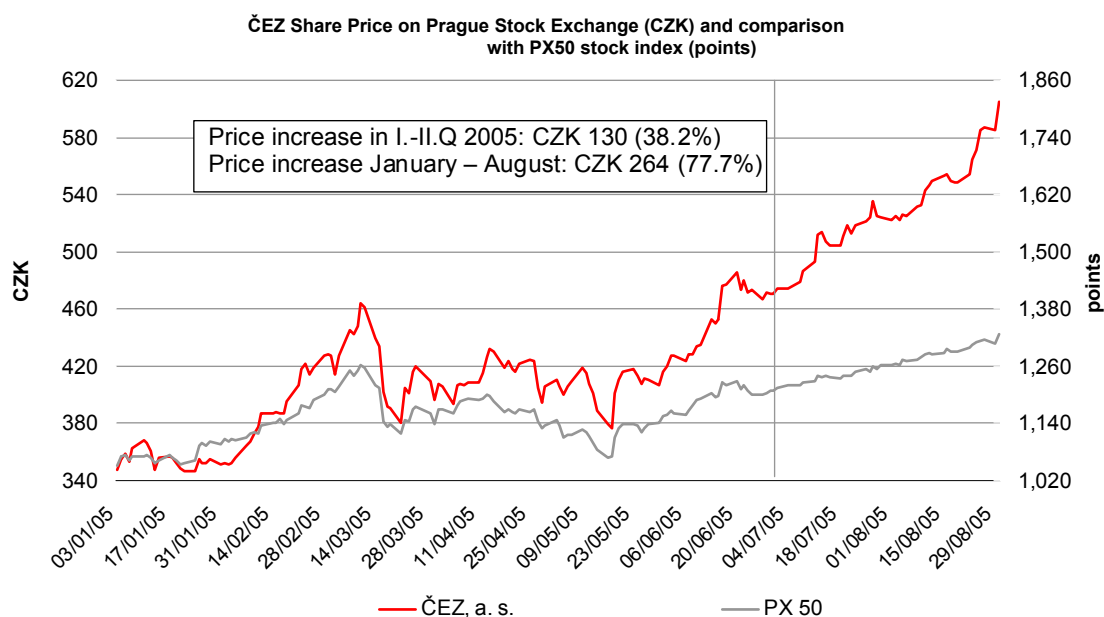
CREDIT RATING OF ČEZ, A. S.:

STANDARD & POOR'S: "BBB+" with positive outlook (increased from stable outlook as of May 2005)

MOODY'S: "A3" with stable outlook (increased from "Baa1" as of June 2005)

Other information

- The 13th Annual General Meeting of ČEZ, a. s., held on June 20, 2005, approved a CZK 9 per share dividend, a donations budget of CZK 80 million, investments of portions of the ČEZ, a. s. enterprise in ČEZ Prodej, s.r.o. and ČEZData, s. r. o. and changes in the Supervisory Board, as well as making new members of the Supervisory Board ineligible to participate in the company's stock options program.
- In May, ČEZ, a. s. signed an addendum to the Coal Supply Agreement with Severočeské doly a.s., which secures long-term coal supplies.
- On July 1, 2005 ČEZ, a. s. signed an agreement with Mostecká uhelná a.s. securing future coal supplies for at least one entirely new generating unit and for the comprehensive retrofit of three existing units in Počerady. The agreement is variable and can remain in effect for up to 50 years.
- On July 1, 2005, ČEZ, a. s. announced its intent to squeeze out minority shareholders of the regional distribution companies Severomoravská energetika, a.s., Východočeská energetika, a.s., Západočeská energetika, a.s. and Středočeská energetická a.s. and on August 9 those of ŠKODA PRAHA, a.s. as well.
- ČEZ, a. s. submitted the final offer to acquire shares in the privatized Polish power plant company Dolna Odra SA (August 19). The deadline for submission of bids for Elektrownia Kozienice SA was moved back to September. ČEZ, a. s. also continues to negotiate with a private investor and a major owner (the Polish Ministry of State Treasury) to acquire a majority interest in Zespół Elektrowni Patnów – Adamów – Konin SA.
- On August 29 ČEZ, a. s., submitted to the National Property Fund bid to acquire its 55.8% stake in the lignite mining company Severočeské doly a.s., in which ČEZ, a. s. already holds a stake of 37.3%. The bid has been submitted within framework of exclusivity arrangement granted to ČEZ, a. s. by the Czech Republic government on July 13.
- On April 5 ČEZ, a. s. signed an agreement with the Romanian State-owned SC Electrica S. A. on the purchase of a stake in the distribution company Electrica Oltenia for EUR 151 million. The expected deadline for completion (by the end of June) was not met. The new completion deadline is by the end of October 2005. ČEZ is also looking at the Muntenia Sud privatization, which was initiated in the beginning of August.



Consolidated Income Statement in accordance with IFRS (CZK m)	4. - 6. / 2005	1. - 6. / 2005	4. - 6. / 2004	1. - 6. / 2004
Revenues	28,233	60,742	22,842	50,510
Sales of electricity	26,612	57,502	21,076	46,614
Heat sales and other revenues	1,621	3,240	1,766	3,896
Operating expenses	22,482	44,642	19,914	39,301
Fuel	3,639	7,229	3,558	7,381
Purchased power and related services	8,435	18,215	6,341	13,721
Repairs and maintenance	781	1,272	945	1,586
Depreciation and amortization	4,695	9,472	4,446	9,021
Salaries and wages	2,649	4,835	2,394	4,378
Materials and supplies	809	1,467	951	1,678
Other operating expenses	1,474	2,152	1,279	1,536
Income before other expense/income and income taxes	5,751	16,100	2,928	11,209
Other expenses/income	1,282	2,273	134	1,063
Interest on debt, net of capitalized interest	335	799	342	772
Interest on nuclear provisions	513	1,027	492	985
Interest income	-95	-172	-92	-131
Foreign exchange rate losses/gains, net	653	651	-418	166
Gain(-)/Loss on sale of subsidiary/associate	6	193	0	0
Other expenses/income, net	-89	58	105	2
Income from associates	-41	-283	-295	-731
Income before income taxes	4,469	13,827	2,794	10,146
Income taxes	526	2,853	547	2,235
Net income	3,943	10,974	2,247	7,911
Net income attributable to equity holders of the parent	3,742	10,497	2,034	7,288
Net income attributable to minority interests	201	477	213	623

Consolidated Statement of Shareholders' Equity in accordance with IFRS (CZK m)	Attributable to Equity Holders of the Parent					Minority Interests	Total Equity
	Stated Capital	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total		
December 31, 2003	59,152	1	-81	93,552	152,624	7,893	160,517
Net Income for period 1-6/2004				7,288	7,288	623	7,911
Dividends declared				-4,738	-4,738	-106	-4,844
Effect of acquisition of ŠKODA PRAHA on equity				404	404		404
Available-for-sale financial assets removed from equity to P&L			50		50		50
Sale of treasury shares	69			4	73		73
Share on equity movements of associates				-21	-21		-21
Change in minority due to acquisitions					0	222	222
Other movements		-1		-9	-10		-10
June 30, 2004	59,221	0	-31	96,480	155,670	8,632	164,302
December 31, 2004	59,218	-2	35	104,438	163,689	5,282	168,971
Net Income for period 1-6/2005				10,497	10,497	477	10,974
Dividends declared				-5,309	-5,309	-387	-5,696
Acquisition of treasury shares	-1,246				-1,246		-1,246
Sale of treasury shares	331			-78	253		253
Change in fair value of available-for-sale financial assets recognized in equity			21		21	1	22
Change in fair value of cash flow hedges recognized in equity			72		72		72
Cash flow hedges removed from equity			-157		-157		-157
Effect of acquisition of ŠKODA PRAHA on equity				111	111		111
Share on equity movements of associates				28	28		28
Change in minority due to acquisitions					0	2,341	2,341
Other movements		-124		-12	-136	-52	-188
June 30, 2005	58,303	-126	-29	109,675	167,823	7,662	175,485

Electricity	4. - 6. / 2005	1. - 6. / 2005	4. - 6. / 2004	1. - 6. / 2004
ČEZ Group electricity supplied from power plants (GWh)	13,281	28,239	13,105	28,459
Electricity sold by ČEZ Group in the Czech Republic (GWh)	13,728	29,351	12,586	26,954
ČEZ Group electricity exports (GWh)	1,960	3,605	2,638	5,841
ČEZ Group electricity imports (GWh)	113	133	38	39
Trading outside the Czech Republic (GWh)	81	81	507	1,076
Electricity sold by ČEZ Group in Bulgaria (GWh)	1,704	4,057	x	x

Consolidated Balance Sheet in accordance with IFRS (CZK m)	June 30, 2005	December 31, 2004
Assets	295,944	280,815
Fixed assets	257,458	258,082
Plant in service	387,756	374,731
Less accumulated provision for depreciation	173,547	165,878
Net plant in service	214,209	208,853
Nuclear fuel, at amortized cost	8,088	7,956
Construction work in progress	12,681	10,626
Investment in associates	6,298	7,474
Investments and other financial assets, net	10,620	19,690
Intangible assets, net	5,405	3,294
Deferred tax assets	157	189
Current assets	38,486	22,733
Cash and cash equivalents	16,303	7,545
Receivables, net	9,831	8,904
Income tax receivable	2,725	26
Materials and supplies, net	3,758	3,184
Fossil fuel stock	634	739
Other current assets	5,235	2,335
Equity and liabilities	295,944	280,815
Equity	175,485	168,971
Equity attributable to equity holders of the parent	167,823	163,689
Stated capital	58,303	59,218
Retained earnings and other reserves	109,520	104,471
Minority interests	7,662	5,282
Long-term liabilities	73,651	72,823
Long-term debt, net of current portion	38,250	38,190
Accumulated provision for nuclear decommissioning and fuel storage	29,853	29,441
Other long-term liabilities	5,548	5,192
Deferred taxes liability	20,348	16,008
Current liabilities	26,460	23,013
Short-term loans	388	240
Current portion of long-term debt	2,144	3,439
Trade and other payables	17,149	12,409
Income tax payable	3	1,021
Accrued liabilities	6,776	5,904

Consolidated Cash Flow Statement in accordance with IFRS (CZK m)	1. - 6. / 2005	1. - 6. / 2004
Cash and cash equivalents at beginning of period	7,545	4,014
Effect of change in group structure on opening balance of cash and equivalents	0	0
Operating activities:	15,414	14,252
Income before income taxes	13,827	10,146
Depreciation and amortization and asset write-offs	9,474	9,022
Amortization of nuclear fuel	1,503	1,476
Foreign exchange rate loss (gain)	651	166
Provision for nuclear decommissioning and fuel storage	311	378
Changes in assets and liabilities	-5,899	-1,256
Income taxes paid	-3,548	-4,153
Investing activities	-3,314	-13,004
Financing activities	-3,405	6,166
Net effect of currency translation on cash	63	105
Cash and cash equivalents at end of period	16,303	11,533

Capacity, Employees	June 30, 2005	December 31, 2004
ČEZ Group installed capacity (MW)	12,297	12,297
ČEZ Group number of employees (pers)	22,780	17,855