

HALF-YEAR REPORT 2007

CEZ GROUP

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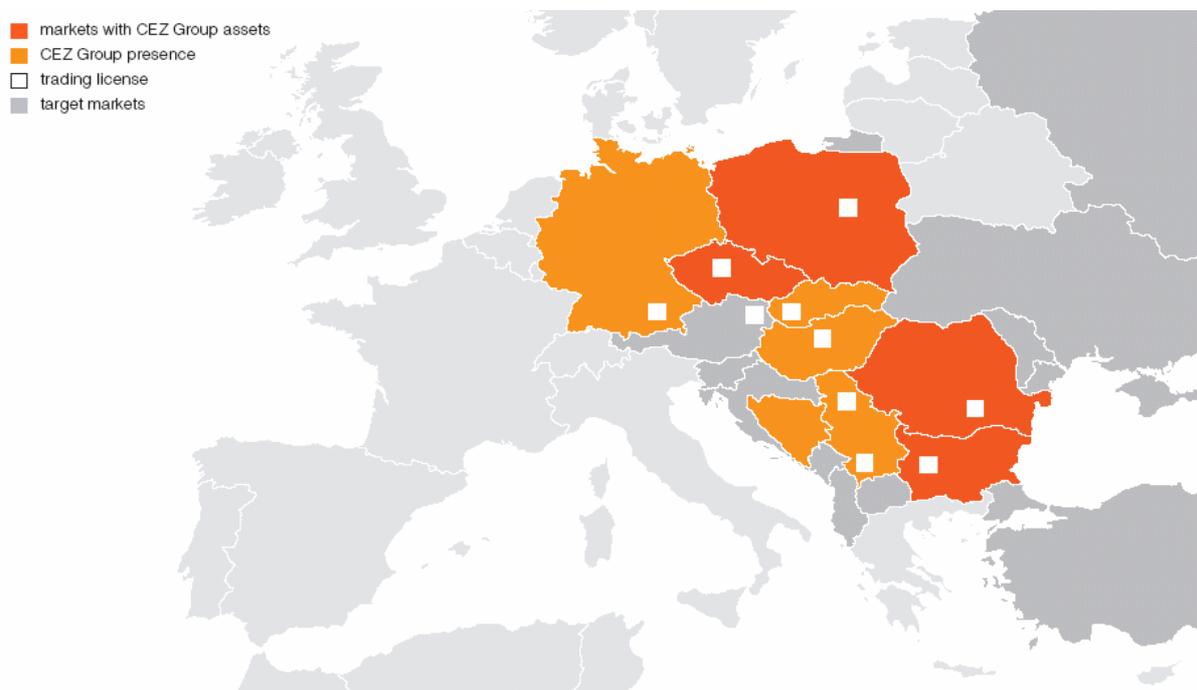
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Introduction

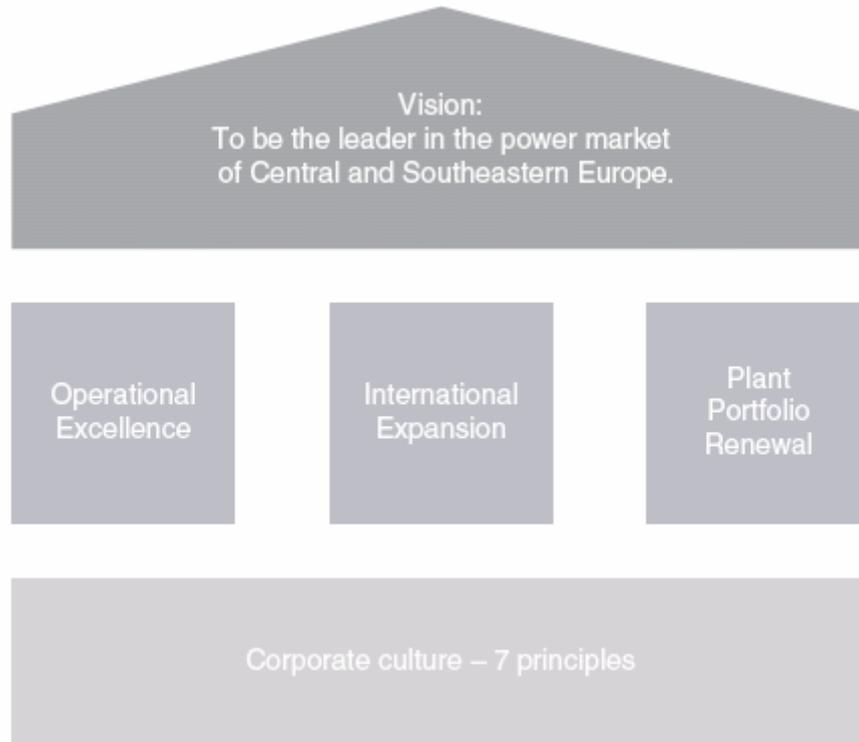
CEZ Group Territory

CEZ Group is a dynamic, integrated electricity conglomerate based in the Czech Republic and with operations in a number of countries in the region of Central and Southeastern Europe. Its principal businesses encompass generation, distribution, and sale of electricity and heat as well as coal mining. The shares of the parent company ČEZ, a. s. are traded in Prague and Warsaw, and they are also a significant part of the stock exchange indexes there. The company's largest shareholder is the Czech Republic.



In addition to the Czech Republic, CEZ Group currently has member companies in Poland, Bulgaria, Romania, the Netherlands, Germany, Hungary, Serbia, Kosovo, Republika Srpska in Bosnia and Herzegovina, Russia, Ukraine, and Slovakia. In Bulgaria, CEZ Group distributes and sells electricity in the western portion of the country and owns a coal-fired power plant near Varna, a port city on the Black Sea. In Romania, CEZ Group companies distribute and sell electricity. In Republika Srpska in Bosnia and Herzegovina, a joint venture has been set up with a local partner to retrofit an existing power plant and build a new plant as well. In Poland, CEZ Group has two black-coal power plants near the country's border with the Czech Republic. The Group's activities in the other countries mentioned above consist of holding and/or financing companies (Netherlands) and, most frequently, trading companies and companies whose purpose is to monitor developments in the given country for the purpose of leveraging advantageous acquisition opportunities as they arise.

CEZ Group is directing its efforts toward realization of its vision of becoming the leader in the power market of Central and Southeastern Europe.



The first pillar for fulfilling the CEZ Group's vision is continual improvements in efficiency as the basis for sustained growth in the market value of ČEZ, a. s. and its competitiveness. On 25 June 2007 we launched an "Effectiveness" program that will help us identify areas with potential for improvement. The program is expected to begin yielding benefits as early as 2008.

Our priority focus in CEZ Group's international expansion is on the markets of Central and Southeastern Europe, where we can best employ our unique experience in managing a power conglomerate during a period of transition to a liberalized power market and unbundling of regulated activities from the rest of the conglomerate. The Group has already successfully carried out unbundling in Bulgaria and Romania.

A date of major significance in the plant renewal effort was 2 June 2007, the beginning of the comprehensive retrofit of the first brown-coal power plant - Tušimice II. Abroad, an important step was taken in May with the signing of an implementation agreement for power plant renewal and construction and expansion of extraction operations at an adjoining coal mine in Gacko, Republika Srpska in Bosnia and Herzegovina.

Selected Indicators of CEZ Group

Selected Indicators of CEZ Group (IFRS, consolidated)

	Units	H1 2006	H1 2007	Index 07/06 %
Installed capacity	MW	13,132	14,390	109.6
Electricity generated (gross)	GWh	31,853	36,066	113.2
Electricity sold ^{*)}	GWh	36,498	39,415	108.0
Heat sold	TJ	6,112	6,993	114.4
Employee head count at June 30	persons	30,560	30,652	100.3
Total revenues	CZK millions	74,408	83,162	111.8
<i>of which: sales of electricity</i>	<i>CZK millions</i>	<i>69,007</i>	<i>77,310</i>	<i>112.0</i>
EBITDA	CZK millions	34,330	38,154	111.1
EBIT	CZK millions	23,380	27,328	116.9
Net income	CZK millions	16,568	21,015	126.8
<i>of which: net income attributable to equity holders of the parent</i>	<i>CZK millions</i>	<i>15,904</i>	<i>20,499</i>	<i>128.9</i>
Net income per share - basic	CZK/share	27.0	35.0	129.7
Net income per share - diluted	CZK/share	26.9	34.6	128.9
Dividend per share (gross) ^{**)}	CZK/share	15	20	133.3
Return on Equity (ROE), net	%	14.6	17.2	118.0
Total assets	CZK millions	358,323	383,154	106.9
Equity (including minority interests)	CZK millions	195,901	205,715	105.0
Net debt / Equity	%	14.4	9.2	63.9
Net debt / EBITDA	%	46.5	25.7	55.3
Capital expenditure (CAPEX)	CZK millions	9,542	13,328	139.7
Investments ^{***)}	CZK millions	15,129	2,434	16.1
Operating cash flow	CZK millions	25,622	32,957	128.6
Operating cash flow-to-liabilities ratio	%	29.4	35.5	120.9

^{*)} Sales to end customers including sales to cover grid losses + wholesale surplus/deficit

^{**)} Paid, relating to the previous year

^{***)} Acquisitions of subsidiaries and associates, not including cash acquired (in said acquisitions).

Selected Indicators of CEZ Group, by Business Segment

	Units	Power Production and Trading		Distribution and Sale		Mining		Other		Total	
		H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007
Sales other than intersegment sales	CZK millions	24,884	34,727	46,135	45,812	1,706	1,720	1,683	903	74,408	83,162
Intersegment sales ^{*)}	CZK millions	19,844	19,734	2,272	1,437	2,516	3,382	6,313	9,435	0	0
Total revenues	CZK millions	44,728	54,461	48,407	47,249	4,222	5,102	7,996	10,338	74,408	83,162
EBITDA	CZK millions	22,660	27,025	7,501	5,981	1,702	2,677	2,467	2,471	34,330	38,154
EBIT	CZK millions	15,773	20,165	5,356	3,528	1,234	2,143	1,017	1,492	23,380	27,328
CAPEX	CZK millions	4,637	4,765	2,650	3,966	1,008	571	928	2,445	7,168	11,020
Employee head count at June 30	persons	7,906	8,628	9,004	7,836	3,539	3,551	10,111	10,637	30,560	30,652

^{*)} All intersegment sales have been eliminated from the consolidated figures (in the Total column)

Important Events of 1st Half 2007 in CEZ Group

Important Events of H1 2007

- January**
- business plan for comprehensive retrofit of Prunéřov II Power Station approved
- March**
- breakup of Electrica Oltenia S.A., with sales operations spun off into CEZ Vanzare S.A. and distribution operations remaining in Electrica Oltenia S.A., which was renamed to CEZ Distributie S.A.
 - Romania-based trading company CEZ TRADE ROMANIA S.R.L. formed
 - Government of the Czech Republic approves partial privatization of the State's stake in ČEZ, a. s. (7%)
 - ČEZ, a. s. joins the Nordpool power exchange in Oslo, Norway.
- April**
- 100% stake in Teplárenská, a.s. acquired
 - General Meeting of ČEZ, a. s. held which, among other things, approved payment of CZK 20/share (gross) dividend and buy-back of 10% of the company's own shares
 - signing of agreement on formation of the CEZ Group European Works Council.
- May**
- signing of implementation agreement on joint activities in the framework of NERS, d.o.o., a joint venture of ČEZ, a. s. with Elektroprivreda Republike Srpske in Republika Srpska in Bosnia and Herzegovina
 - establishment of CEZ Servicii S.A., the third company to be formed following breakup of Romania-based Electrica Oltenia S.A. in March 2007
 - ČEZ, a. s. has been voted Central and Eastern Europe's best-managed company in a ranking published by the Euromoney magazine
 - Warsaw-based company CEZ Trade Polska Sp. z o.o. formed.
- June**
- work begins on the comprehensive retrofit of Tušimice II Power Station with completion planned in 2010 and budgeted cost of approximately CZK 25 billion; the plant upgrade will add 25 years to the plant's useful life
 - ČEZ, a. s. places second in the overall "All Stars" ranking of the 100 Most Admired Companies of the Czech Republic 2007, first place in the Electricity Production and Distribution category of the non-financial ranking, and first place in the Prague region
 - grand opening of the Bukovec Power Station near the City of Plzeň, with installed capacity 630 kW. The plant is the most modern of its kind in the Czech Republic and was built at a cost of CZK 52 million.

Important Events of 1st Half 2007 in CEZ Group

Important Events of July and August 2007 (up to Half-year Report closing date)

July

- Unit 2 of Temelín Nuclear Power Station, shut down since May, goes back on-line. During the shutdown, one quarter of the fuel was replaced and a new part of the high-pressure turbine rotor was installed, as a result of which the unit's output was increased from 981 MW to 1,020 MW as of 12 July 2007
- trading in ČEZ, a. s. electricity begins on the Prague Energy Exchange.

August

- issue terms of a CZK 7 billion CZK-denominated bond issue signed.

As at 30 June 2007, CEZ Group consisted of a total of 94 business entities including the parent company. Of this total number, 76 were based in Central Europe (58 in the Czech Republic) and 18 in Southeastern Europe.

Changes in Equity Holdings

Czech Republic

On 1 January 2007, Středočeská energetická a.s. sold a 11% equity stake in ECK Generating, s.r.o. and a 10.99% stake in ENERGETICKÉ CENTRUM Kladno, spol. s r.o.

On 26 March 2007, Středočeská energetická a.s. sold a 23.6% equity stake in AZ Elektrostav, a.s.

On 29 March 2007, Ústav jaderného výzkumu Řež a.s. sold a 50% equity stake in WADE a.s.

On 29 March 2007, Středočeská energetická a.s. sold a 51% equity stake in ELTRAF, a.s.

On 5 April 2007, the Most-based company Teplárenská, a.s. joined CEZ Group. Through its heat supply network, Teplárenská, a.s. supplies heat to major cities of North Bohemia such as Chomutov, Jirkov, Klášterec nad Ohří, Kadaň, Teplice, and Bílina. Most of the heat supplied originates in ČEZ, a. s. power plants.

On 13 April 2007, Ústav jaderného výzkumu Řež a.s. sold a 74% equity stake in Ústav jaderných informací Zbraslav, a. s.

On 13 April 2007, Východočeská energetika, a.s. sold 100% stakes in VČE – montáže, a.s. and VČE - transformátory, s.r.o.

On 23 April 2007, Severomoravská energetika, a. s. sold a 100% equity stake in MSEM, a.s.

On 3 May 2007, Západočeská energetika, a.s. sold a 100% stake in SEG s.r.o.

On 7 May 2007, Ústav jaderného výzkumu Řež a.s. sold a 23% stake in DECOM Slovakia, spol. s r.o.

On 28 May 2007, Severočeské doly a.s. established SD - Rekultivace, a.s. as a 100% subsidiary.

On 28 May 2007, the stated capital of ČEZ Obnovitelné zdroje, s.r.o. was increased by CZK 1.204 billion to CZK 1.404 billion in conjunction with capital contributions from Severočeská energetika, a.s., Východočeská energetika, a.s., and Západočeská energetika, a.s.

A new company, ČEZ Energetické služby, s.r.o., was formed on 1 July 2007 with Energetika Vítkovice, a.s. as its sole partner.

On 30 July 2007, ČEZ, a. s. transferred its 40% stake in KNAUF POČERADY, spol. s r.o. to the majority partner.

Future Change

In June, the ČEZ, a. s. Board of Directors approved a decision to merge the company with Středočeská energetická a.s., Severomoravská energetika, a. s., Severočeská energetika, a.s., Východočeská energetika, a.s., and Západočeská energetika, a.s. The legal successor will be ČEZ, a. s. The merger's strike date is 1 January 2007 and it will take effect on 1 October 2007.

Republic of Bulgaria

The legal unbundling of three Bulgarian distribution companies took place on 3 January 2007, and as of that date the companies are involved only in regulated distribution activities. Preparations are underway for their merger into a single company in the second half of 2007. The sales function was moved to ČEZ ELEKTRO BULGARIA AD.

Republic of Poland

On 30 May 2007 a new company, CEZ Trade Polska Sp. z o.o., was formed with its seat in Warsaw. The company's stated capital is PLN 1.9 million and the corporate parent, ČEZ, a. s., holds a 100% stake.

Romania

26 March 2007 saw the registration of a new subsidiary, CEZ Trade Romania S.R.L., with total stated capital of RON 1.6 million. ČEZ, a. s. holds 99.99% stake in the stated capital. The remaining 0.01% stake is owned by ČEZ Správa majetku, s.r.o.

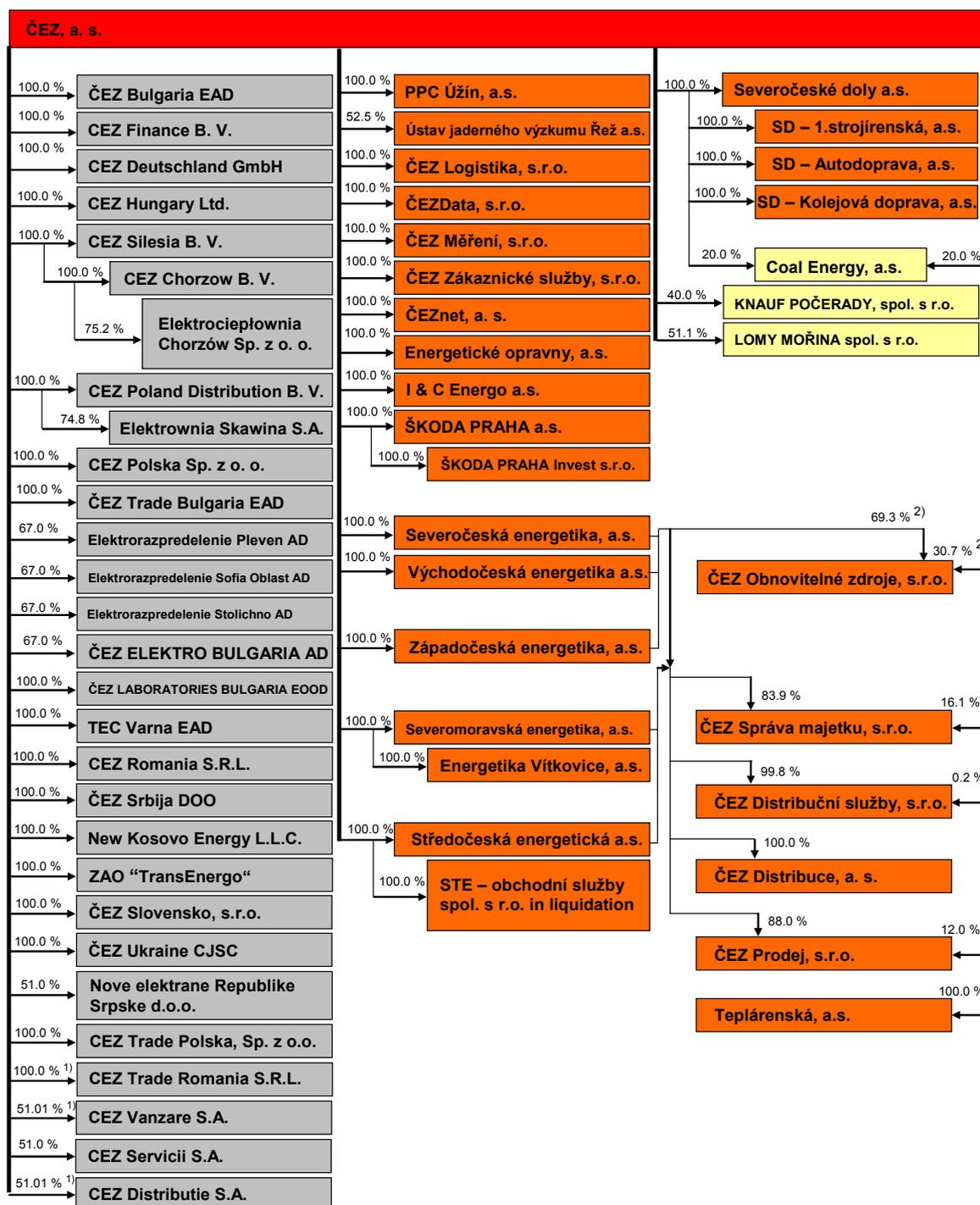
The distribution company Electrica Oltenia S.A. was broken up in a split-off. The original company's name was changed to CEZ Distribuție S.A. (the name change was registered on 15 March 2007) and its activities are limited to electricity distribution. ČEZ, a. s. holds a 51.01% stake in the stated capital. As of the same date, the split-off gave rise to a new sales company, CEZ Vanzare S.A., also 51.01% owned by ČEZ, a. s. A third company, CEZ Servicii S.A., was registered on 16 May 2007 with a total stated capital of RON 6.1 million, in which ČEZ, a. s. owns a 51% stake.

Slovak Republic

On 27 June 2007 the subsidiary ČEZ Slovensko, s.r.o., based in Bratislava, was formed with SKK 10 million stated capital and 100% owned by ČEZ, a. s.

The CEZ Consolidated Group

As at 30 June 2007, the CEZ Consolidated Group consisted of a total of 61 companies, 58 of which were fully consolidated. The remaining three companies were associates consolidated by the equity method.



- subsidiaries – Czech Republic
- subsidiaries – abroad
- associates (consolidated by equity method)

% indicates Controlling Entity's interest in the company's stated capital

- 1) Number shown is total interest of all CEZ Group members. The bulk is owned by ČEZ, a. s.; 100% members of CEZ Group own very small stakes.
- 2) Number shown is stake in voting rights.

CEZ Group Financial Performance

CEZ Group's net income was up CZK 4.4 billion (26.8%) year-on-year, to CZK 21.0 billion. EBITDA rose by CZK 3.8 billion (11.1%) to CZK 38.2 billion. Income before tax reached CZK 27.2 billion having grown CZK 5.5 billion (25.1%). Income tax rose CZK 1 billion (19.6%) to CZK 6.1 billion.

The Power Production & Trading segment reported a CZK 4.4 billion (19.3%) growth in EBITDA thanks to a decline in spot electricity prices being offset by lower costs of CO₂ emission allowances. Production reached 36.1 TWh, which is 4.2 TWh more than in H1 2006. Contributing to the year-on-year increase in production and income in this segment was CEZ Group's expansion to include the Polish power plants ELCHO and Skawina, which entered the results for accounting purposes in June 2006. The total increase in operating revenues in this segment was CZK 9.7 billion (21.8%).

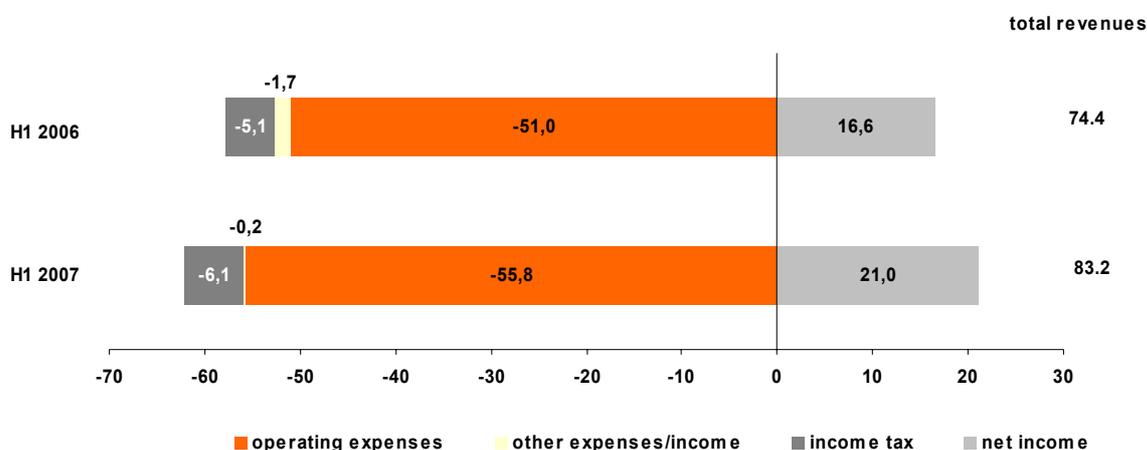
EBITDA in the Distribution & Sale segment fell by CZK 1.5 billion (20.3%), total revenues were down CZK 1.2 billion (2.4%). The drop was caused by lower gross margins in ČEZ Distribuce (down CZK 0.5 billion) and, to a lesser extent, in the foreign distribution companies caused by warm weather, higher mandatory buying of power produced from renewable sources of energy, and higher costs – in particular of distribution-related materials in the Czech Republic, where favorable weather made it possible to make repairs earlier than planned. The decline in sales was accompanied by a 0.8 TWh (3.7%) decline in electricity distributed to end customers, attributable to the warm weather in Q1 2007.

The Mining segment saw its EBITDA grow by CZK 1 billion (57.3%) in conjunction with a 1.4 million ton rise in coal sales, with sales within CEZ Group up 1.6 million tons. The increase in ČEZ, a. s. stake in Severočeské doly a.s. from 93.1% to 100% in June 2006 was not recognized in the financial statements as an expansion of the Group, but rather as a change in minority interests.

The "Other" segment is no longer reporting such substantial growth as in past years, when the year-on-year comparisons were influenced by the ongoing transformation of CEZ Group. Segment "Other" EBITDA remained on the same level as in 2006, i.e. CZK 2.5 billion. This segment consists of functions that are shared by the entire CEZ Group.

Throughout CEZ Group, we succeeded in maintaining operating costs under control. Despite expansion of the Group, personnel costs rose by only CZK 0.4 billion (6.2%); costs of repairs and maintenance were up CZK 0.1 billion (4.6%). The CZK 0.7 billion (32.8%) rise in costs of materials is caused primarily by a change in the methodology used to account for project costs at ŠKODA PRAHA; another source of increased materials costs is in ČEZ Distribuce and ČEZ Distribuční služby due to implementation of repairs earlier than planned and liquidation of negative impacts of the January snow-and-ice calamity.

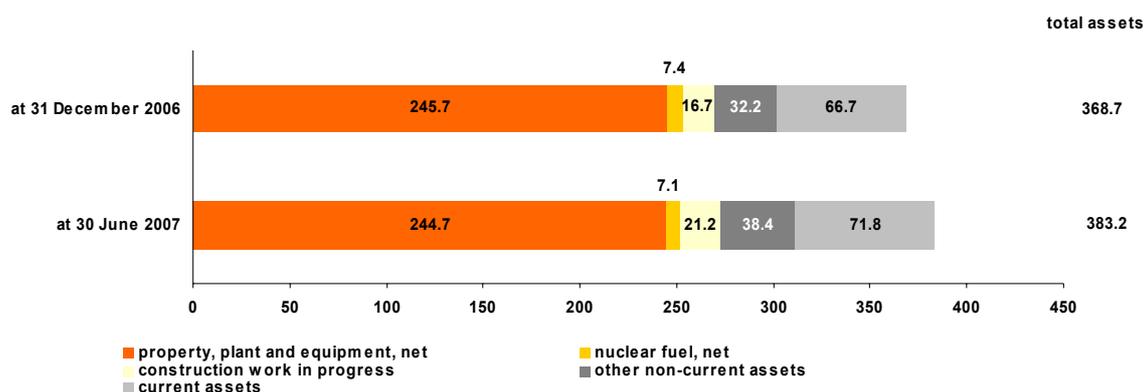
Composition of Income (CZK billions)



EBITDA by Business Segment (CZK billions)



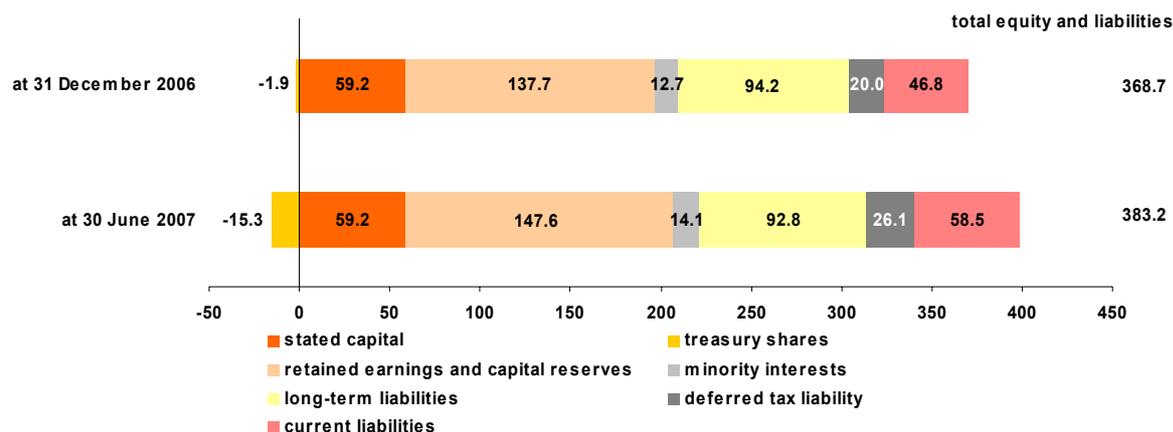
Assets (CZK billions)



Compared to 2006, CEZ Group consolidated assets rose by CZK 14.5 billion (3.9%) to CZK 383.2 billion. Fixed assets were up CZK 9.4 billion (3.1%), due primarily to higher capital expenditures related to plant renewal (up CZK 4.5 billion) and increased cash on restricted-disposition bank accounts in conjunction with nuclear provisions (CZK 4.1 billion) and CZK 1.2 billion in goodwill in subsidiaries.

Current assets increased by CZK 5.1 billion (7.6%) to CZK 71.8 billion, due primarily to higher trade receivables related to volume growth in wholesale markets (CZK 2.3 billion) and derivatives-related receivables (CZK 3.2 billion).

Equity and Liabilities (CZK billions)



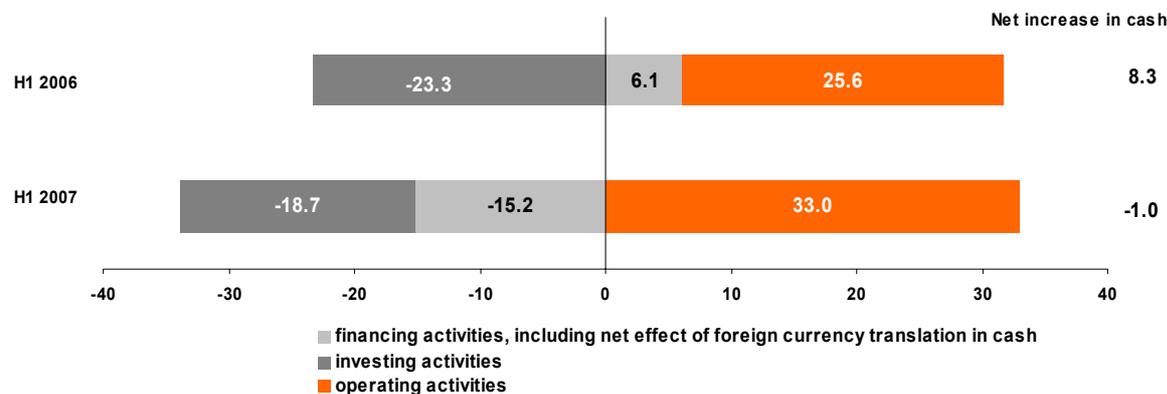
Equity was down CZK 1.9 billion (0.9%) to CZK 205.7 billion, the main reason being increased buying of own shares (up CZK 13.3 billion), which decreases equity. On the other hand, there was a CZK 10 billion (7.2%) rise in retained earnings and capital reserves. Equity attributable to equity holders of the parent fell by CZK 3.3 billion on CZK 1.4 billion growth in minority interests.

Long-term liabilities were down CZK 1.3 billion (1.4%) to CZK 92.8 billion, due primarily to a CZK 2.5 billion decrease in long-term borrowed capital.

Deferred tax liability rose by CZK 6.1 billion (30.6%) to CZK 26.1 billion due to higher income of ČEZ, a. s. and Severočeské doly a.s.

Current liabilities were up CZK 11.7 billion (24.9%) on higher dividend liabilities (up CZK 10.1 billion) and derivatives-related liabilities (up CZK 2.1 billion).

Cash Flows (CZK billions)



Net cash flows from operating activities, at CZK 33.0 billion, were up CZK 7.3 billion (28.6%) year-on-year, driven by the improved income. Cash used in investing activities, totaling CZK 18.7 billion, was down CZK 4.6 billion (19.7%), despite a CZK 3.8 billion year-on-year increase in capital expenditures driven primarily by higher expenditures for plant renewal and growth in the volume of bank deposits linked to special provisions (up CZK 3.9 billion). This was offset by higher financial investments in H1 2006 for acquisition of the Polish power plants and increase in our stakes in Severočeské doly a.s. and Severočeská energetika, a.s. Cash flows from financing activities ended CZK 16.1 billion net outflow of cash, not including net effect of currency translation in cash, due in particular to purchase / sale of treasury shares (CZK 13.6 billion). Also, borrowing was higher in H1 2006.

Anticipated Economic and Financial Situation of CEZ Group

In 2007, CEZ Group anticipates continued growth in economic performance, driven by the successful implementation of our strategic initiatives as well as changes in the electricity markets. Therefore, consolidated net income is expected to rise by at least 22% from 2006 (to over CZK 35 billion) and EBITDA is expected to grow by over 10% (to CZK 70.9 billion). By year end, we plan to offset the earnings shortfall that occurred in the distribution area in Q1 with a number of cost-savings measures. Moreover, under regulatory rules these unplanned revenue shortfalls in distribution will be corrected for in future years – thus, in 2009 there will be an increase corresponding to the year 2007.

In 2007 we will complete the transformation of the regional distribution companies and wind up their activities. This will be accompanied by continuation of projects to optimize new activities – e.g. in the areas of customer services and provision of IT services to internal customers. Major emphasis will be placed on changes in production asset maintenance processes, with the objective of achieving savings of up to 25% of these costs by 2009 (compared to the average over the period 2000 – 2004).

Abroad, we will continue to transform and integrate acquired companies with the goal of optimizing costs across the entire CEZ Group, including the latest acquisitions of power plants in Poland (ELCHO, Skawina) and Bulgaria (Varna). In the Czech Republic, the process of pruning back our equity holdings will continue, upon the completion of which only those functions that cannot be sourced economically in the open market will remain in CEZ Group.

2007 saw the commencement of the first plant renewal project. In June 2007 a portion (2 x 200 MW) of a power plant in Tušimice was shut down with the objective of eventually retrofitting all four generating units at the Tušimice II Power Station. In the other projects (Prunéřov, Ledvice), contracting and engineering work will continue.

Of late, movements in power supply and demand in Central Europe (growing demand, flat or declining supply) are further supporting convergence of prices in Central Europe with the prevailing price level in Germany, which will likely have a positive impact on CEZ Group EBITDA.

CEZ Group – Geographical Segments

CEZ Group is divided into two geographical segments: the Central Europe segment and the South East Europe segment.

The **Central Europe** segment is further divided into the following business segments: Power Production & Trading, Distribution & Sale, Mining, and Other.

Power Production & Trading

ČEZ, a. s.
CEZ Deutschland GmbH
CEZ FINANCE B.V.
CEZ Hungary Ltd.
CEZ Chorzow B.V.
CEZ Poland Distribution B.V.
CEZ Polska Sp. z o.o.
CEZ Silesia B.V.
CEZ Trade Polska Sp. z o.o.
ČEZ Obnovitelné zdroje, s.r.o.
ČEZ Slovensko, s.r.o.
Elektrociepłownia Chorzów "ELCHO" Sp. z o.o.
Elektrownia Skawina S.A.
Energetika Vítkovice, a.s.
PPC Úžín, a.s.
Teplárenská, a.s.
Coal Energy, a.s.

Distribution & Sale

ČEZ Distribuce, a. s.
ČEZ Prodej, s.r.o.

Mining

Severočeské doly a.s.
LOMY MOŘINA spol. s r.o.

Other

ČEZ Distribuční služby, s.r.o.
ČEZ Logistika, s.r.o.
ČEZ Měření, s.r.o.
ČEZ Správa majetku, s.r.o.
ČEZ Zákaznické služby, s.r.o.
ČEZData, s.r.o.
ČEZnet, a.s.
Energetické opravny, a.s.
I & C Energo a.s.
SD – 1.strojírenská, a.s.
SD – Autodoprava, a.s.
SD – Kolejová doprava, a.s.
Severočeská energetika, a.s.
Severomoravská energetika, a. s.
STE – obchodní služby spol. s r.o. v likvidaci
Středočeská energetická a.s.
ŠKODA PRAHA a.s.
ŠKODA PRAHA Invest s.r.o.
Ústav jaderného výzkumu Řež a.s.
Východočeská energetika, a.s.
Západočeská energetika, a.s.
KNAUF POČERADY, spol. s r.o.

The **South East Europe** segment is further divided into the business segments Power Production & Trading, Distribution & Sale, and Other.

Power Production & Trading

CEZ Trade Romania S.R.L.
ČEZ Srbija DOO
ČEZ Trade Bulgaria EAD
New Kosovo Energy L.L.C.
Nove elektrane Republike Srpske d.o.o.
TEC Varna EAD
ZAO "TransEnergo"

Distribution & Sale

CEZ Distributie S.A.
CEZ Vanzare S.A.
Elektrorazpredelenie Pleven AD
Elektrorazpredelenie Sofia Oblast AD
Elektrorazpredelenie Stolichno AD
ČEZ ELEKTRO BULGARIA AD

Other

CEZ Romania S.R.L.
CEZ Servicii S.A.
ČEZ Bulgaria EAD
ČEZ LABORATORIES BULGARIA EOOD
ČEZ Ukraine CJSC

Central Europe Segment

The Central Europe segment includes consolidated companies in the Czech Republic, Poland, the Netherlands, Hungary, Germany, and Slovakia.

Electricity Trading within Central Europe

ČEZ, a. s. kept its promise and entered the Prague Energy Exchange (PXE), on which we have also begun selling electricity that we produce. The formation of a functioning exchange (trading began on 17 July 2007) gives the Czech Republic power market a strong competitive environment in the form of a marketplace with transparent price formation, guaranteed equal treatment of all market participants, and increased liquidity in the power market. At the same time, ČEZ, a. s. promised to be a market maker on the PXE, further contributing to the exchange's liquidity and thereby to its full functioning. We will begin serving this function in late August or early September 2007.

ČEZ, a. s. has declared that it will sell the dominant portion of its power production surplus through the PXE, which will replace the previous method of one-year contracting via auctions. Off the PXE, we will sell electricity designated for:

1. our own customers (through ČEZ Prodej, s.r.o.)¹⁾
2. fulfillment of valid multiyear contracts
3. operational reserves
4. providing ancillary services.

The influence of prices formed in trading on the PXE on price terms between ČEZ, a. s. and ČEZ Prodej, s.r.o. will be indirect only, as this price will be used as a conversion price between the two companies.

In addition to selling its own electricity on the market, ČEZ, a. s. is also active as a trader in the markets of Central and Southeastern Europe. In electricity trading, ČEZ, a. s. utilizes both standard bilateral trades and fully transparent marketplaces including exchange platforms, broker screens, and organized spot markets. By joining the Prague Energy Exchange (PXE), ČEZ, a. s. will substantially grow the volume of electricity it sells through these transparent trading platforms.

Abroad, ČEZ, a. s. also trades on exchanges – specifically, the EEX in Leipzig, Germany and, starting on 14 March 2007 on the second oldest energy exchange in Europe – Nordpool in Oslo, Kingdom of Norway.

Selected Indicators by Business Segment

	Units	Power Production and Trading		Distribution and Sale		Mining		Other		Total	
		H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007
Sales other than intersegment sales	CZK millions	24,924	33,559	34,502	33,613	1,706	1,721	1,663	927	62,756	69,719
Intersegment sales	CZK millions	19,804	19,709	2,272	1,414	2,516	3,381	6,313	8,965	39	101
Total revenues	CZK millions	44,728	53,268	36,774	35,027	4,222	5,102	7,976	9,892	62,795	69,820
EBITDA	CZK millions	22,661	26,868	5,155	4,069	1,702	2,677	2,470	2,514	31,987	36,128
EBIT	CZK millions	15,774	20,098	3,912	2,552	1,234	2,143	1,021	1,556	21,941	26,349
CAPEX	CZK millions	4,637	4,762	1,945	2,845	1,008	571	918	2,388	6,451	9,837
Employee head count at June 30	persons	7,903	7,792	1,331	1,373	3,539	3,551	10,069	9,406	22,842	22,122

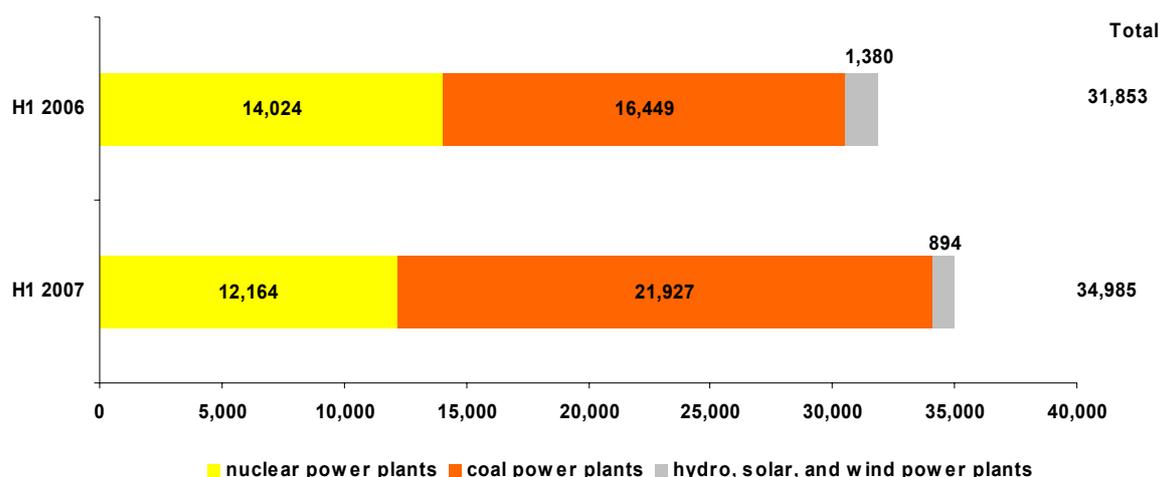
Power Production & Trading

Installed Capacity

As at 30 June 2007, companies of CEZ Group owned production facilities in the Czech Republic and Poland with a total installed generating capacity of 13,130 MW. Of the total amount, coal power plants represented 7,436 MW of installed capacity (56.6%), nuclear plants had 3,760 MW of installed capacity (28.7%), and hydro, wind, and solar power plants had an installed capacity of 1,934 MW (14.7%).

1) Electricity for our own customers may not be sold directly to ČEZ Prodej, s.r.o. through the PXE, because such trades would cause CEZ Group members to dominate both the supply and demand sides of the exchange and could influence price formation.

Production of Electricity (GWh)



Electricity production in the Central Europe segment was up 3.1 TWh (9.8%) year-on-year. Of this amount, 1.6 TWh was produced in the Polish power plants, which were not part of CEZ Group in January – May 2006. ČEZ, a. s. production rose by slightly under 5% year-on-year as the deployment of coal power plants rose by nearly 24% (3.8 TWh), offsetting a 1.9 TWh drop production in nuclear power plants caused by an additional shutdown of Unit One of Temelín Nuclear Power Station.

Starting on 25 April 2007, ČEZ began publishing on its website a schedule of anticipated outages (non-availability) of all its in-house generating units. This step is in line with the pan-European trend toward higher transparency, of which ČEZ is an active supporter. This step made ČEZ the second company in Europe to contribute to the transparency of the European energy market by publishing a plant non-availability schedule.

Production of Electricity from Renewable Sources of Energy (MWh)

	H1 2006	H1 2007	Index 2007/2006 (%)
CEZ Group, total	1,174,656	748,084	63.7
Czech Republic	1,166,634	683,803	58.6
CEZ Group members abroad	8,022	64,281	801.3
Hydro power plants, total (excluding pumped storage)	1,083,413	582,690	53.8
Czech Republic	1,082,804	577,938	53.4
CEZ Group members abroad	609	4,752	780.3
of which: plants with installed capacity under 10 MW	107,060	120,567	112.6
Czech Republic	106,451	115,815	108.8
CEZ Group members abroad	609	4,752	780.3
Wind power plants, total	72	0	0.0
Czech Republic	72	0	0.0
CEZ Group members abroad	0	0	x
Solar power plants, total	4	4	100.0
Czech Republic	4	4	100.0
CEZ Group members abroad	0	0	x
Firing of biomass, total	91,167	165,390	181.4
Czech Republic	83,754	105,861	126.4
CEZ Group members abroad	7,413	59,529	803.0

Currently the main CEZ Group members involved in producing electricity from renewable sources of energy are ČEZ, a. s., ČEZ Obnovitelné zdroje, s.r.o., and Elektrownia Skawina S.A.

In H1 2007, a total of 748 GWh of electricity was produced from renewable sources, a decline of 427 GWh compared to H1 2006. The decline was seen mainly in run-of-river and accumulation hydro power plants due to low river flow rates in H1 2007.

Installed capacity for generation from renewable energy sources was reduced by 2.8 MW due to the shutdown of the Mravenečník and Nový Hrádek wind power plants.

Electricity Trading in Central Europe in the Production & Trading Segment

H1 2007 was characterized by above-average winter temperatures, which caused a temporary decline in real electricity consumption. Nevertheless, when adjusted for the weather variation, consumption rose 0.4% year-on-year.

Electricity sales in this segment were up 15.0 TWh. Of the increase, 12.3 TWh was attributable to higher trading volume, international trading in particular, and 2.7 TWh to growth in sales of electricity generated in-house, 1.5 TWh of which was growth due to addition of the Polish power plants to the Group in June 2006.

ELCHO and Skawina sold 2.0 TWh of electricity in their domestic market (Poland) in H1 2007.

In general, spot electricity prices were at a low level during the period (warm weather, low price of CO₂ allowances). This, however, did not have any impact on the financial performance of ČEZ, a. s. because the low level of electricity prices was offset by the low price at which additional CO₂ allowances were purchased.

The price of a supply band for 2008 in Germany rose steadily from late February (low price of 49 EUR/MWh due to warm winter weather) up to a level of 57.5 EUR/MWh reached in mid-June followed by a correction to 55 EUR/MWh. This movement was related to increasing prices of other commodities (oil, gas) and, significantly, CO₂ allowances for 2008 (forward 2008).

Heat Trading

In the Czech Republic, CEZ Group supplied heat from all ČEZ, a. s. coal and nuclear plants as well as from a coal power plant owned by Energetika Vítkovice, a.s. In Poland, heat was supplied from the black-coal power plants belonging to the companies Elektrociepłownia Chorzów "ELCHO" Sp. z o.o. and Elektrownia Skawina S.A.

6,993 TJ of heat was supplied to customers in H1 2007, 14% more than in the same period of 2006. A 1,505 TJ decline in the Czech Republic caused by mild weather in the winter months of 2007 was offset by the inclusion of the Polish power plants ELCHO and Skawina in the consolidation.

Distribution & Sale

	Units	H1 2006	H1 2007	Index 2007/2006 (%)
Sold to end customers outside of CEZ Group	TWh	15.5	12.7	82.0
Distributed to end customers outside of CEZ Group	TWh	17.4	16.6	95.2

CEZ Group – Central Europe Segment

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

In year-on-year terms, that means a 2.4 TWh decline in overall sales (or 2.8 TWh in sales outside of CEZ Group), which occurred as a result of the warmer weather in Q1 2007 and rising competition in the liberalized market. The share of ČEZ Prodej, s.r.o. in the end customer market in H1 2007 was 44.5%.

Distribution activity in the Czech Republic is carried out by the company ČEZ Distribuce, a. s. Volume of electricity it distributes to end customers fall to 16.6 TWh (down 4.8%) due in part to a 3.2% decrease in demand for electricity in the Czech Republic and also due to the weather being warmer than in the same period of last year. This was reflected in a CZK 1.0 billion (25.5%) year-on-year fall in EBITDA. Besides the warm weather, other factors influencing the financial performance of ČEZ Distribuce, a. s. included higher mandatory buying of energy from renewable sources and the claiming of “green bonuses”.

Electricity Procured and Supplied in the Central Europe Segment (GWh)

	H1 2006	H1 2007	Index 2007/2006 %
Produced in-house (gross)	31,853	34,985	109.8
In-house and other consumption, including pumping for pumped storage	-2,970	-3,353	112.9
Supplied	28,883	31,632	109.5
Purchased for distribution and sale	2,956	2,087	70.6
Total electricity procured	31,838	33,718	105.9
Sold to end customers	17,026	14,625	85.9
of which, sold to end customers in CEZ Group, including sales to cover grid losses	1,069	1,440	134.8
Sold in wholesale market (net)	13,255	17,561	132.5
sold outside CEZ Group	19,082	34,509	180.8
purchased outside CEZ Group	-5,827	-16,948	290.9
Grid losses	1,557	1,532	98.4
Total electricity used	31,838	33,718	105.9

Mining

	Units	Actual H1 2006	Actual H1 2007	Index 2007/2006 %
Coal sold, total	tons thousands	10,428	11,857	113.7
of which: to ČEZ, a. s.	tons thousands	7,544	9,187	121.8

Severočeské doly, a.s. extracted a total of 11.9 million tons of coal for sale – up 1.4 million tons from the same period of 2006. In addition, 39.4 million m³ (51.5 million cubic yards) of overburden was extracted, up approximately 2.8 million m³ (3.7 million cubic yards) year-on-year.

Litigation Concerning Coal Supply for Počerady Power Station

In order to build new power plants and retrofit existing ones, it is necessary to secure in advance adequate supplies of fuel to cover long periods of operation. Therefore, as early as 2005 ČEZ, a. s. entered into a coal supply agreement similar to an “agreement to agree” with Mostecká uhelná společnost, a.s., právní nástupce (today’s Mostecká uhelná a.s.), which is now a member of the Czech Coal group. This agreement called for a long-term contract on supplies of coal for the new power plant in Počerady in the years 2016 – 2055 to be signed by 30 June 2007.

As the Czech Coal group failed to enter into a long-term purchase contract by the agreed deadline, ČEZ, a. s. filed suit, seeking for the court to confirm the long-term purchase contract and thereby enable the company to begin retrofitting the power station in Počerady.

CEZ Group – Central Europe Segment

ČEZ, a. s. also submitted a filing to the Antitrust Office, requesting that it not allow Mostecká uhelná a.s. to invest its mines in any joint venture with a third party for as long as a portion of that coal is the subject matter of litigation with ČEZ, a. s.

South East Europe Segment

The South East Europe segment encompasses consolidated companies in Bulgaria, Romania, Kosovo, the Republic of Serbia, Republika Srpska in Bosnia and Herzegovina, the Russian Federation, and Ukraine.

Selected Indicators by Business Segment

		Units Power Production and Trading		Distributio and Sale		Other		Total	
		H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007
Sales other than intersegment sales	CZK millions	0	1,240	11,632	12,199	21	40	11,652	13,443
Intersegment sales	CZK millions	0	0	0	23	0	404	1	36
Total revenues	CZK millions	0	1,240	11,632	12,222	21	444	11,653	13,479
EBITDA	CZK millions	-1	158	2,346	1,912	-2	-44	2,343	2,026
EBIT	CZK millions	-1	68	1,444	976	-4	-65	1,439	979
CAPEX	CZK millions	0	4	707	1,122	10	57	717	1,183
Employee head count at June 30	persons	3	836	7,673	6,463	42	1,231	7,718	8,530

Russian Federation

On April 27th, ČEZ, a. s. signed a Memorandum of Understanding with the Russia-based companies RAO “UES of Russia” and TGK-4. The companies agreed to explore the possibility of establishing a joint venture between RAO “UES of Russia” (TGK-4) and ČEZ, a. s. with the objective of possibly building a new combined cycle generating unit with capacity of up to 420 MW and two coal generating units (200 - 250 MW each) at the Shchekinskaya TPP 200 km south of Moscow. We also signed an agreement on participation in the process of reforming RAO “UES of Russia”.

On July 27th, the Moscow city government passed a resolution on the construction of electricity generating units at the gas-fired power plant Promzona 11 „Ogorodnyi proyezd – Novomoskovskaya“ with installed capacity of 3 x 200 MW, managed by CEZ Group. The project implementation contract will be negotiated during the following six months. In addition to electricity, the plant is to supply heat to its surrounding area.

Republic of Bulgaria

On June 7th, ČEZ, a. s. expressed interest in participating in a tender to find a strategic partner to operate, finance, manage, and own the Belene Nuclear Power Station. The strategic partner is to own 49% of the stated capital of the newly prepared BPC (Belene Power Company), with the remaining stake to be owned by the Bulgarian State energy company Natsionalna Elektricheska Kompania EAD, which organized the tender. The facility’s installed capacity is to be as much as 2,000 MW, and construction on the first unit is to begin in 2008.

Romania

On June 26th, ČEZ, a. s. entered the pre-qualification round of a tender to build a new gas- or black-coal-fired power plant in Borzești. The tender to find a strategic partner for the project is organized by Termoelectrica S.A.

On June 28th, ČEZ, a. s. entered the pre-qualification round of a tender to modernize and possibly expand a power plant in Galați. The installed capacity of the existing heat-power plant is 535 MW. Its owner, SC Electrocentrale Galați S.A., is part of a group of companies owned by the State energy company Termoelectrica S.A.

Power Production & Trading

Installed Capacity and Generation of Electricity

As of Q4 2006, CEZ Group owns the Varna Power Station in Bulgaria, with 1,260 MW of installed capacity. The plant was acquired primarily as a strategic investment in the energy market of the Balkan Peninsula with potential to export electricity to local markets with insufficient generating capacity.

Electricity Trading

	Units	H1 2007	
		domestic markets	international markets
Electricity generated	TWh	1.1	x
Electricity purchased	TWh	0.3	0
of which, wholesale	TWh	0.2	0
Electricity sold	TWh	1.3	0
of which, outside of Group	TWh	1.3	0
- wholesale	TWh	1.3	0
- to end customers	TWh	0.0	0
Surplus/deficit	TWh	1.0	0

ČEZ, a. s. is actively developing cross-border trading in the target territory of Southeastern Europe. In February, ČEZ, a. s. supplied electricity on a trial basis to the Albanian State company Korporata Elektroenergjetike Shqiptare Sh.A. From July to October, ČEZ, a. s. is selling electricity to the Kosovo State power company Korporata Energjetike e Kosovës Sh.A. for a price of over 2,700 CZK/MWh, also on a trial basis.

Heat Trading

The Varna Power Station sold a total of 4 TJ of heat in H1 2007. All of this amount was supplied to the nearby town of Ezerovo.

Distribution & Sale

	Units	H1 2006	H1 2007	Index 2007/2006 (%)
Sold to end customers outside of CEZ Group	TWh	6.0	5.8	96.6
Distributed to end customers outside of CEZ Group	TWh	8.6	8.5	98.6

Our distribution companies in Bulgaria and Romania sold a total of 6.2 TWh in H1 2007. Of this amount, 5.8 TWh was sold to end customers (down 3.4% year-on-year). The lower sales figure is related to lower demand for electricity which, in turn, resulted from warm weather and changes in the regulatory environment.

CEZ Group – South East Europe Segment

Electricity Procured and Supplied in South East Europe Segment (GWh)

	H1 2006	H1 2007	Index 2007/2006 %
Produced in-house (gross)	0	1,082	x
In-house and other consumption	0	-92	x
Supplied	0	990	x
Purchased for distribution and sale	7,696	7,532	97.9
Total electricity procured	7,696	8,522	110.7
Sold to end customers	6,046	5,847	96.7
of which, sold to end customers in CEZ Group	0	8	x
Sold in wholesale market (net)	171	1,382	808.7
sold outside CEZ Group	171	1,591	931.1
purchased outside CEZ Group	0	-209	x
Grid losses	1,479	1,293	87.4
Total electricity used	7,696	8,522	110.7

CEZ Group – Total Electricity Sales

Electricity Procured and Supplied by CEZ Group (GWh)

	H1 2006	H1 2007	Index 2007/2006 %
Produced in-house (gross)	31,853	36,066	113.2
In-house and other consumption, including pumping for pumped storage	-2,970	-3,445	116.0
Supplied	28,883	32,621	112.9
Purchased for distribution and sale	10,652	9,618	90.3
Total electricity procured	39,535	42,240	106.8
Sold to end customers	23,072	20,472	88.7
of which, sold to end customers in CEZ Group, including	1,069	1,448	135.5
Sold in wholesale market (net)	13,426	18,943	141.1
sold outside CEZ Group	19,253	36,100	187.5
purchased outside CEZ Group	-5,827	-17,157	294.4
Grid losses	3,037	2,825	93.0
Total electricity used	39,535	42,240	106.8

Shareholder Structure

The ČEZ, a. s. registered capital recorded in the Commercial Register as of 30 June 2007 was CZK 59,221,084,300.

As of the date of the 15th Annual General Meeting, ČEZ, a. s. had 119,421 shareholders, down 105 shareholders from year end 2006.

Shareholder Structure (%)

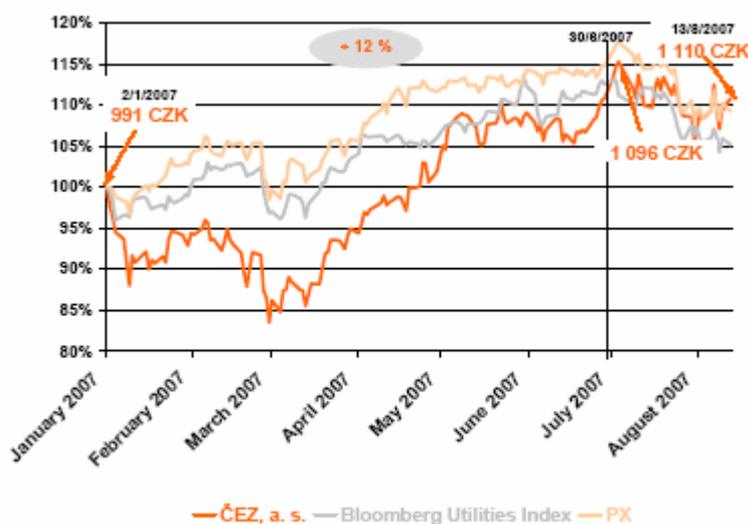
	at 17 May 2006 ^{*)}	at 31 December 2006	at 17 April 2007 ^{**)}
Legal entities, total	94.95	95.74	95.45
Czech Republic	67.61	67.61	67.61
Other legal entities	23.94	24.27	13.24
of which: domestic	5.03	2.93	3.17
foreign	18.91	21.34	10.07
Asset managers	3.40	3.86	14.60
Private individuals, total	5.05	4.26	4.55
of which: domestic	4.92	4.15	4.44
foreign	0.13	0.11	0.11

^{*)} Number determined for purposes of Annual General Meeting held on 23 May 2006

^{**)} Number determined for purposes of Annual General Meeting held on 23 April 2007

The only ČEZ, a. s. shareholder whose stake in the company's stated capital exceeds 5% is the Czech Republic, represented by the Ministry of Finance of the Czech Republic.

ČEZ, a. s. Share Performance in H1 2007 and Up to Half-year Report Closing Date



As at 29 June 2007, the company's total market capitalization was CZK 631.9 billion. Based on market capitalization as at 30 March 2007, the Financial Times compiled a ranking of all companies in the world, in which ČEZ, a. s. placed 336th (up from 368th in 2006 and 446th in 2005). It is the only Czech entity to appear in the top 500 companies.

Treasury Shares

The total number of treasury shares on the company's Prague Securities Center account at 30 June 2007 was 15,658,183.

In July 2007, the number of treasury shares exceeded 3% of the company's stated capital.

1) Share Option Program

	Number of share options (thousands)				Average price CZK / share
	Supervisory Board	Board of Directors	Other	Total	
Number of options at 31 December 2006	450	2 240	765	3 455	338,35
Options granted	0	0	150	150	842,38
Options exercised	0	600	55	655	189,50
Options cancelled/lapsed	0	0	0	0	
Number of options at 30 June 2007	450	1 640	860	2 950	396,00

At year end 2006, the company held 3,455 thousand treasury shares on its Prague Securities Center account, for use in the share option program. During the course of H1 2007, six beneficiaries exercised options for a total number of 655 thousand shares at an average price of CZK 189.50 (lowest price CZK 139.20/share, highest price CZK 243.53/share). Proceeds from sale of shares, including interest, totaled TCZK 124,192.

In March, ČEZ, a. s. purchased 150 thousand shares for the share option program through a securities trader for a weighted average price of CZK 911.81/share including fees and commissions.

2) Share Buy-Back

On 23 April 2007, the General Meeting of ČEZ, a. s. approved a share buy-back for the purpose of optimizing the capital structure. The terms of the buy-back are as follows:

- highest possible number of shares purchased: 59,221,084 (10% of stated capital)
- price: CZK 300 – 2,000
- time period: 18 months from General Meeting date
- the company may use the treasury shares so acquired to reduce the stated capital or to meet obligations under share option programs, up to a maximum of 5 million shares.

The buy-back is taking place on stock exchanges in Prague and Warsaw and on other regulated markets where ČEZ, a. s. shares have been accepted for trading. The buy-back program is governed, *inter alia*, by European Commission Directive No. 2273/2003/EC restricting the maximum number of shares that may be bought back on a particular day to 25% of the average daily volume. ČEZ, a. s. plans to utilize the entire 18 months for the buy-back.

Tradable Shares

In the period 30 April – 30 June 2007, a total of 13,713 thousand shares (2.3% of the stated capital) were traded. The buy-back continues and, as at 13 August 2007 23,787 thousand shares (4% of the stated capital) had been traded.

Credit Ratings

During the period in question, the credit ratings of ČEZ, a. s. were unchanged – Standard & Poor's: A-, Moody's: A2, both with stable outlook.

Payment of Dividends to Company Shareholders

For the 2006 financial year, company shareholders are being paid a pre-tax dividend of CZK 20 per share. The record date for this dividend is 23 April 2007, and the ex-dividend date (first day shares traded do not come with the right to be paid this dividend) is 13 April 2007.

Payment of dividends for the year 2006 is taking place in the period from 1 August 2007 to 31 July 2011. The dividend announcement and a summary of dividends paid for previous years has been published on the ČEZ, a. s. website in the section Investors → Shares → Dividends.

A total of CZK 11,785 million has been set aside for dividends, corresponding to 41% of the CEZ Group consolidated income for 2006.

On 31 July 2007, pay-out of dividends for the 2001 financial year ended. At this date approximately TCZK 9,895 was unpaid.

General Meeting

The 15th Annual General Meeting of ČEZ, a. s. was held on 23 April 2007. It discussed and passed resolutions in the following matters in particular:

- took under consideration the Report on the Company's Operations and the State of Its Assets for the Year 2006;
- took under consideration the Report of the Supervisory Board;
- approved the termination of the company's social fund and remuneration fund, with the current balance of said funds to be credited to the company's operating expenses;
- approved an amendment of the company's Articles of Association;
- approved the ČEZ, a. s. financial statements for the year ended 31 December 2006 and the CEZ Group consolidated financial statements for the year ended 31 December 2006;
- approved the allocation of the 2006 net income of TCZK 25,802,824 as follows:
 - allocation to capital reserve 621,042 thousand CZK
 - payment of dividends to company shareholders 11,785,217 thousand CZK
 - transfer to retained earnings 13,396,565 thousand CZK
- approved payment of dividends and board member bonuses:
 - the dividend attributable to treasury shares held by the company as at the record date will not be paid out, and therefore it is not included in the amount allocated for payment of dividends – instead it is included in retained earnings.
 - payment of bonuses for the year 2006 to members of company's governing boards, in a total amount of TCZK 22,800, and the allocation of this amount equally among all members of the Board of Directors and Supervisory Board. The share of each board member will be set according to the time over which he or she served in the given board during the course of 2006. Members of the Supervisory Board who were seconded to the Supervisory Board by a government agency of which they are employees will not receive bonuses for as long as this obstacle existed.
- took under consideration a report on the state of the public procurement contract Dukovany Nuclear Power Station I & C Systems Renewal – Modules M3 – M5, and agreed for the company's Board of Directors to take a decision on this procurement contract in accordance with Act No. 137/2006 Sb. on Public Procurement so as for it to be as economically advantageous as possible for ČEZ, a. s.
- approved increase of sponsorship donations budget for 2007 by CZK 5.5 million and provision of non-monetary donations in the form of measurement devices with zero net book value. For 2008, the General Meeting approved a sponsorship donations budget of CZK 135 million, CZK 50 million of which will be donated to CEZ Foundation and CZK 85 million will be distributed to regions and municipalities affected by ČEZ operations and development activities.
- approved possibility and terms of acquiring treasury shares.

Shares, Shareholders, and General Meeting of ČEZ, a. s.

- confirmed the following members of the Supervisory Board: Martin Kocourek, Tomáš Hüner, and Zdeněk Hrubý. Elected the following new members to the Supervisory Board: Ivan Fuksa, Josef Janeček, and Petr Kalaš. The following ceased to be members of said body: Petr Kousal, Aleš Cincibus, and Karel Zeman.
- approved board member contracts and remuneration provided thereunder and the system of remunerating and providing benefits for members of the Board of Directors as reflected in the board member contracts the company has been using since 2001.

Bonds

On 27 August 2007, ČEZ plans to issue CZK-denominated bonds to be listed on the PSE Main Market as of that date.

Bond Parameter	Value
Interest rate	fixed 4.30% p. a.
Par value	CZK 10,000
Issue price	99.93%
Issue volume	CZK 7 billion
Matures	2010

ČEZ, a. s. hired major global investment banks to prepare the eurobond issue program (EMTN) and the first issue to take place within it. The parameters of the first issue are subject to clarification. The issue is planned for fall 2007.

Changes in ČEZ, a. s. Governance Bodies and Management

ČEZ, a. s. is run by the statutory body, which is the company's Board of Directors. Prior consent of the Supervisory Board is required for certain decisions of the Board of Directors. Effective 1 May 2007, the Division Directors Committee began operating as an advisory body to ČEZ, a. s. senior management.

Supervisory Board

The following left the Supervisory Board in H1 2007:

Petr Kousal	(* 1954)	Member from 20 June 2005 to 23 April 2007
Aleš Cincibus	(* 1956)	Member from 20 June 2005 to 23 April 2007
Karel Zeman	(* 1956)	Member from 17 November 2006 to 23 April 2007

The following joined the Supervisory Board as new members:

Ivan Fuksa	(* 1963)	Member from 23 April 2007
Zdeněk Hrubý	(* 1956)	Member from 22 February 2007
Josef Janeček	(* 1952)	Member from 23 April 2007
Petr Kalaš	(* 1940)	Member from 23 April 2007

ČEZ, a. s. Board of Directors

There were no personnel changes in the company's Board of Directors in H1 2007.

ČEZ, a. s. Senior Management – Highest Executive Level

Effective 1 June 2007, a Chief Operating Officer (COO) position was created, to which the CEO delegated some of his powers.

The CEO runs the company directly. He carries out decisions of the Board of Directors, acts in the company's name, carries out legal acts and signs on behalf of ČEZ, a. s. In particular, he makes decisions in matters of strategy, mergers and acquisitions, external communication, and staffing of division head positions, including their career plans, development, and remuneration.

The COO is authorized by the CEO to manage the internal affairs of ČEZ, a. s., i.e. decide in all matters except those reserved for the CEO (see above) and those reserved for Chief Financial Officer (CFO). He supervises all the division heads except for the CFO. He carries out strategic planning in collaboration with the CEO.

In the first half and up to the Half-year Report closing date, the CEO and COO were held as follows:

Martin Roman	(* 1969)	CEO
Daniel Beneš	(* 1970)	COO

ČEZ, a. s. Senior Management – Division Heads

The following division head left his position:

Daniel Beneš	(* 1970)	Chief Administration Officer from 1 February 2006 to 31 May 2007
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Replaced by:

Ivan Lapin	(* 1965)	Chief Administration Officer from 1 July 2007
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ČEZ, a. s. Senior Management – Section Directors

The following section head left his position:

Jaroslav Suk	(* 1954)	Head of Financing Section from 1 January 2005 to 14 February 2007
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Changes in ČEZ, a. s. Governance Bodies and Management

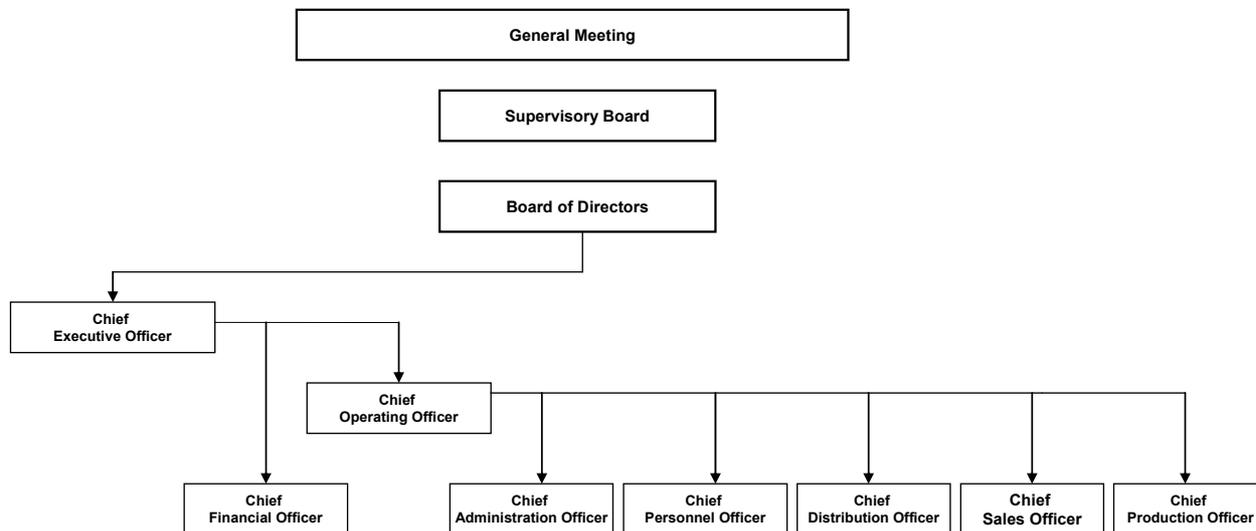
Replaced by:

Jan Brožík

(* 1972)

head of Financing Section from 14 February 2007

Simplified Organization Chart of ČEZ, a. s. Senior Management



Acquisition of Fixed Assets (CZK millions)

	H1 2006	H1 2007
Property, plant and equipment	6,773	10,284
<i>of which, e.g.: acquisition of nuclear fuel</i>	<i>1,018</i>	<i>799</i>
Acquisition of intangible fixed assets	395	736
Acquisition of financial investments	1,312	1,114
Impact of acquisitions of fixed assets on liabilities	1,062	1,194
Total	9,542	13,328

The most significant capital projects implemented in H1 2007 were:

- Two projects continue at the Dukovany Nuclear Power Station: the I & C systems renewal project with a total budget of CZK 12,193 million and the renovation of the flow-through portions of low-pressure components of steam turbines with a total budget of CZK 1,571 million.
- Preparations are underway for a capital project to utilize generating unit design reserves at Dukovany Nuclear Power Station, with a total budget of CZK 4,242 million. The project is slated for implementation in 2009 – 2012.
- At Temelín Nuclear Power Station, we continue to replace high-pressure rotors on the 1,000 MW turbogenerators at total budgeted cost of CZK 900 million. Work also continues on preparation of a spent nuclear fuel storage facility with a total budget of CZK 1,359 million.
- As part of the plant renewal program in the Czech Republic, 2 June 2007 marked the beginning of the comprehensive retrofit of Tušimice II Power Station. So far, most of the work being done on the project involves demolition and disassembly. In late June, a zoning decision and State authorization were obtained for construction of a new brown-coal power plant in Ledvice with installed capacity of 660 MW. Also in late June, work began on a conceptual model of the comprehensive retrofit of Prunéřov II Power Station.
- At Severočeské doly a.s., work continues on a new TC2 excavator and spreader with a total budgeted cost of CZK 2 billion.
- At Elektrownia Skawina S.A., installation of flue gas desulfurization (FGD) equipment continues with total budgeted cost of over CZK 900 million. Completion is planned in September 2008.
- In Romania, ongoing capital projects included, in particular, substation and distribution grid upgrades.

Development of the CO₂ Allowances Market in H1 2007

In conjunction with the anticipated need for allowances to cover emissions in 2007, clarified on the basis of production data, ČEZ, a. s. purchased approximately 3.7 million allowances in H1 2007. The need to buy additional permits was given by CEZ Group's active trading strategy, which resulted in a portion of our 2007 allowances being sold before the bottom fell out of the allowances market. In the course of H1 2007 the allowance price stabilized at 0.1 EUR/ton. As it is impossible to bring allowances forward to the next trading period, the future allowances disposition strategy will focus on covering the needs of settling with the register for 2007, which is the last year of the first trading period (all 2007 allowances must be eliminated from the system by the end of April 2008).

CER Credits (Emission Reductions from CDM Projects under the Kyoto Protocol)

CEZ Group began trading in Certified Emission Reduction (CER) units, which represent emission reductions from projects implemented within the Kyoto Protocol Clean Development Mechanism.

Here, one of our primary initiatives was to join the carbon fund of the European Bank for Reconstruction and Development (EBRD), which involved accepting an obligation to invest approximately CZK 210 million (EUR 7.5 million) in Bank projects designed to reduce greenhouse gas emissions. The priority regions are Eastern European countries and countries of the former Soviet Union.

In addition to EBRD fund participation, ČEZ, a. s. is also developing its own CDM initiatives. For example, a contract is about to be signed in a project to generate electricity by firing landfill methane near Chişinău in Moldavia, and negotiations are underway on participation in CDM projects in China.

Outlook for NAP II (2008-2012)

The European Commission has issued decisions on the allocation plans of 23 Member States. In a large majority of cases, including the allocation plans of the Czech Republic and Poland, the European Commission is requiring allocations to be cut back. Up to now, five countries (the Czech Republic, Poland, Hungary, Estonia, and Slovakia) have filed court challenges against these decisions. In the case of Bulgaria's allocation plan (relating to the Varna Power Station, part of CEZ Group), the European Commission has not yet made a decision, either to the allocation plan for 2007 or the one for 2008 – 2012.

Prices of CO₂ allowances for 2008 (forward 2008) have grown, being driven in particular by the European Commission's decisions on lower allocations in NAP II, up to 25 EUR/ton. A subsequent correction of the 2008 allowance price to EUR 20 has given rise to expectations, confirmed by analyst forecasts, that the price will grow in future.

Action Plan

In March, ČEZ, a. s. adopted a CO₂ Emission Reduction Action Plan. The publication, with accompanying details, is available to the public on the CEZ Group website. In the first half, ČEZ, a. s. evaluated the action plan. In order to meet our greenhouse gas reduction pledges, we got actively involved in Carbon Capture and Storage (CCS) activities. Two specific locations have been identified for practical testing of this technology. Thanks to our active approach to involvement in CDM projects, ČEZ, a. s. is also meeting its pledge to invest in international emission reduction projects.

CEZ GROUP

Consolidated Balance Sheet in accordance with IFRS

(in CZK Millions)

	as of 31.12.2006	as of 30.6.2007
Assets		
Property, plant and equipment:		
Plant in service	464,776	473,734
Less accumulated provision for depreciation	219,073	229,044
Net plant in service	245,703	244,690
Nuclear fuel, at amortized cost	7,376	7,138
Construction work in progress	16,684	21,216
Total property, plant and equipment	269,763	273,044
Other non-current assets:		
Investment in associates	430	435
Investments and other financial assets, net	13,277	17,803
Intangible assets, net	17,820	19,426
Deferred tax assets	699	695
Total other non-current assets	32,226	38,359
Total non-current assets	301,989	311,403
Current assets:		
Cash and cash equivalents	30,932	29,946
Receivables, net	16,334	18,736
Income tax receivable	152	355
Materials and supplies, net	4,308	5,146
Fossil fuel stocks	1,195	1,703
Emission rights	2,224	363
Other financial assets, net	8,952	12,463
Other current assets	2,569	3,039
Total current assets	66,666	71,751
Total assets	368,655	383,154

CEZ GROUP

Consolidated Balance Sheet in accordance with IFRS

(in CZK Millions)

	as of 31.12.2006	as of 30.6.2007
Equity and liabilities		
Equity:		
Equity attributable to equity holders of the parent:		
Stated capital	59,221	59,221
Treasury shares	-1,943	-15,254
Retained earnings and other reserves	137,659	147,637
	<hr/>	<hr/>
Total equity attributable to equity holders of the parent	194,937	191,604
Minority interests	12,716	14,111
	<hr/>	<hr/>
Total equity	207,653	205,715
Long-term liabilities:		
Long-term debt, net of current portion	41,956	39,499
Accumulated provision for nuclear decommissioning and fuel storage	36,683	36,992
Other long-term liabilities	15,543	16,349
	<hr/>	<hr/>
Total long-term liabilities	94,182	92,840
Deferred tax liability	20,017	26,139
Current liabilities:		
Short-term loans	121	412
Current portion of long-term debt	6,365	7,579
Trade and other payables	22,905	35,670
Income tax payable	6,222	4,384
Accrued liabilities	11,190	10,415
	<hr/>	<hr/>
Total current liabilities	46,803	58,460
	<hr/>	<hr/>
Total equity and liabilities	368,655	383,154

CEZ GROUP

Consolidated Statement of Income in accordance with IFRS

(in CZK Millions)

	1-6/2006	1-6/2007
Revenues:		
Sales of electricity	69,007	77,310
Gains and losses from electricity derivative trading, net	-137	965
Heat sales and other revenues	5,538	4,887
Total revenues	74,408	83,162
Operating expenses:		
Fuel	-5,249	-7,856
Purchased power and related services	-21,717	-22,712
Repairs and maintenance	-1,844	-1,928
Depreciation and amortization	-10,950	-10,826
Salaries and wages	-6,581	-6,991
Materials and supplies	-2,172	-2,885
Emission rights, net	516	550
Other operating expenses	-3,031	-3,186
Total expenses	-51,028	-55,834
Income before other income (expenses) and income taxes	23,380	27,328
Other income (expenses):		
Interest on debt, net of capitalized interest	-869	-1,180
Interest on nuclear and other provisions	-946	-962
Interest income	290	710
Foreign exchange rate gains (losses), net	489	-32
Gain (Loss) on sale of subsidiaries and associates	-237	125
Negative goodwill write-off		
Other income (expenses), net	-467	1,140
Income from associates	65	28
Total other income (expenses)	-1,675	-171
Income before income taxes	21,705	27,157
Income taxes	-5,137	-6,142
Net income	16,568	21,015
Net income attributable to:		
Equity holders of the parent	15,904	20,499
Minority interests	664	516

CEZ GROUP
Consolidated Statement of Changes in Equity in accordance with IFRS
(in CZK Millions)

	Attributable to Equity Holders of the Parent							Total Equity
	Stated Capital	Treasury Shares	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total	Minority Interests	
December 31, 2005	59,221	-984	-789	588	118,637	176,673	14,616	191,289
Change in fair value of available-for-sale financial assets recognized in equity				-60		-60	-11	-71
Available-for-sale financial assets removed from equity				46		46	1	47
Change in fair value of cash flow hedges recognized in equity				137		137	7	144
Cash flow hedges removed from equity				134		134		134
Translation differences			-42			-42	-15	-57
Other movements					-2	-2	7	5
Gain and loss recorded directly to equity			-42	257	-2	213	-11	202
Net Income					15,904	15,904	664	16,568
Total gains and losses			-42	257	15,902	16,117	653	16,770
Acquisition of treasury shares		-899				-899		-899
Sale of treasury shares		204			-100	104		104
Dividends declared to shareholders of the parent					-8,853	-8,853		-8,853
Share options				154		154		154
Transfer of exercised and forfeited share options within equity				-229	229			
Change in minority due to acquisitions							-2,664	-2,664
June 30, 2006	59,221	-1,679	-831	770	125,815	183,296	12,605	195,901
December 31, 2006	59,221	-1,943	-1,301	1,381	137,579	194,937	12,716	207,653
Change in fair value of available-for-sale financial assets recognized in equity				-1		-1		-1
Available-for-sale financial assets removed from equity				-272		-272		-272
Change in fair value of cash flow hedges recognized in equity				-624		-624		-624
Cash flow hedges removed from equity				1		1		1
Translation differences			2,402			2,402	1,155	3,557
Share on equity movements of associates					-18	-18		-18
Other movements							-1	-1
Gain and loss recorded directly to equity			2,402	-896	-18	1,488	1,154	2,642
Net Income					20,499	20,499	516	21,015
Total gains and losses			2,402	-896	20,481	21,987	1,670	23,657
Acquisition of treasury shares		-13,679				-13,679		-13,679
Sale of treasury shares		368			-244	124		124
Dividends declared to shareholders of the parent					-11,785	-11,785		-11,785
Share options				20		20		20
Transfer of exercised and forfeited share options within equity				-90	90			
Change in minority due to acquisitions							-275	-275
June 30, 2007	59,221	-15,254	1,101	415	146,121	191,604	14,111	205,715

CEZ GROUP

Consolidated Statement of Cash Flows in accordance with IFRS

(in CZK Millions)

	1-6/2006	1-6/2007
Operating activities:		
Income before income taxes	21,705	27,157
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	10,954	10,832
Amortization of nuclear fuel	1,667	1,382
(Gain) loss on fixed assets retirements, net	103	-251
Foreign exchange rate losses (gains), net	-489	32
Interest expense, interest income and dividends income, net	551	387
Provision for nuclear decommissioning and fuel storage	105	218
Valuation allowances, other provisions and other adjustments	94	-633
Income from associates	-65	-28
Changes in assets and liabilities:		
Receivables	-1,624	-2,016
Materials and supplies	-832	-983
Fossil fuel stocks	146	-470
Other current assets	-2,101	-3,970
Trade and other payables	-1,216	3,387
Accrued liabilities	-262	455
Cash generated from operations	<u>28,736</u>	<u>35,499</u>
Income taxes paid	-2,390	-2,233
Interest paid, net of capitalized interest	-1,047	-1,122
Interest received	287	728
Dividends received	36	85
Net cash provided by operating activities	<u>25,622</u>	<u>32,957</u>
Investing activities:		
Acquisition of subsidiaries and associates, net of cash acquired	-15,129	-2,434
Proceeds from disposal of subsidiaries and associates, net of cash disposed of	352	375
Additions to property, plant and equipment and other non-current assets, including capitalized interest	-9,542	-13,328
Loans made	-2	-2
Proceeds from sales of fixed assets	1,176	652
Change in decommissioning and other restricted funds	-232	-4,127
Repayments of loans	40	118
Total cash used in investing activities	<u>-23,337</u>	<u>-18,746</u>

CEZ GROUP

Consolidated Statement of Cash Flows in accordance with IFRS

(in CZK Millions)

	1-6/2006	1-6/2007
Financing activities:		
Proceeds from borrowings	20,465	1,106
Payments of borrowings	-13,384	-3,634
Proceeds from other long-term liabilities	83	70
Payments of other long-term liabilities	-194	-155
Dividends paid to Company's shareholders	29	48
Dividends paid to minority interests / Contributions received from minority interests, net	-7	21
(Acquisition) sale of treasury shares, net	-795	-13,555
Total cash provided by (used in) financing activities	6,197	-16,099
Net effect of currency translation in cash	-139	902
Net increase (decrease) in cash and cash equivalents	8,343	-986
Cash and cash equivalents at beginning of period	16,791	30,932
Cash and cash equivalents at end of period	25,134	29,946
Supplementary cash flow information		
Total cash paid for interest	1,289	1,480

Glossary of Terms and Abbreviations

Term	Commentary
CCS - Carbon Capture and Storage (or carbon sequestering)	A technology for separating carbon dioxide from gases emitted from heat and power plants. Carbon dioxide is pressurized and transported to a site where it is stored in geological formations such as gas and oil deposits. This procedure improves yields from older oil fields, thereby extending their life. CCS can be used to remove 80 – 90% of all carbon dioxide emissions from power plants.
CDM - Clean Development Mechanism	An agreement contained in the Kyoto Protocol allowing advanced countries with an obligation to reduce greenhouse gas emissions to invest in emission reduction in developing countries that do not have such obligations.
CER - Certified Emission Reduction	Emission reductions obtained by implementation of CDM projects.
EBRD	European Bank for Reconstruction and Development.
EEX	European Energy Exchange AG The European Energy Exchange is an electricity trading platform based in Leipzig, Germany.
EU ETS	(European Union Greenhouse Gas Emissions Trading Scheme) A system for trading in emissions within the European Union. Within this mechanism, CER units may be used up to 10% of the five-year allocation at the individual plant level at any time, without any annual limit.
NAP	National Allocation Plan A document showing the intended allocation of CO ₂ emission allowances allocated to each CO ₂ producing facility in the given country and trading period. The first trading period encompasses the years 2005–2007, and the second will be 2008–2012.
PSE	Prague Stock Exchange
PXE	Prague Energy Exchange An electricity trading platform.

Glossary of Terms and Abbreviations

Explanation of Units Used in this Document

Unit	Commentary
GWh	Gigawatt-hour = a unit of electrical work
kV	Kilovolt = a unit of electrical potential (load)
MW	Megawatt = a unit of power (load)
t	Metric ton = a unit of mass
TJ	Terajoule = a unit of work (energy)

Method Used by CEZ Group to Calculate Key Figures

Name of indicator	Calculation
EBITDA	Income from ordinary activities before deduction of interest, income taxes and depreciation/amortization (operating revenues – operating expenses + depreciation and amortization)
EBIT	Income from the company's principal business activity excluding borrowing costs and before deduction of income tax on this activity (operating revenues – operating expenses)
Return on Equity (ROE), net	Net income attributable to equity holders of the parent / Average equity attributable to equity holders of the parent
EBITDA margin	EBITDA / Total operating revenues
Net debt / equity	Indebtedness of the company expressed as the ratio of debt to equity (Long-term debt, net of current portion + Short-term loans + Current portion of long-term debt - Cash and cash equivalents) / Equity attributable to equity holders of the parent
Net debt / EBITDA	Indebtedness of the company expressed as the ratio of debt to EBITDA (Long-term debt, net of current portion + Short-term loans + Current portion of long-term debt - Cash and cash equivalents) / EBITDA
Operating cash flow-to-liabilities ratio	Indicator of the company's short-term liquidity – to what amount operating cash flow covers the company's existing liabilities. Net cash flow from operating activities / Long-term debt.

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Responsibility for the Half-year Report

Statutory Declaration:

With the use of all due diligence, to the best of my knowledge the information presented in the Half-year Report is factual and no facts have been omitted that could change the meaning of the Half-year Report.

Prague, 13 August 2007



Pavel Cyrani

Director, Planning and Controlling Section

This report is not audited.

Company: ČEZ, a. s.
Duhová 2/1444
140 53 Prague 4
Czech Republic

Registered in the Commercial Register maintained by the Prague Municipal Court, Part B,
Entry No. 1581

Established: 1992
Legal form: joint-stock company

ID Number: 452 74 649
Tax ID: CZ45274649

Bankers: Komerční banka, Prague 1
Account No.: 24003-011/0100

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This report is the Half-year Report of a listed securities issuer pursuant to Section 119 of Act
No. 256/2004 Sb.

Half-year Report closing date: 13 August 2007