



ČEZ, A. S. Brief Report on Operational, Economic and Financial Results for First Half 2005

UNAUDITED AND UNCONSOLIDATED RESULTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Main features

- EBIT up 57.8% year-on-year (by CZK 4.0 billion) to CZK 10.9 billion.
- Net income grew 110.7% to CZK 10.9 billion (up CZK 5.7 billion), and we are increasing the anticipated year-end net income result to CZK 15.2 billion.
- ČEZ, a. s. will pay a record CZK 5.3 billion dividend (CZK 9 per share) for the 2004 fiscal year.
- On July 13, the Government of the Czech Republic decided to grant ČEZ, a. s. exclusivity for negotiating the sale of the State's 55.8% stake in the brown coal-mining company Severočeské doly a.s., in which ČEZ, a. s. already holds a stake of 37.3%. ČEZ, a. s. has 90 days to submit a bid.
- On 1 July 2005, ČEZ, a. s. announced its intent to squeeze out minority shares of four regional electricity distribution companies (Severomoravská, Východočeská and Západočeská energetika, a.s. and Středočeská energetická a.s.).
- During the first half of the year, the price of ČEZ, a. s. shares on the Prague Stock Exchange continued to grow; by the end of the half it had grown 38.2% (from CZK 341 to CZK 471); during July the share price continued to grow, reaching CZK 525 as of 29 July 2005.
- By 2020, ČEZ, a. s. plans to invest in comprehensive retrofits of the Tušimice II and Pruněřov II Power Stations and a partial retrofit of the Počerady Power Station, as well as in the construction of new power plants in Ledvice and Počerady. Total capital spending on these projects is estimated at between 90 and 100 billion CZK.
- Fuel for operating the retrofitted power plants has been secured by long-term contracts with Severočeské doly a.s. and Mostecká uhelná a.s.
- On 20 July 2005, the Government of the Czech Republic tentatively granted ČEZ, a. s. an annual volume of emissions permits to cover 36.9 million metric tons of carbon dioxide (for the period 2005 - 2007).
- Better ratings from both Moody's and Standard & Poor's.

Prague, 1 August 2005

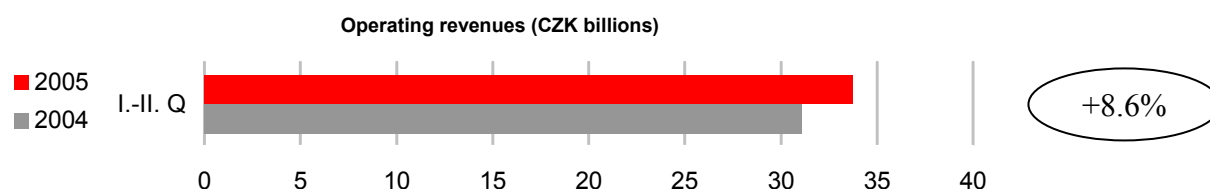
		JAN-JUN 2005	JAN-JUN 2004	Index 05/04
Operating revenues	CZK m	33,770	31,099	108.6%
of which: electricity revenues	CZK m	32,522	29,904	108.8%
Operating expenses	CZK m	22,839	24,172	94.5%
of which: fuel	CZK m	7,048	7,199	97.9%
Operating income (EBIT)	CZK m	10,931	6,927	157.8%
EBITDA	CZK m	17,663	13,719	128.7%
Other expenses (+) income (-)	CZK m	-1,854	353	
Income before income taxes (EBT)	CZK m	12,785	6,574	194.5%
Income after income taxes	CZK m	10,896	5,171	210.7%
Earnings per CZK 100 share (EPS)*	CZK	18.5	8.7	212.4%
Price earnings ratio (P/E)**	1	17.0	15.6	109.0%
Return on equity (ROE) net*	%	6.6	3.4	195.8%
Return on invested capital (ROIC)*	%	4.6	2.9	161.1%
EBITDA margin	%	52.3	44.1	118.6%
Total indebtedness (provisions excluded)	%	24.8	26.2	95.0%
Long-term indebtedness	%	14.3	16.4	87.3%

*) for the period

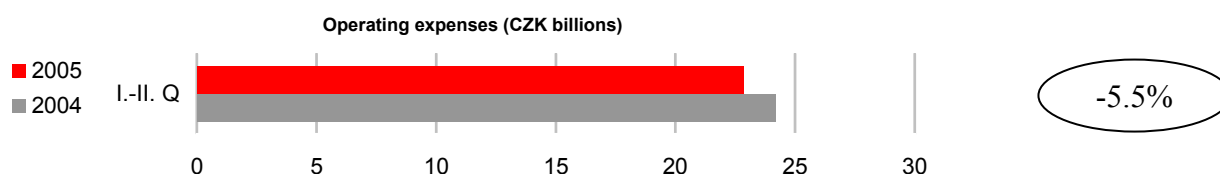
**) for the past 12 months

Revenues, Expenses, Income

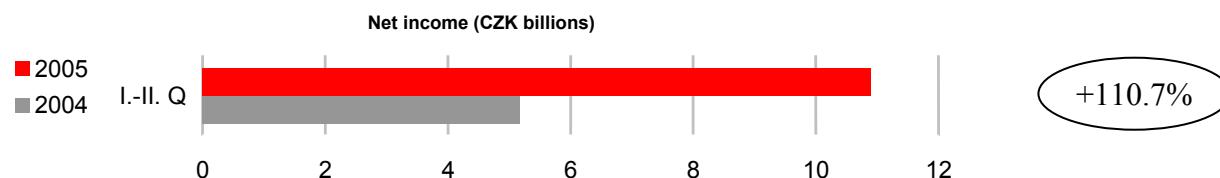
OPERATING REVENUES for the 1st half of 2005 grew to CZK 33.8 billion, up CZK 2.7 billion (8.6%) year-on-year. This movement was driven primarily by growth in electricity sales revenues (including sales of ancillary services) by CZK 2.6 billion (to CZK 32.5 billion, i.e. +8.8%), and in particular revenues from sales of electricity for customers in the Czech Republic (excluding sales earmarked for export), which were up CZK 2.5 billion (to CZK 23 billion, i.e. +12.2%). Revenues from electricity sold abroad (including domestic sales earmarked for export and electricity purchased outside the Czech Republic) declined in year-on-year terms by CZK 0.4 billion (to CZK 6.6 billion, i.e. -5.3%), due exclusively to a substantial fall in the volume of electricity trading outside the Czech Republic (nearly 1 TWh less was purchased/sold than in the first half of last year), which in financial terms represents a decline of CZK 0.8 billion (to CZK 0.1 billion). Ancillary service revenues grew by CZK 0.5 billion (19.9%) to CZK 2.9 billion as ČEZ, a. s. began providing these services in Slovakia.



OPERATING EXPENSES fell by CZK 1.3 billion (5.5%) to CZK 22.8 billion. Declining components included, in particular, costs of purchased electricity and related services (down CZK 0.9 billion, or 19.8%) due to lower electricity purchasing for trading outside the Czech Republic, repairs and maintenance costs (down CZK 0.2 billion, or 13.2%), and conventional fuel costs (down CZK 0.2 billion, or 3.1%). Other components of operating expenses fell only slightly year-on-year (by a total of CZK 0.1 billion). The principal components of operating expenses were fuel (30.9%), depreciation and amortization (29.5%), and purchasing of electricity and related services (16.0%).



OPERATING INCOME (EBIT) was up CZK 4.0 billion (57.8%) on higher operating revenues (by CZK 2.7 billion) while operating expenses fell by CZK 1.3 billion. **OTHER EXPENSES/INCOME** fell in year-on-year terms by CZK 2.2 billion; from an expense of CZK 0.4 billion in the first half of 2004 to income of CZK 1.9 billion in the first half of 2005. The principal driver of this change was CZK 4.0 billion in dividends received from the electricity distribution companies and Severočeské doly a.s. (up CZK 2.3 billion). **INCOME BEFORE INCOME TAXES (EBT)** totaled CZK 12.8 billion, which is up CZK 6.2 billion (94.5%) compared to the first half of 2004. The total **INCOME TAX** figure grew to CZK 1.9 billion, from CZK 1.4 billion in first half 2004. Compared to first half 2004, **NET INCOME** increased by CZK 5.7 billion (110.7%) to CZK 10.9 billion.



Growth in earnings per share (by 112.4%) was driven by growth in net income (by 110.7%) to reach CZK 18.5 per share. The P/E ratio increased to 17.0 (up 9.0%) as the share price grew year-on-year from CZK 184.6 to CZK 470.8 (155.1%) while earnings grew by 130.3% over the past 12 months. Return on equity (ROE), net nearly doubled in year-on-year terms (from 3.4% to 6.6%) due to strong growth in earnings (from CZK 5.2 billion to CZK 10.9 billion). Return on invested capital (ROIC) grew from 2.9% to 4.6% (61.1%), due in particular to higher operating income by 57.8% while invested capital fell by 0.3% year-on-year. The EBITDA margin widened from 44.1% to 52.3%, due in particular to the growth in operating income. Overall indebtedness, provisions excluded, fell from 26.2% to 24.8%; despite growth in liabilities in absolute terms, this was outstripped by growth in equity. Long-term indebtedness fell compared to first half 2004 from

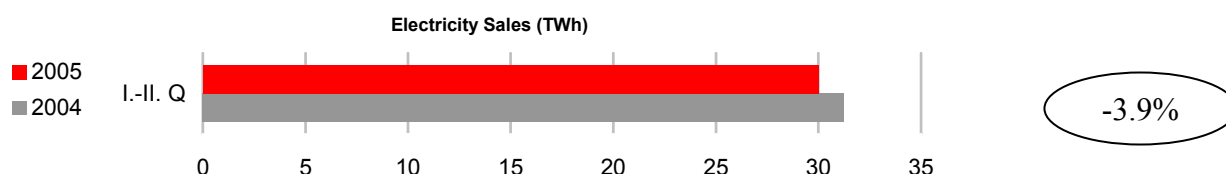
16.4% to 14.3% due to a year-on-year decline in long-term bank borrowings (by CZK 2.2 billion) and lower bonds outstanding (by CZK 0.8 billion, due to strength of the Czech currency).

THE NUMBER OF ČEZ, A. S. EMPLOYEES increased year-on-year by 60 persons (0.9%) to 6,684 persons, as selected functions were consolidated in the VIZE 2008 project and preparations went forward for implementing the new ČEZ Group structure. Compared to the head count at year end 2004, the increase is 55 persons (0.8%).

Electricity Sales

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 (4.1%) while small business consumption rose only slightly (0.6%) and household consumption declined 1.3%. These developments were influenced by a 0.2 °C increase in the average temperature, among other factors. **THE ČEZ, A. S. SHARE IN COVERING ELECTRICITY DEMAND** grew from 66.8% to 68.2% despite a moderate decline in the **SHARE OF ČEZ, A. S. PLANTS** (from 62.5% to 61.7%) in the same period.

TOTAL ČEZ, A. S. ELECTRICITY SALES VOLUME, at 30,013 GWh, was 1,229 GWh (3.9%) lower than the previous comparable period, and a substantial portion of this decline (995 GWh) was due to lower sales of electricity traded abroad (down to 82 GWh). Domestic electricity sales, however, grew by 2,002 GWh overall, or by 171 GWh (0.8%) with the other 1,831 GWh of the increase being sold to traders for export. On the other hand, ČEZ, a. s. electricity export volume declined by 2,236 GWh (direct export by ČEZ, a. s.), or by 405 GWh (5.2%) when domestic sales earmarked for export are included. Thus, real domestic sales totaled 22,546 GWh and real export volume was 7,385 GWh.



GENERATION OF ELECTRICITY IN ČEZ, A. S. FACILITIES in the first half reached 30,224 GWh for a moderate (243 GWh; 0.8%) year-on-year decline. Generation in coal-fired power plants declined by 1,155 GWh, nuclear power plants generated 857 GWh more (even though their generation did not reach the anticipated level), and hydro power plants generated 55 GWh more than in 2004. Coal-fired plants accounted for 55.9% (16,882 GWh) of overall production, nuclear power plants accounted for 40.7% (12,316 GWh), and hydro power plants and other renewable sources of energy accounted for 3.4% (1,025 GWh).

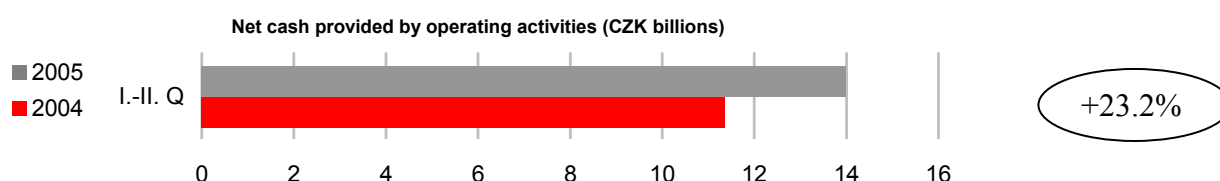
Capital Investment Program

Capital spending on tangible and intangible fixed assets totaled CZK 1.7 billion in the first half of 2005. 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 shutdown of Unit 2 took place from April to July. During an extended review, 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 a reduced capacity of 830 MW.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES (CZK 14.0 billion) increased compared to the same period of 2004 by CZK 2.6 billion (23.2%). Growth components included, in particular, income before income taxes (up CZK 6.2 billion) and lower income taxes by CZK 0.7 billion. On the other hand, interest received and paid and dividends due from subsidiaries contributed a total of CZK 2.2 billion to a reduction in operating cash flow, provisions, allowances and other non-cash expenses increased by CZK 0.9 billion, and accounts receivable reduced the year-on-year net cash provided by operating activities by CZK 1.4 billion.

TOTAL CASH USED IN INVESTING ACTIVITIES fell year-on-year by CZK 6.3 billion to CZK 3.8 billion, in particular as a result of lower net expenditures to acquire subsidiaries (by CZK 3.3 billion) and spending to procure fixed assets (down by CZK 2.5 billion).



NET CASH FLOW FROM FINANCING ACTIVITIES was a CZK 1.9 billion net outflow of cash, consisting of CZK 1.0 billion spent to buy treasury shares and CZK 0.9 billion in installments paid on long-term bank borrowings.

ČEZ, A. S. RATINGS:

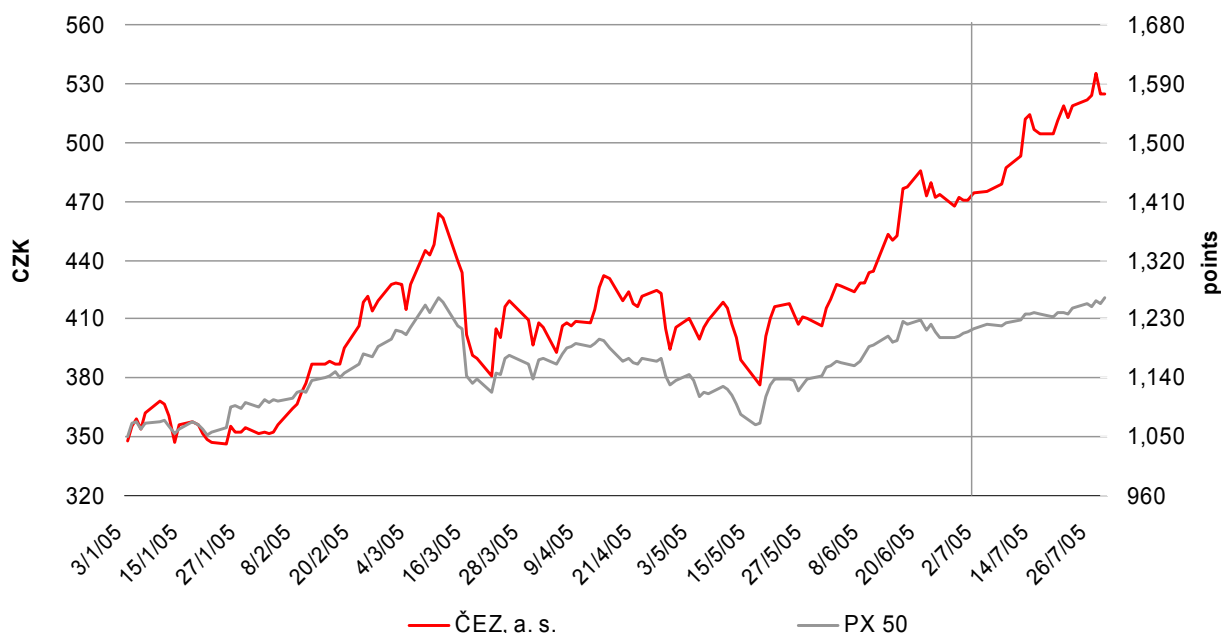
STANDARD & POOR'S: "BBB+" with positive outlook (increased from stable outlook as of May 2005)

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 20 June 2005, approved a CZK 9/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. The advantage of the agreement is that it gives both parties security for investing in new plant and equipment (new generating plants in the case of ČEZ, a. s.).
- On 1 July 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. At the same time, terms of supply for existing generating plants were clarified for the period 2006-2012. The agreement is variable and can remain in effect for up to 50 years if territorial coal extraction limits are reassessed.
- On 1 July 2005, ČEZ, a. s. announced its intent to squeeze out minority shares of the electricity distribution companies Severomoravská, Východočeská and Západočeská energetika, a.s. and Středočeská energetická a.s.
- On 13 July, the Government of the Czech Republic granted ČEZ, a. s. exclusivity for negotiations on the sale of the State's 55.8% stake in Severočeské doly a.s., in which ČEZ, a. s. already holds a 37.3% stake. ČEZ, a. s. has 90 days to submit a bid.
- During the month of April, ČEZ, a. s. submitted preliminary offers to acquire stakes in the Polish power industry – a stake in the privately-held Zespół Elektrowni Patnów – Adamów – Konin SA and participation in the privatization of State-held Zespół Elektrowni Dolna Odra SA and Elektrownia Kozienice SA.
- On 5 April, ČEZ, a. s. signed an agreement with the Romanian State company SC Electrica S. A. on the purchase of a stake in the distribution company Electrica Oltenia for EUR 151 million. As a result of a crisis in the Romanian Parliament, final settlement of the transaction for ČEZ will probably not take place until the fourth quarter of 2005.
- Prediction for ČEZ, a. s. net income for the year 2005 is CZK 15.2 billion.

ČEZ, a. s. Share Performance Compared to the PX 50 Prague Stock



Income Statement in accordance with IFRS (CZK m)				
	4. - 6. / 2005	1. - 6. / 2005	4. - 6. / 2004	1. - 6. / 2004
Revenues	16,074	33,770	14,054	31,099
Sales of electricity	15,616	32,522	13,603	29,904
Heat sales and other revenues	458	1,248	451	1,195
Operating expenses	12,087	22,839	12,308	24,172
Fuel	3,569	7,048	3,489	7,199
Purchased power and related services	2,095	3,663	2,247	4,565
Repairs and maintenance	723	1,120	809	1,290
Depreciation and amortization	3,368	6,732	3,383	6,792
Salaries and wages	1,058	1,932	1,107	2,009
Materials and supplies	420	789	458	839
Other operating expenses	854	1,555	815	1,478
Income before other expense/income and income taxes	3,987	10,931	1,746	6,927
Other expenses/income	-2,562	-1,854	-1,045	353
Interest on debt, net of capitalized interest	324	764	305	715
Interest on nuclear provisions	513	1,025	490	980
Interest income	-58	-71	-50	-61
Foreign exchange rate losses/gains, net	682	675	-440	159
Other expenses/income, net	-4,023	-4,247	-1,350	-1,440
Income before income taxes	6,549	12,785	2,791	6,574
Income taxes	217	1,889	467	1,403
Net income	6,332	10,896	2,324	5,171
Cash Flow Statement in accordance with IFRS (CZK m)				
		1. - 6. / 2005		1. - 6. / 2004
Cash and cash equivalents at the beginning of period		1,141		888
Net cash provided by operating activities		13,996		11,360
Income before income taxes		12,785		6,574
Depreciation and amortization and asset write-offs		6,732		6,792
Amortization of nuclear fuel		1,499		1,471
Foreign exchange rate loss / gain, net		-3,271		-1,025
Income taxes paid		-2,423		-3,167
Other		-1,326		715
Total cash used in investing activities		-3,763		-10,015
Acquisition/sale of subsidiaries without cash		-1,775		-5,105
Purchase/sale of fixed assets		-2,402		-4,917
Change in decommissioning and other restricted funds		414		7
Total cash provided by (used in) financing activities		-1,932		6,458
Proceeds from/payments of - borrowings		-969		6,365
Acquisitions/sale of treasury shares		-993		74
Dividends paid/returned		30		19
Net effect of currency translation in cash		29		119
Net increase/decrease in cash and cash equivalents		8,330		7,922
Cash and cash equivalents at end of period		9,471		8,810
Balance Sheet in accordance with IFRS (CZK m)				
		as at 30. 6. 2005		as at 31. 12. 2004
Assets		265,728		255,496
Fixed assets		242,875		245,108
Property, plant and equipment		173,353		178,935
Plant in service		279,998		280,092
Less accumulated provision for depreciation		123,939		118,224
Net plant in service		156,059		161,868
Nuclear fuel, at amortized cost		8,044		7,909
Construction work in progress		9,250		9,158
Other non-current assets		69,522		66,173
Investments and other financial assets, net		68,317		64,883
Intangible assets, net		1,205		1,290
Current assets		22,853		10,388
Cash and cash equivalents		9,471		1,141
Receivables, net		7,308		5,368
Income tax receivable		2,096		0
Materials and supplies, net		2,682		2,538
Fossil fuel stock		585		705
Other current assets		711		636
Equity and liabilities		265,728		255,496
Equity		166,986		162,477
Stated capital		58,303		59,218
Retained earnings and other reserves		108,683		103,259
Long-term liabilities		67,649		67,351
Long-term debt, net of current portion		37,959		38,071
Accumulated provision for nuclear decommissioning and fuel storage		29,690		29,280
Deferred tax liability		13,962		11,885
Current liabilities		17,131		13,783
Current portion of long-term debt		1,858		1,809
Trade and other payables		12,229		8,703
Income tax payable		0		515
Accrued liabilities		3,044		2,756
Capacity, Employees				
		as at 30. 6. 2005		as at 31. 12. 2004
Installed capacity (MW)		12,153		12,153
Number of employees (pers)		6,684		6,629
Number of employees per MW of installed capacity (pers/MW)		0.550		0.545
Electricity				
		1. - 6. / 2005		1. - 6. / 2004
Electricity supplied from ČEZ, a. s. power plants (GWh)		27,936		28,165
Electricity sold by ČEZ, a. s. in the Czech Republic (GWh)		26,327		24,325
of which: sold to regional distribution companies (GWh)		19,495		19,882
Domestic electricity price (CZK/MWh)		992		902
ČEZ, a. s. electricity exports (GWh)		3,604		5,840
ČEZ, a. s. electricity imports (GWh)		10		37