

HALF-YEAR
REPORT
2008

CEZ GROUP



CEZ GROUP

Contents

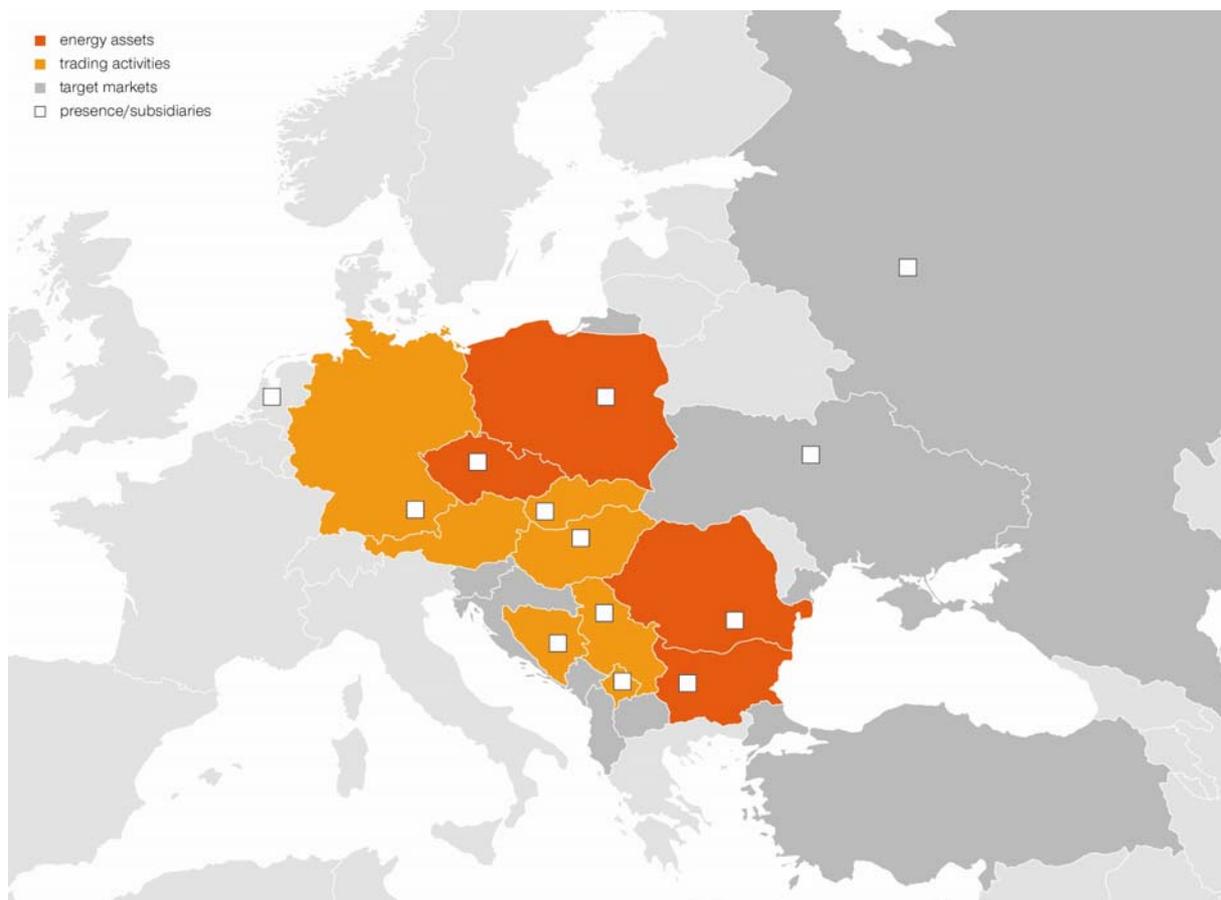
Introduction.....	2
Information concerning CEZ Group:	
Selected Indicators.....	3
Important Events	5
Financial Performance	7
Changes in Equity Holdings	7
Consolidated Group.....	9
Financial Performance Results.....	10
Anticipated Commercial and Financial Situation	14
Companies of the Consolidated Group, by Segments	15
Central Europe (CE).....	16
CE – Power Production & Trading.....	16
CE – Electricity Procured and Supplied.....	18
CE – Distribution & Sale	19
CE – Mining	20
CE – Other.....	21
Southeastern Europe (SEE)	22
SEE – Power Production & Trading	22
SEE – Electricity Procured and Supplied	23
SEE – Distribution & Sale.....	23
SEE – Other	24
Electricity Procured and Supplied by CEZ Group	25
Countries Outside of the Operating Segments.....	26
Capital Expenditure	27
Greenhouse Gas Emissions and the Carbon Dioxide Emissions Trading Scheme	29
Litigation	31
Information concerning ČEZ, a. s.:	
Shares, Shareholders, Bonds, and the General Meeting.....	32
Changes in the Company’s Governing Bodies, Management, and Remuneration	36
CEZ Group Financial Statements	38
General:	
Glossary of Terms and Abbreviations	44
Contacts	46
Responsibility for the Half-year Report.....	47
Identification of ČEZ, a. s.	48

Introduction

CEZ Group is a dynamic, integrated electricity conglomerate based in the Czech Republic and with operations in a number of countries 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 form a significant part of the stock exchange indexes there. The Company's largest shareholder is the Czech Republic. Currently, in addition to the Czech Republic, CEZ Group is present in Poland, Bulgaria, Romania, the Netherlands, Germany, Hungary, Serbia, Kosovo, Bosnia and Herzegovina, Russia, Ukraine, and Slovakia. In the Czech Republic, CEZ Group companies produce and distribute electricity and heat, as well as trading in electricity and mining coal. 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, we have several companies that are involved in electricity distribution and sale. In Poland, two black coal-fired power plants near the country's border with the Czech Republic are part of CEZ Group. In the remaining countries, CEZ Group's interests are holding and financing companies (the Netherlands) or, most frequently, trading companies and companies that monitor developments in a particular country in order to take advantage of acquisition opportunities as they emerge.

CEZ Group focuses its efforts on fulfilling the vision of becoming the leader in the power market of Central and Southeastern Europe.

CEZ Group Territory



Selected Indicators

Selected Indicators of CEZ Group (IFRS, consolidated)

	Units	H1 2007	H1 2008	Index 2008/2007 %
Installed capacity	MW	14,392	14,288	99.3
Electricity generated (gross)	GWh	36,066	35,069	97.2
Electricity sold ¹⁾	GWh	39,415	38,700	98.2
Heat sold	TJ	6,993	8,120	116.1
Employee head count as of June 30	persons	30,652	29,093	94.9
Operating revenues	CZK millions	83,162	90,421	108.7
<i>of which: sales of electricity</i>	<i>CZK millions</i>	<i>77,310</i>	<i>79,161</i>	<i>102.4</i>
EBITDA	CZK millions	38,154	48,553	127.3
Net income	CZK millions	21,011	28,958	137.8
<i>of which: net income attributable to equity holders of parent</i>	<i>CZK millions</i>	<i>20,495</i>	<i>28,583</i>	<i>139.5</i>
Net income per share – basic	CZK/share	35.0	53.3	152.3
Net income per share – diluted	CZK/share	34.8	53.0	152.3
Dividend per share (gross) ²⁾	CZK/share	20.0	40.0	200.0
Capital expenditure (CAPEX)	CZK millions	11,020	13,773	125.0
Return on Equity (ROE), net ³⁾	%	17.2	27.6	160.2
Net debt/Equity	%	9.2	44.2	480.4
Net debt/EBITDA ³⁾	%	0.3	0.9	300.0

1) Sold to end customers + sold to cover grid losses + wholesale balance.

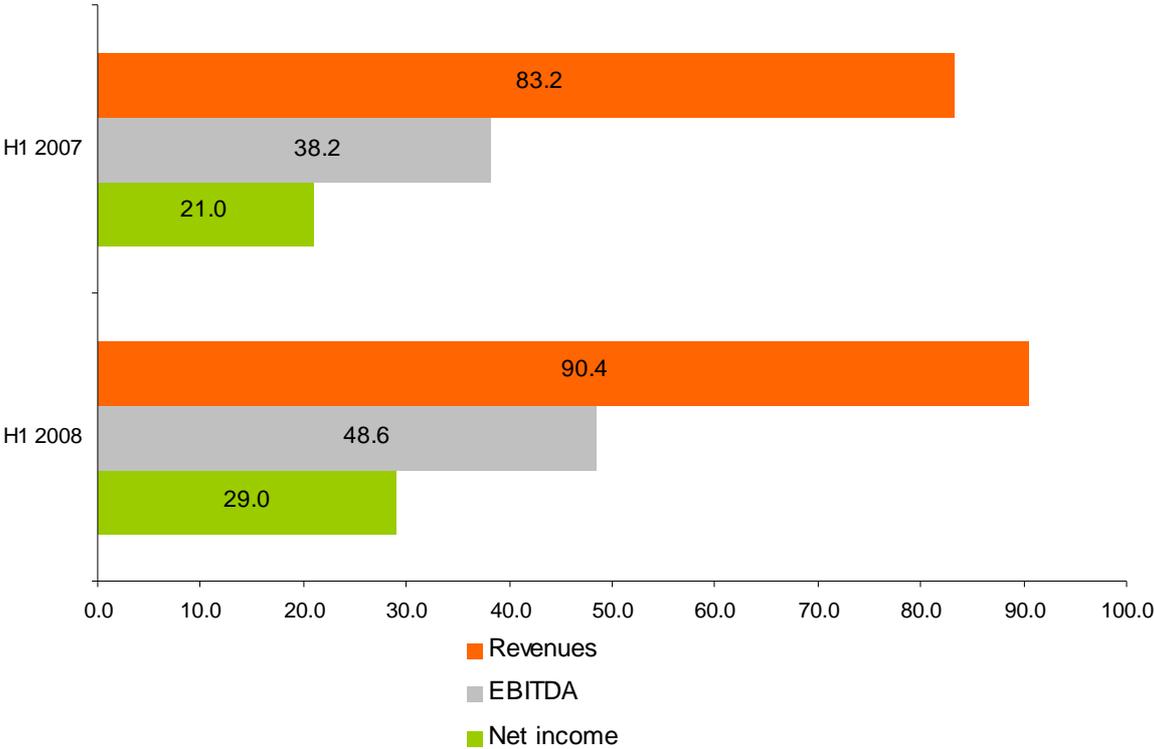
2) Reported for the past year.

3) 12-month, sliding figure.

Key Figures by Branch Segment

	Units	Power Production & Trading		Distribution & Sale		Mining		Other		Eliminations		Consolidated	
		H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008
Revenues other than intersegment revenues	CZK millions	34,752	35,631	45,812	50,563	1,720	1,960	878	2,267			83,162	90,421
Intersegment revenues	CZK millions	19,984	24,775	1,437	1,751	3,382	3,320	9,454	13,357	(34,257)	(43,203)	0	0
Total revenues	CZK millions	54,736	60,406	47,249	52,314	5,102	5,280	10,332	15,624	(34,257)	(43,203)	83,162	90,421
EBITDA	CZK millions	26,980	36,400	5,981	6,423	2,677	2,617	2,516	3,113			38,154	48,553
EBIT	CZK millions	20,098	29,625	3,456	3,862	2,143	2,022	1,626	2,238			27,323	37,747
Capital expenditure (CAPEX)	CZK millions	4,765	7,979	3,966	4,176	571	1,273	2,445	708	(727)	(363)	11,020	13,773
Employee head count as of June 30	persons	9,608	8,713	7,836	6,472	3,551	3,651	9,657	10,257			30,652	29,093

Results of Operations (CZK billions)



Important Events

- January**
- Memorandum of Understanding signed between ČEZ, a. s. and a subsidiary of United States Steel Corporation, creating a framework for the possible construction of a power plant in US Steel's mill in Košice, Slovak Republic, with installed capacity of up to 400 MW;
 - bid submitted to upgrade an existing power plant and possibly build a new one in Galați, Romania;
 - bid submitted for strategic partnership in planned construction of a new power plant in Borzești, Romania;
 - EUR 600 million (approximately CZK 15.8 billion) loan agreement signed, for general financing needs including purchase of a 7% stake in MOL as part of the strategic alliance between ČEZ, a. s. and MOL Nyrt;
 - launch of advertising campaign underlining price advantage offered by CEZ Group in the Czech market, compared to principal competitors.
- February**
- Martin Roman re-elected Chairman of the Board of Directors and confirmed as Chief Executive Officer of ČEZ, a. s.
- March**
- first place in large-cap European utilities category of the "Edison Electric Institute International Utility Award." The award was granted according to growth in market capitalization over the three-year period ended 31 December 2007;
 - within a single day, power is restored for up to 96% of the total 925,000 customers who experienced an outage due to windstorm Emma;
 - positive zoning decision obtained for construction of the Mělník small-scale hydro power plant. Construction is to begin in late Q3 or early Q4 2008.
- April**
- first place in 100 Most Admired Companies of the Czech Republic ranking;
 - ČEZ NEWS won first place in Best Internal Periodical category in the Golden Semicolon 2007 contest organized by PR Club;
 - draft agreement on merger of ČEZ, a. s. and CEZ Group power company Energetika Vítkovice, a.s. approved by the Boards of Directors of both companies; merger is to take effect on 1 October 2008 with a decisive date of 1 January 2008.
- May**
- General Meeting of ČEZ, a. s. approved CZK 40/share dividend, reduction of share capital, another buy-back of company shares, and a revision of the option program for executives;
 - 226th place in "Europas TOP 500" ranking of biggest European companies with publicly traded stock. The ranking is compiled by the German daily Handelsblatt based on 2007 turnover. In 2006, ČEZ, a. s. placed 239th in the same ranking;
 - opening of a new information center - CEZ Group's eighth - in the Hradec Králové small-scale hydro power plant; the center is dedicated to renewable resources;
 - Russia-based TVEL supplied its newest type of nuclear fuel to Dukovany

Nuclear Power Station, enabling more cost-effective operation of all four reactor units.

- June**
- conclusion of awareness/education campaign "How to save every day" in 36 cities of the Czech Republic;
 - I & C Energo a.s. sold to MOL, the Hungary-based petrochemical group;
 - merger agreement signed between merged company ČEZData, s.r.o. and successor company ČEZnet, a.s.;
 - ČEZ, a. s. was ranked first among payers of Value Added Tax to the Czech Republic national budget, as ranked by the Ministry of Finance of the Czech Republic. For the year 2007 ČEZ, a. s. raised CZK 8.6 billion in VAT revenue for the State. ČEZ Distribuce, a. s. placed 14th and Severočeské doly a.s. was 20th;
 - 9th issue of ČEZ, a. s. domestic bonds retired.

Important Events of July and August 2008 (Up to Semiannual Report Closing Date)

- July**
- a new eurobond was issued through the EMTN program;
 - success in an auction for the Turkish distribution company Sedaş will allow ČEZ, a. s., acting in consortium with a local partner, to take over management and operation of the company for the next 30 years;
 - request for Environmental Impact Assessment of the planned expansion of Temelín Nuclear Power Station (two originally planned reactor units) filed with the Ministry of Environment of the Czech Republic.
- August**
- 100,000th customer welcomed to CEZ Group Internet sales office;
 - Temelín Nuclear Power Station defended Safe Enterprise title;
 - completion of Unit 3 overhaul at Dětmarovice Power Station at a cost of CZK 0.5 billion, increasing generating efficiency and reducing unit emissions.

Financial Performance

As of 30 June 2008, CEZ Group including the parent company ČEZ, a. s. consisted of a total of 77 business entities headquartered in 13 European countries. Of these, 45 companies were in the Czech Republic, 14 in other countries of Central and Northwestern Europe, and 18 in countries of Southeastern and Eastern Europe.

Changes in Equity Holdings

Czech Republic



- on 12 February 2008, CEZ Group member ČEZ Teplárenská, a.s. acquired a 100% stake in ALLEWIA leasing s.r.o., a heat generation and distribution company in North Moravia.
- on 4 March 2008, ČEZ, a. s. sold a 100% equity stake in Energetické opravny, a.s.
- on 7 March 2008, a new company, ČEZ Energetické produkty, s.r.o., was incorporated in the Commercial Register with ČEZ, a. s. as its sole owner. The company took over the electricity generation by-product operations from all ČEZ, a. s. power plants. Currently it is taking over operations relating to the power plants' fuel cycle back-end; completion of the transition is planned for late 2008.
- on 1 April 2008 se ČEZ, a. s. became the owner of a 100% stake in ŠKODA PRAHA Invest s.r.o., which it purchased from its subsidiary ŠKODA PRAHA a.s.
- on 4 June 2008, the merger of ENPRO, a.s. and ENPROSPOL, s.r.o. with their successor company I & C Energo a.s. was registered in the Commercial Register. Subsequently, on 30 June 2008, I & C Energo a.s. was sold to MOL, the Hungarian natural gas group.
- on 10 June 2008, an agreement on the merger of ČEZData, s.r.o. and ČEZnet, a.s. was signed. For legal purposes the merger, with ČEZnet, a.s. as the successor entity, will take effect as of 1 October 2008.

Republic of Hungary



- on 23 January 2008, the Dutch subsidiary CEZ MH B.V. invested in MOL Nyrt., acquiring 7% of the latter company's share capital.

Kingdom of the Netherlands



- on 10 April 2008, ČEZ's 100% stake in Transenergo International N.V. was reduced by the sale of 33% of the shares to a Russian partner.
- on 17 July 2008, a joint venture between ČEZ and MOL was established under the name CM European Power International B.V. The joint venture will build gas-fired power plants in Hungary, Slovenia, Croatia, and Slovakia.

Republic of Bulgaria



- on 29 January 2008, the name of the company Elektrorazpredelenie Stolichno AD was officially changed to CEZ Razpredelenie Bulgaria AD.

Bosnia and Herzegovina



- on 21 March 2008, a new company, CEZ Bosna i Hercegovina, d.o.o., was incorporated with ČEZ, a. s. holding a 100% stake. The company will play a supporting and managerial role.

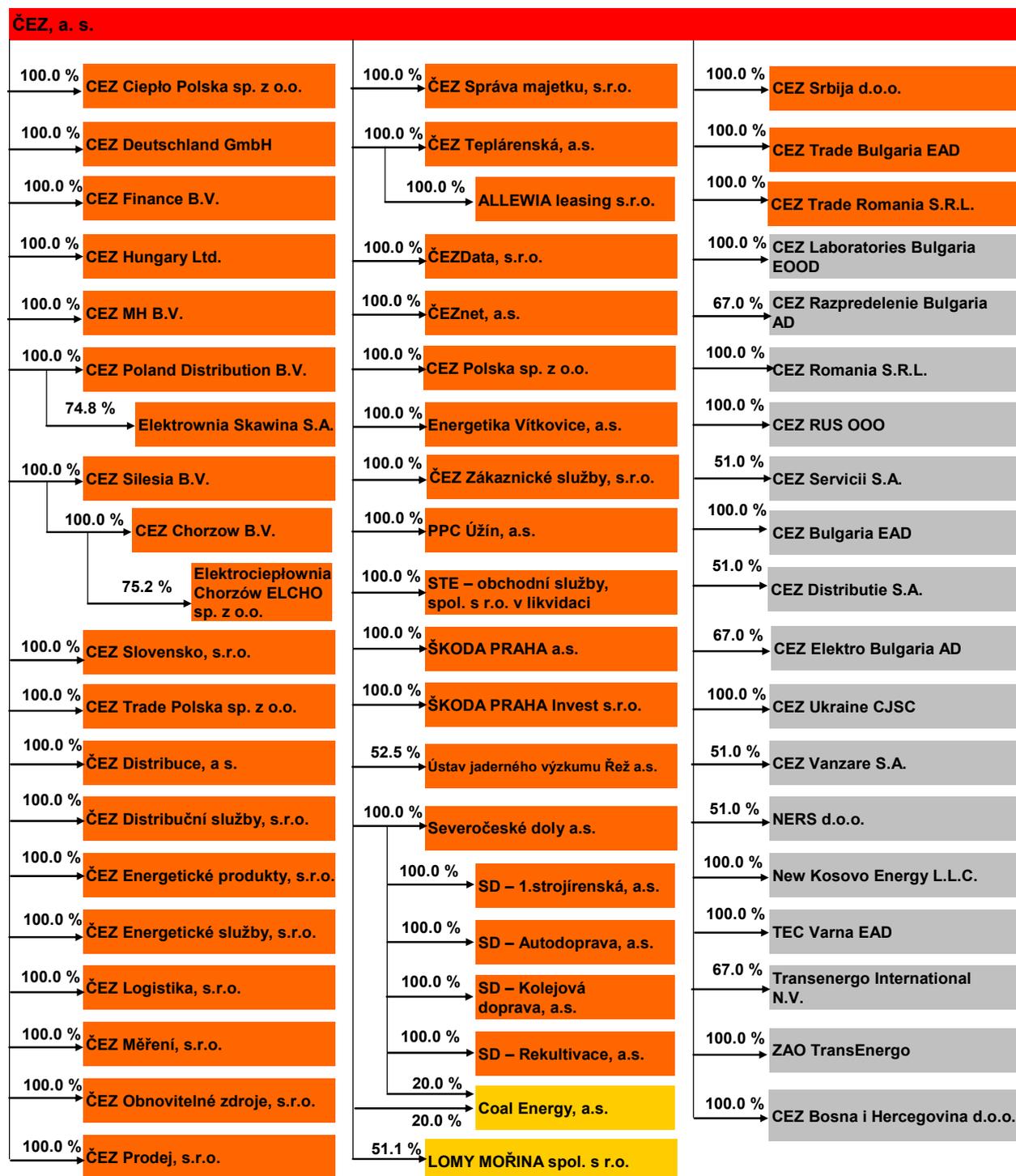
Russian Federation



- on 6 February 2008, CEZ RUS OOO, a new 100% subsidiary of ČEZ, a. s., was incorporated. The company will play a supporting and managerial role.

Consolidated Group

As of 30 June 2008, the CEZ Consolidated Group consisted of a total of 60 companies including the parent company ČEZ, a. s. Of this number, 58 were fully consolidated and two were associates consolidated by the equity method.



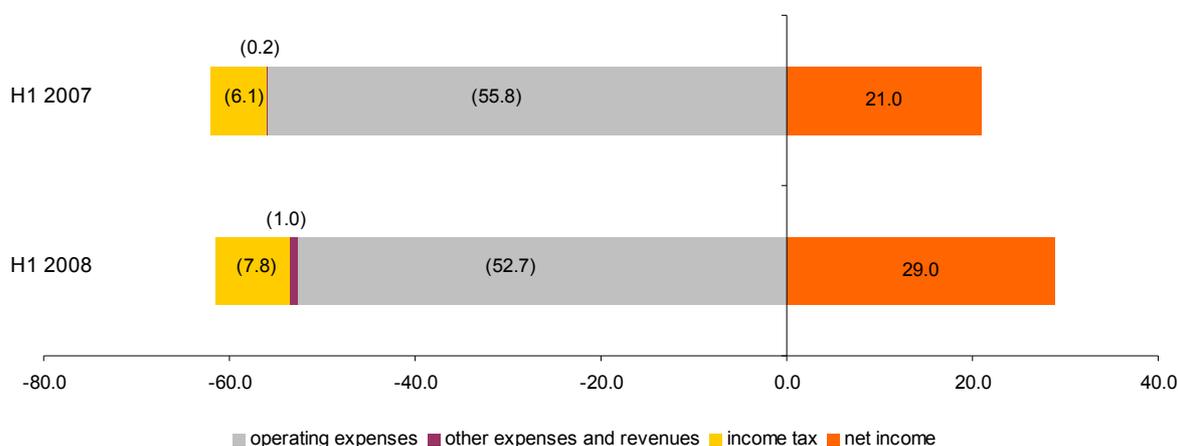
- parent company
- subsidiary in Central Europe segment
- subsidiary in Southeastern Europe segment
- associate

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

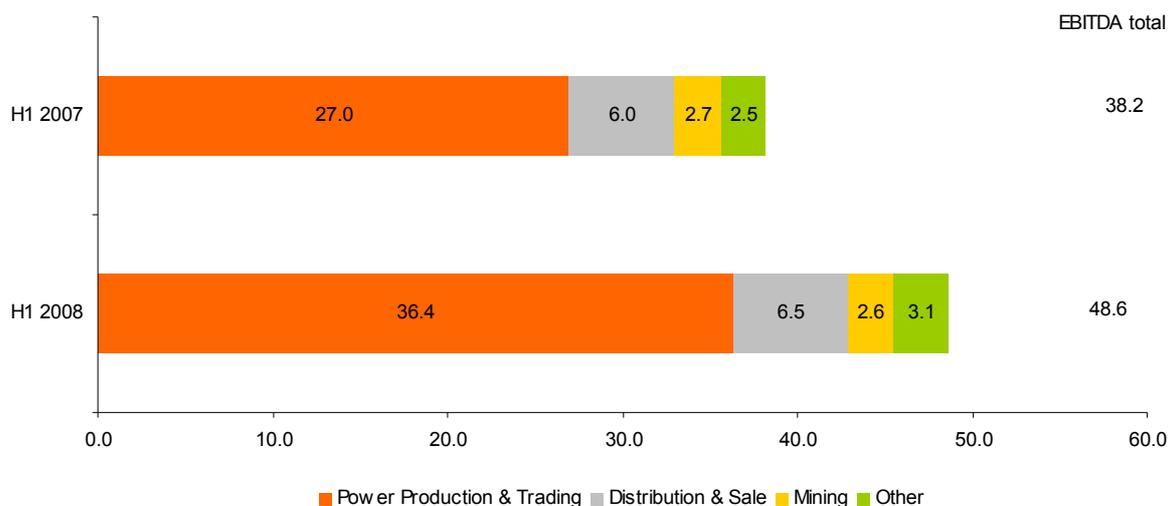
Financial Performance Results

CEZ Group net income grew CZK 7.9 billion (+37.8%) year-on-year, to CZK 29.0 billion. EBITDA increased by CZK 10.4 billion (+27.3%) to CZK 48.6 billion. Income before tax reached CZK 36.8 billion, up CZK 9.6 billion (+35.4%) from the same period of last year. Income taxes expanded by CZK 1.7 billion (+27.2%) to CZK 7.8 billion.

Net Income Breakdown (CZK billions)



EBITDA by Business Segment (CZK billions)



EBITDA growth of CZK 9.5 billion (+35.2%) was posted by the Power Production & Trading segment in Central Europe, on higher wholesale prices in the Czech Republic and higher production in nuclear plants. Total production volume was 33.9 TWh, which is 3.2% less than in H1 2007 (for details, see pages 16).

The EBITDA figure of the Distribution & Sale segment in Central Europe grew by CZK 0.6 billion (+14.8%), which is given primarily by a 0.9 TWh (+5.2%) year-on-year increase in the volume of electricity distributed to end customers and a 0.8 TWh (+6.0%) increase in sales to end customers outside of CEZ Group, both attributable to the unusually warm winter in 2007.

EBITDA in the Distribution & Sale segment of Southeastern Europe declined in H1 2008 by CZK 0.2 billion (-8.5%) from H1 2007, due in particular to two factors: the write-down of a receivable from the Romanian State rail company SNCFR and the Czech koruna's year-on-year strength against other currencies. Positive factors included growth in the gross

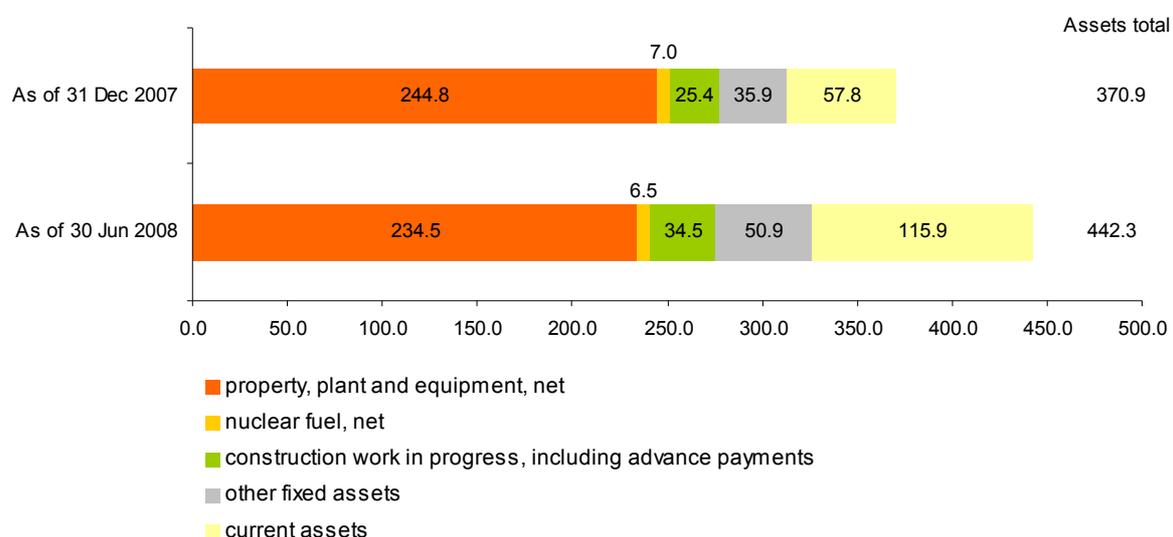
margin in Bulgaria (driven in particular by an 8.6% increase in electricity distribution volume) and the trend established in the second half of 2007 in Romania, i.e. higher distribution tariffs combined with a lower purchase price of electricity for sale to end customers.

The Mining segment's EBITDA was down CZK 0.1 billion (-2.2%) year-on-year. The decline was caused by higher operating costs, primarily for repairs and maintenance as work progressed at a faster pace. Coal sales volumes in H1 2008 were lower by 451 kt (-3.8%) compared to the same period of 2007.

EBITDA in the Other segment increased by CZK 0.6 billion (+23.7%) year-on-year.

Throughout CEZ Group, we managed to keep operating expenses under control. Salaries and wages were up CZK 0.7 billion (+10.2%) year-on-year. Besides an increase in wage tariffs from 1 January 2008, salary and wage growth was also driven by termination of the employee bonus and social funds in 2007, which increased expenses. Another factor was higher distribution salaries and wages in Bulgaria, due to severance packages paid through a program designed to optimize electric meter reading.

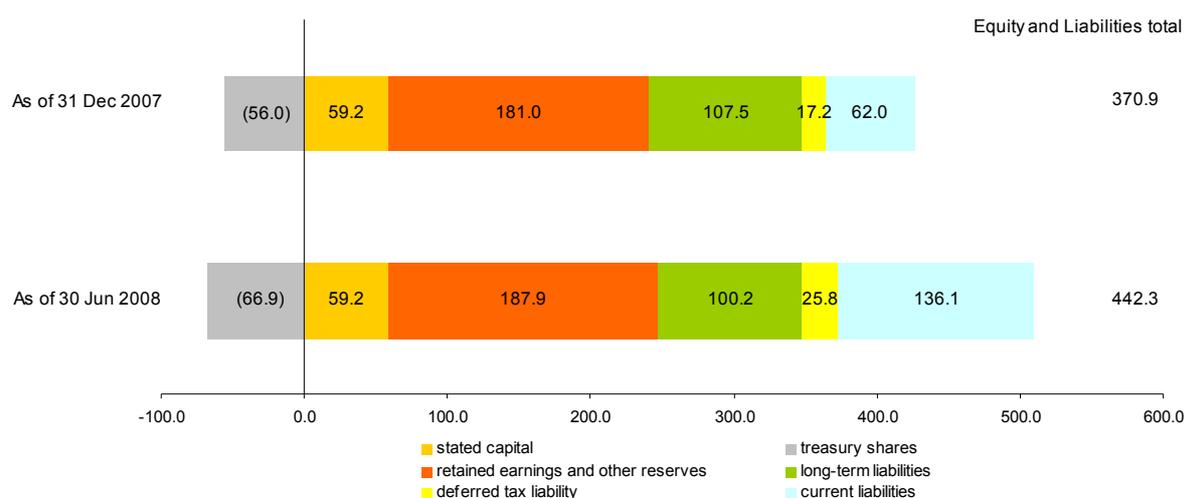
Assets (CZK billions)



CEZ Group consolidated assets expanded by CZK 71.3 billion (+19.2%) compared to the year-end 2007 level, to a final figure of CZK 442.3 billion. Fixed assets were up CZK 13.3 billion (+4.2%), primarily on higher investments.

Current assets grew by CZK 58.0 billion (+100.3%) to CZK 115.9 billion, driven primarily by a CZK 46.5 billion increase in derivative receivables; however, this was offset by a corresponding increase in liabilities. Another factor contributing to the growth in current assets was a CZK 13.5 billion increase in receivables for energy exchange trades completed but not settled. A CZK 3.3 billion (-26.3%) decline in cash and cash equivalents exerted an opposite influence.

Equity and Liabilities (CZK billions)



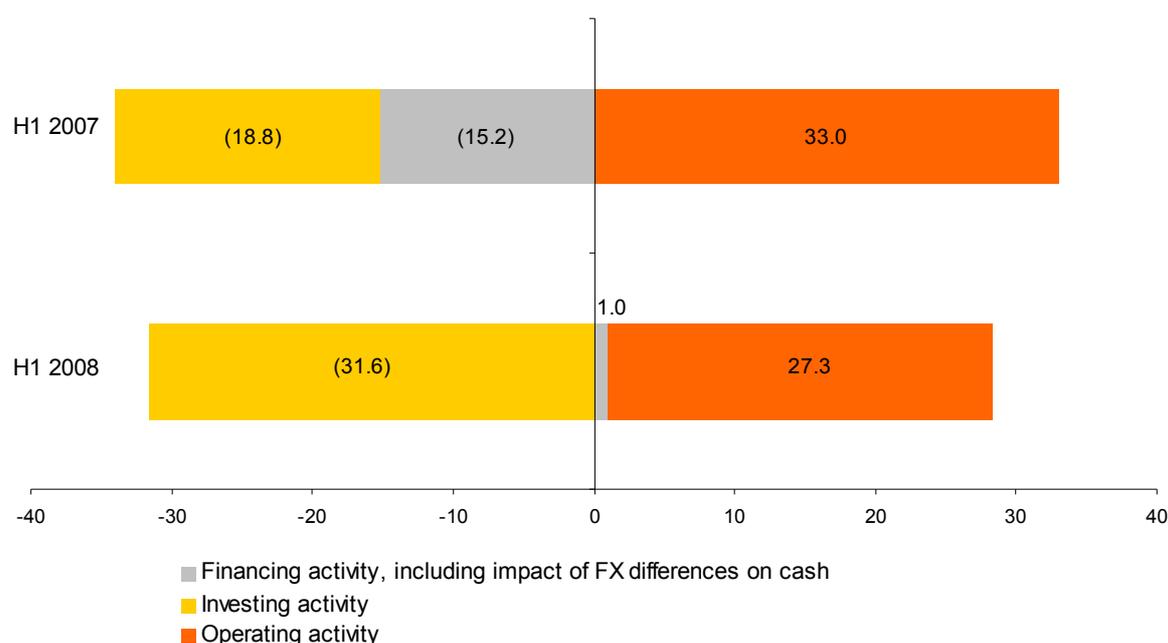
Equity contracted by CZK 4.1 billion (-2.2%) to a level of CZK 180.1 billion; equity attributable to equity holders of the parent was down CZK 3.2 billion and minority interests declined by CZK 0.9 billion. Substantial factors in the contraction in equity were dividends recognized (CZK 21.3 billion), purchase and sale of the company's own shares (CZK -12.5 billion), and foreign currency translation (CZK -4.5 billion), the latter being caused by the strengthening Czech koruna. Items that increased equity, on the other hand, included net income (CZK 28.6 billion), and net gains on hedging instruments (CZK 5.4 billion).

Long-term liabilities were down CZK 7.3 billion (-6.8%) to CZK 100.2 billion, primarily on a CZK 7.9 billion decrease in outstanding bonds. The latter amount consisted of the retirement of one bond issue (CZK 3 billion), the transfer of the current portion of one bond issue to current liabilities (CZK 1.5 billion), and other movements such as re-valuation of bonds denominated in foreign currencies (CZK 3.4 billion total).

The deferred tax liability grew by CZK 8.7 billion (+50.5%).

Current liabilities jumped CZK 74.1 billion (+119.5%) to a level of CZK 136.1 billion, driven primarily by a CZK 40 billion increase in derivative liabilities and a CZK 30 billion increase in short-term liabilities, CZK 15 billion of which was related to financing of the investment in MOL and the rest with meeting the Group's general financing needs.

Cash Flows (CZK billions)



Net cash provided by operating activities, at CZK 27.3 billion, was down CZK 5.7 billion (- 7.1%) year-on-year, particularly on a CZK 11.4 billion increase in working capital, most of which came from an increase in the balance of receivables and liabilities from derivative transactions, and margin deposits made on the energy market. A CZK 4.6 billion increase in advance income tax payments was another factor which, however, was partially offset by a CZK 9.6 billion increase in pre-tax income.

Net cash used in investing activities, totaling CZK 31.6 billion, was up CZK 12.8 billion (+68.2%) from the same period of last year. One of the major expenditures of 2008 was a CZK 15.0 billion investment in MOL.

Financing activity provided CZK 1.8 billion in cash. In year-on-year terms, the amount of cash used fell by CZK 17.9 billion, primarily due to higher borrowing to finance increased investments and capital expenditure in CEZ Group.

Anticipated Commercial and Financial Situation

Strength in commodity markets for electricity and CO₂ allowances together with the launch of our program of internal improvements are two factors contributing to continued growth in financial performance in 2008.

Consolidated net income is expected to be 14% above its 2007 level (at CZK 48.6 billion), and EBITDA is forecasted to rise 16% (CZK 87.0 billion).

The main drivers of CEZ Group performance – besides growing electricity prices on the energy exchanges in Prague and Leipzig, Germany – are a significant (+1.6 TWh) year-on-year increase in production from nuclear plants, a successful strategy of phased selling of electricity on the energy exchange, and hedging of EUR-denominated sales revenues. Another contributing factor is strict cost control – work force reductions and control of maintenance expenses as well as service and material expenses. As the economies of the Czech Republic and other countries where CEZ Group operates grow, this growth is boosting demand for electricity and its distribution.

The principal activities designed to maximize utilization of all opportunities are organized in the Operational Excellence pillar, through the Efektivita program ("Efektivita" is the Czech word for efficiency). 25 June 2008 marked one year since the program was launched. Its most significant benefits in H1 2008 include a reorganization of the ČEZ, a. s. Head Office, which reduced by 89 the number of departments, completion of the ČEZData, s.r.o. - ČEZnet, a.s. merger process three months ahead of schedule, and establishment of the opportunities management function. In 2008, we expect the program to increase EBITDA by a total of CZK 3.8 billion against the comparable base period of 2006.

CEZ Group is also seeing success in its two other strategic pillars - International Expansion and Plant Portfolio Renewal.

Up until the end of 2008 we will work intensively to complete a major acquisition transaction: operation of Turkey-based distribution company Sedaş. When this project is integrated, CEZ Group's customer base will have grown by 1.3 million, and our electricity distribution volume by 8 TWh (+16%). The installed capacity of the acquired wind power plants will not only contribute to an increase in overall generation capacity, it will cause the weighting of renewable energy sources in the CEZ Group portfolio to jump as well.

In H1 2008, CEZ Group spent approximately CZK 4.2 billion to renew power plants portfolio in the Czech Republic. By the end of 2008, this program will draw near to a major milestone - the planned commissioning of two retrofitted generating units at Tušimice Power Station in North Bohemia. Preparatory work is in full swing on two more projects - the retrofit of Prunéřov Power Station and the construction of a new generating unit at Ledvice Power Station - and preparations are set to begin for building combined cycle power plants in Počeradky and other locations.

Companies of the Consolidated Group, by Segments

The companies of the CEZ Consolidated Group are classified into two geographical segments according to where their assets are located (Central Europe, Southeastern Europe) and into seven operating segments according to the character of their core operations (Power Production & Trading, Distribution & Sale, Mining, Other).

As of 30 June 2008

Central Europe

Power Production & Trading

ČEZ, a. s.
 ALLEWIA Leasing s.r.o.
 CEZ Ciepło Polska sp. z o.o.
 CEZ Deutschland GmbH
 CEZ Finance B.V.
 CEZ Hungary Ltd.
 CEZ Chorzow B.V.
 CEZ MH B.V.
 CEZ Poland Distribution B.V.
 CEZ Silesia B.V.
 CEZ Slovensko, s.r.o.
 CEZ Srbija d.o.o.
 CEZ Trade Bulgaria EAD
 CEZ Trade Polska sp. z o.o.
 CEZ Trade Romania S.R.L.
 ČEZ Energetické produkty, s.r.o.
 ČEZ Obnovitelné zdroje, s.r.o.
 ČEZ Teplárenská, a.s.
 Elektrociepłownia Chorzów ELCHO sp. z o.o.
 Elektrownia Skawina S.A.
 Energetika Vítkovice, a.s.
 PPC Úžín, a.s.
 Coal Energy, a.s. *)

Distribution & Sale

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

Mining

Severočeské doly a.s.
 LOMY MORINA spol. s r.o. *)

Other

CEZ Polska sp. z o.o.
 ČEZ Distribuční služby, s.r.o.
 ČEZ Energetické 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.
 SD – 1.strojírenská, a.s.
 SD – Autodoprava, a.s.
 SD – Kolejová doprava, a.s.
 SD – Rekultivace, a.s.
 STE – obchodní služby, spol. s r.o.
 v likvidaci
 ŠKODA PRAHA a.s.
 ŠKODA PRAHA Invest s.r.o.
 Ústav jaderného výzkumu Řež a.s.

Southeastern Europe

Power Production & Trading

NERS d.o.o.
 TEC Varna EAD
 Transenergo International N.V.
 ZAO TransEnergo

Distribution & Sale

CEZ Distributie S.A.
 CEZ Elektro Bulgaria AD
 CEZ Razpredelenie Bulgaria AD
 CEZ Vanzare S.A.

Other

CEZ Bosna i Hercegovina d.o.o.
 CEZ Bulgaria EAD
 CEZ Laboratories Bulgaria EOOD
 CEZ Servicii S.A.
 CEZ Romania S.R.L.
 CEZ RUS OOO
 CEZ Ukraine CJSC
 New Kosovo Energy L.L.C.

*) Associate

Central Europe (CE)

Companies of the CEZ Consolidated Group in the geographical segment of Central Europe are headquartered in the Czech Republic, the Netherlands, Poland, Hungary, Germany, and Slovakia. Three electricity trading companies headquartered in Serbia, Romania, and Bulgaria are included in the Central Europe segment because their business is conducted in conjunction with ČEZ, a. s.

Key Figures by Operating Segment, Central Europe

	Units	Power Production & Trading		Distribution & Sale		Mining		Other		Eliminations		Consolidated	
		H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008
Revenues other than intersegment	CZK millions	33,584	34,409	33,613	38,776	1,721	1,960	903	2,290	(102)	(244)	69,719	77,191
Intersegment revenues	CZK millions	19,958	24,534	1,414	1,678	3,381	3,320	8,984	12,167	(33 635)	(41 455)	102	244
Total revenues	CZK millions	53,542	58,943	35,027	40,454	5,102	5,280	9,887	14,457	(33 737)	(41 699)	69,821	77,435
EBITDA	CZK millions	26,822	36,275	4,069	4,672	2,677	2,617	2,558	3,084	2		36,128	46,648
EBIT	CZK millions	20,030	29,677	2,481	2,955	2,143	2,022	1,690	2,236			26,344	36,890
Capital expenditure (CAPEX)	CZK millions	4,762	7,955	2,845	3,327	571	1,273	2,388	681	(729)	(364)	9,837	12,872
Employee head count as of June 30	persons	8,780	8,070	1,373	1,388	3,551	3,651	8,426	8,528			22,130	21,637

CE - Power Production & Trading

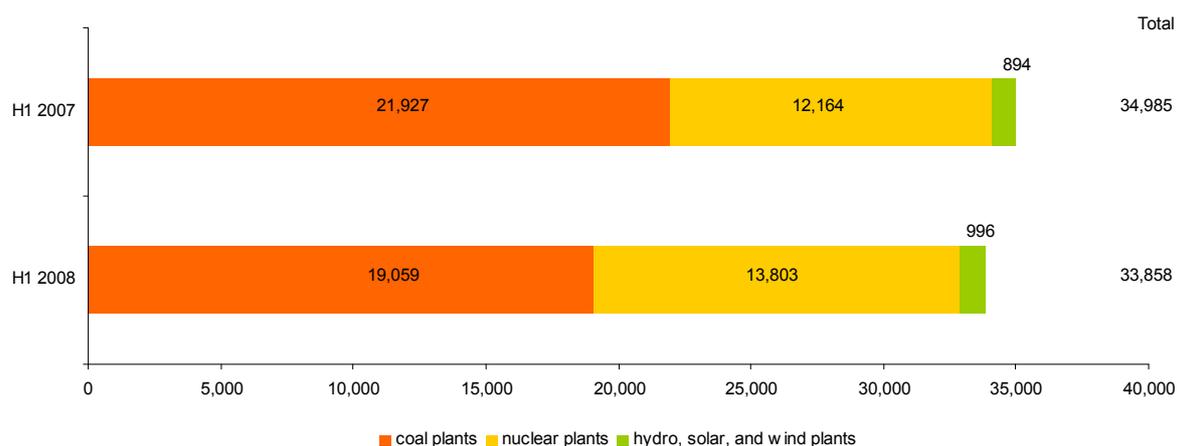
Installed Capacity

In Central Europe, as of 30 June 2008 CEZ Group owned generating facilities with a total installed capacity of 13,028 MW, down 104 MW from 30 June 2007. The difference is attributable to a 100 MW generating unit that was taken off-line at Skawina Power Station and deduction of the capacity of the Mohelnice gas-fired power plant due to termination of the lease.

Electricity Generation

CEZ Group power plants in Central Europe produced 33,858 GWh of power in H1 2008, for a year-on-year decrease of 1,126 GWh (-3.2%).

Electricity Generation, Gross (GWh)



The Dukovany and Temelín nuclear power plants produced 1,639 GWh more electricity than in the comparable period of 2007. Nuclear generation was lower last year due to an additional outage of Unit 1 of Temelín Nuclear Power Station. Coal power plants in the Czech Republic saw their output fall by 2,443 GWh to comply with emission ceilings. Hydro power plants produced 102 GWh more than in the same period of last year.

Production in Poland fell by 599 GWh from the same period of last year. This decrease was caused by the low selling price of electricity there, which is not sufficient to cover variable costs, i.e. including the cost of CO₂ allowances.

Emission Ceilings

In compliance with the *acquis communautaire*, effective from 1 January 2008 the Czech Republic implemented a system for regulating the amount of air emissions of SO₂, NO_x and solids based on allocation of annual emission ceilings for individual sources of pollution.

Government Regulation No. 372/2007 Sb. allowed pollution source operators to carry out so-called “emission ceiling swaps.” These swaps make it possible to substantially optimize power generation over the portfolio as a whole by achieving more effective utilization of less emission-intensive power plants. Thus, emission ceiling swaps lead to an overall reduction in the environmental burden posed by air emissions.

At present ČEZ, a. s. is undertaking – in accordance with applicable legislation – administrative proceedings before the appropriate Regional Authorities, which are the government bodies authorized to decide the matter, with the aim of achieving real-world implementation of the emission ceiling swap mechanism introduced by the aforementioned Government regulation.

Currently, emission ceiling swaps are one of the fundamental assumptions for successful implementation of the second wave of environmental modifications to the ČEZ, a. s. coal-fired power plant portfolio. This environmental program is designed to achieve a major medium-term reduction in air emissions of SO₂, NO_x, and solids compared to current levels.

Among other benefits, the second wave of environmental modifications to the coal plant portfolio will:

- a) contribute to achieving a permanent reduction in overall air emissions in the Czech Republic
- b) increase combustion efficiency by using the best available technologies and per-plant limits
- c) implement the European Commission’s clean air policy as expressed in the Climate-Energy Package.

Production of Electricity from Renewable Energy Sources

The main CEZ Group members engaged in generating electricity from renewable sources of energy are ČEZ, a. s. and ČEZ Obnovitelné zdroje, s.r.o. in the Czech Republic and Elektrownia Skawina S.A. and Elektrociepłownia Chorzów ELCHO sp. z o.o. in Poland.

Production of Electricity from Renewable Energy Sources (MWh)

	H1 2007	H1 2008	Index 2008/2007 (%)
CEZ Group, total	748,084	1,039,343	138.9
Central Europe	748,084	1,039,343	138.9
ČEZ, a. s.	555,826	853,814	153.6
Other CEZ Group members in the Czech in the Republic of Poland	127,977 64,281	145,076 40,453	113.4 62.9
Hydro power plants, total (less pumped- storage)			
Central Europe	582,690	830,200	142.5
ČEZ, a. s.	449,961	684,959	152.2
Other CEZ Group members in the Czech Republic	127,977	145,076	113.4
Skawinka (Republic of Poland)	4,752	165	3.5
of which:			
plants with installed capacity under 10			
Central Europe	95,880	130,462	136.1
ČEZ, a. s.	658	34,821	>500
Other CEZ Group members in the Czech Republic	90,470	95,476	105.5
Skawinka (Republic of Poland)	4,752	165	3.5
Solar power plants, total	4	4	100.0
Central Europe	4	4	100.0
ČEZ, a. s.	4	4	100.0
Biomass combustion in coal power plants, total	165,390	209,139	126.5
Central Europe	165,390	209,139	126.5
ČEZ, a. s.	105,861	168,851	159.5
Republic of Poland	59,529	40,288	67.7

CE - Electricity Procured and Supplied (GWh)

	H1 2007	H1 2008	Index 2008/2007 (%)
Electricity procured			
Produced in-house (gross)	34,985	33,858	96.8
In-house and other consumption, including pumping in pumped-storage plants	(3,353)	(3,034)	90.5
Supplied to customers	31,632	30,824	97.4
Purchased for distribution and sale	2,087	1,867	89.5
Electricity procured, total	33,718	32,691	97.0
Electricity consumed			
Sold to end customers	14,625	15,071	103.0
<i>of which: sold to end customers in CEZ Group, including sales to cover grid losses</i>	<i>1,440</i>	<i>1,167</i>	<i>81.0</i>
Sold in the wholesale market (net)	17,561	16,083	91.6
sold outside of Central Europe segment	34,509	38,070	110.3
purchased outside of Central Europe segment	16,948	21,987	129.7
Grid losses	1,532	1,537	100.3
Electricity consumed, total	33,718	32,691	97.0

Electricity Trading

ČEZ, a. s. continues to reinforce its position as an active trader in the European context, particularly in Central and Southeastern Europe. We are also expanding our range of traded commodities, having begun trading in coal in addition to electricity and emission allowances and obtained a gas trading license.

The ČEZ, a. s. commodity trading operation uses both standard bilateral trades as well as fully transparent trading locations including exchanges, broker screens, and organized spot markets.

Procurement and Sale of Electricity

Procurement and Sale of Electricity - Wholesale (GWh)

	H1 2007	H1 2008
Purchase of electricity	19,534	25,935
<i>of which: outside CEZ Group</i>	16,948	21,987
Sale of electricity	51,166	56,202
<i>of which: outside CEZ Group</i>	34,749	38,295
<i>wholesale</i>	34,289	37,879
<i>retail</i>	460	416
Balance	31,632	30,267

Note: Does not include purchase and sale by ČEZ Prodej, s.r.o.

Sales of electricity in Central Europe were up 5,036 GWh (+9.8%) year-on-year. Of this figure, 3,591 GWh represented increased sales outside of CEZ Group, 98.7% of which was traded on wholesale markets and only 1.3% of which went to end customers. Electricity purchasing, however, grew even more – by 6,401 GWh (+32.8%). The overall trade balance was a deficit of 1,365 GWh.

Heat

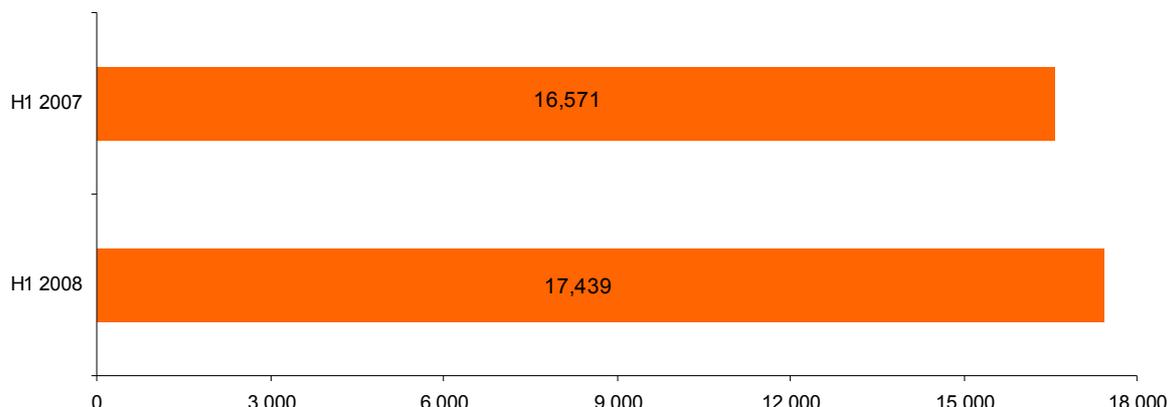
Heat was supplied by CEZ Group in Central Europe as follows: in the Czech Republic, from all coal and nuclear plants owned by ČEZ, a. s., from the coal plant owned by Energetika Vítkovice, a.s., and from plants owned by the new acquisition, ČEZ Teplárenská a.s.; in Poland, from the black coal plants operated by Elektrociepłownia Chorzów ELCHO sp. z o.o. and Elektrownia Skawina S.A. In H1 2008, 8,116 TJ of heat was supplied to customers, up 16% from the same period of last year. The upswing in sales was driven primarily by colder winter weather in H1 2008 compared to H1 2007. In the Czech Republic, heat sales also rose due to acquisition of ČEZ Teplárenská a.s.

CE – Distribution & Sale

Distribution of Electricity

In the Czech Republic, electricity is distributed by ČEZ Distribuce, a.s., which arranged for the supply of 17,439 GWh of electricity to end customers in H1 2008. The 868 GWh year-on-year increase in supply volume was due primarily to the warm winter in 2007. Increased distribution tariffs also played a role.

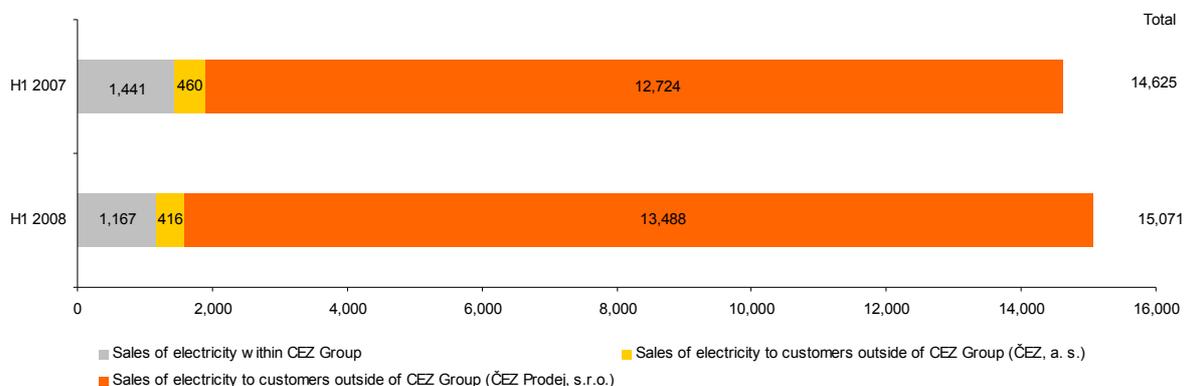
Distribution of Electricity to End Customers (GWh)



Sale of Electricity to End Customers

CEZ Group sold 15,071 GWh to end customers, up 3.1% from the same period of last year. The year-on-year increase was caused primarily by warmer weather in H1 2007. Most sales of electricity in the Czech Republic go through ČEZ Prodej, s.r.o., which sold a total of 13,488 GWh of electricity to end customers in H1 2008. The Distribution & Sale segment was negatively impacted by lower CZK-denominated revenues realized by ČEZ Prodej from customers who pay in EUR, as the Czech koruna gained in strength. The share of ČEZ Prodej, s.r.o. in the end customer market in H1 2008 was 45%, the same as in the previous year.

Sale of Electricity (TWh)

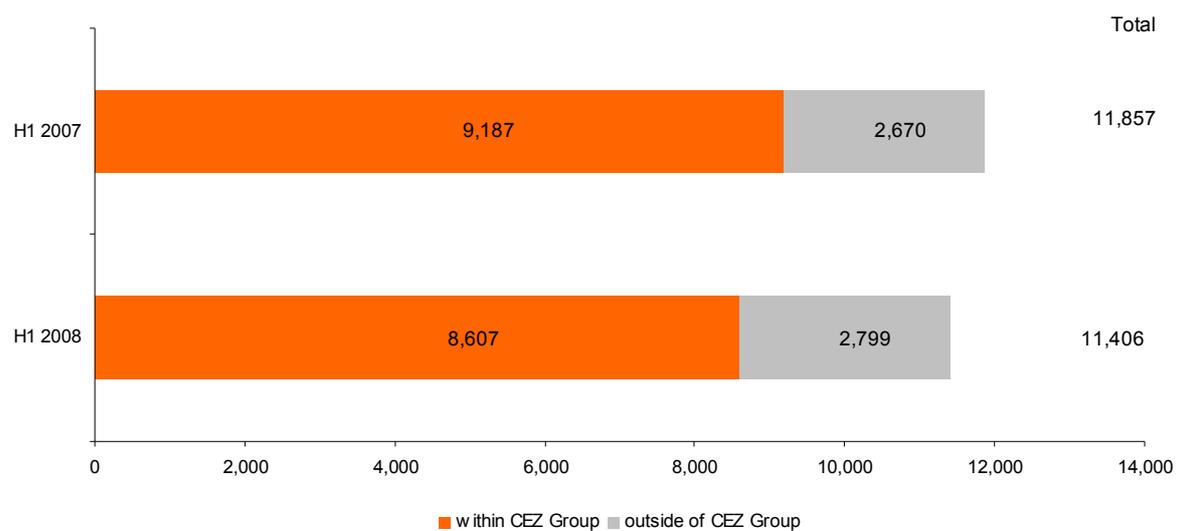


CE – Mining

All of CEZ Group's mining operations are in the Czech Republic. These operations are conducted by the biggest Czech brown coal mining company, Severočeské doly a.s., in its mines Nástup Tušimice and Bílina.

11.4 million tons of coal was sold in H1 2008, down 0.5 million tons from the same period of last year. Due to lower demand, supplies to ČEZ, a. s. were reduced, though the reduction was partially offset by higher sales to customers outside CEZ Group.

Sales of Coal (kt)

**CE – Other**

The "Other" segment consists of companies that are not involved in the core business of CEZ Group, but play substantive roles in the Group's functioning. Among others, it includes:

- overseeing new CAPEX projects
- IT services
- repairs and maintenance
- asset management
- logistics
- road transport
- rail transport.

Southeastern Europe (SEE)

Companies of the CEZ Consolidated Group in Southeastern Europe are headquartered in Bulgaria, Romania, the Russian Federation, Ukraine, Bosnia and Herzegovina, and Kosovo. Transenergo International N.V. is headquartered in the Netherlands but is included in the Southeastern Europe segment due to its involvement in operations in the Russian Federation.

Key Figures by Business Segment, Southeastern Europe

	Units	Power Production & Trading		Distribution & Sale		Other		Eliminations		Consolidated	
		H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008
Revenues other than intersegment revenues	CZK millions	1,240	1,544	12,199	11,787	40	1	(36)	(102)	13,443	13,230
Intersegment revenues	CZK millions		72	23	73	404	1,166	(391)	(1,209)	36	102
Total revenues	CZK millions	1,240	1,616	12,222	11,860	444	1,167	(427)	(1,311)	13,479	13,332
EBITDA	CZK millions	158	124	1,912	1,750	(44)	31			2,026	1,905
EBIT	CZK millions	68	(53)	976	907	(65)	3			979	857
Capital expenditure (CAPEX)	CZK millions	4	24	1,122	849	57	27		1	1,183	901
Employee head count as of June 30	persons	828	643	6,463	5,084	1,231	1,729			8,522	7,456

SEE – Power Production & Trading

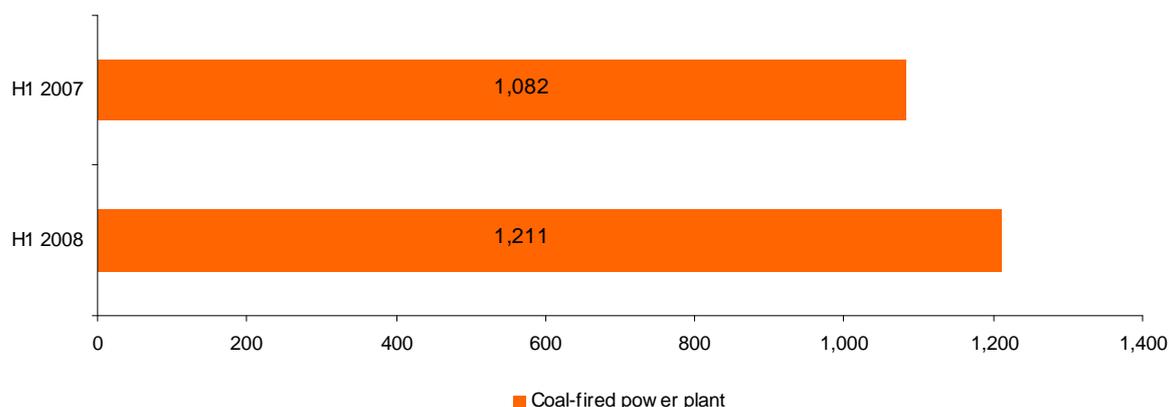
Installed Capacity

Bulgaria-based CEZ Group member TEC Varna EAD operates the coal-fired Varna Power Station with installed capacity of 1,260 MW. There were no changes from H1 2007.

Electricity Generation

In H1 2008, the Varna Power Station produced 1,211 GWh of power, up 129 GWh (+12%) in year-on-year terms.

Electricity Generation, Gross (GWh)



SEE – Electricity Procured and Supplied (GWh)

	H1 2007	H1 2008	Index 2008/2007 %
Electricity procured:			
Produced in-house (gross)	1,082	1,211	111.9
In-house and other consumption, including pumping in pumped-storage plants	(92)	(107)	116.2
Supplied to customers	990	1,104	111.6
Purchased for distribution and sale	7,532	7,880	104.6
Electricity procured, total	8,522	8,984	105.4
Electricity consumed:			
Sold to end customers	5,847	6,125	104.8
<i>of which: sold to end customers in CEZ Group, including sales to cover grid losses</i>	<i>8</i>	<i>145</i>	<i>1,933.3</i>
Sold in the wholesale market (net)	1,382	1,417	102.5
sold outside of Southeastern Europe segment	1,591	1,418	89.1
purchased outside of Southeastern Europe segment	(209)	(1)	0.5
Grid losses	1,293	1,442	111.5
Electricity consumed, total	8,522	8,984	105.4

Procurement and Sale of Electricity

Procurement and Sale of Electricity - Wholesale (GWh)

	H1 2007	H1 2008
Production of electricity	1,082	1,211
Purchase of electricity	280	1
<i>of which: outside CEZ Group</i>	<i>209</i>	<i>1</i>
Sale of electricity	1,270	1,105
<i>of which: outside CEZ Group</i>	<i>1,252</i>	<i>857</i>
Balance	990	1,104

Sales of electricity within Southeastern Europe fell 165 GWh (-13.0%) from the same period of the previous year, but at the same time purchases of electricity were down 279 GWh.

Heat

TEC Varna EAD supplied a total of 4 TJ in H1 2008 to customers in its immediate vicinity. Supply volume was unchanged from H1 2007.

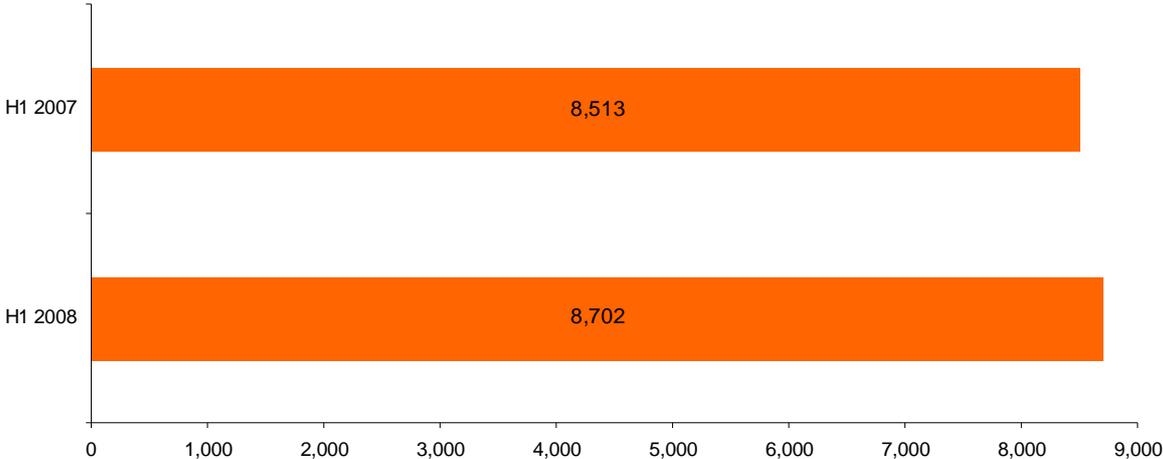
SEE – Distribution & Sale

Sale of Electricity to End Customers

CEZ Group's sales companies in Bulgaria and Romania sold a total of 6,125 GWh to end customers in H1 2008. Of this figure, 5,980 GWh (+2.4%) was sold to customers outside of the Group. The increase in sales is related to higher demand for electricity in 2008 on cooler weather compared to the first half of 2007. In addition, in Romania there was an increase in distribution tariffs combined with a simultaneous decrease in the purchase price of electricity for sale to end customers.

Distribution of Electricity

Distribution of Electricity to End Customers (GWh)



SEE – Other

The "Other" segment consists of companies that are not involved in the core business of CEZ Group, but play substantive roles in the Group's functioning.

Electricity Procured and Supplied by CEZ Group

Electricity Procured and Supplied by CEZ Group (GWh)

	H1 2007	H1 2008	Index 2008/2007 %
Electricity procured:			
Produced in-house (gross)	36,066	35,069	97.2
In-house and other consumption, including pumping in pumped-storage plants	(3,445)	(3,141)	91.2
Supplied to customers	32,621	31,928	97.9
Purchased for distribution and sale	9,618	9,747	101.3
Electricity procured, total	42,239	41,675	98.7
Electricity consumed:			
Sold to end customers	20,471	21,196	103.5
<i>of which: sold to end customers in CEZ Group, including sales to cover grid losses</i>	<i>1,448</i>	<i>1,312</i>	<i>90.6</i>
Sold in the wholesale market (net)	18,943	17,500	92.4
sold outside of CEZ Group	36,100	38,195	105.8
purchased outside of CEZ Group	(17,157)	(20,695)	120.6
Grid losses	2,825	2,979	105.5
Electricity consumed, total	42,239	41,675	98.7

Countries Outside of the Operating Segments

Turkey

On 1 July 2008, ČEZ, a. s. won an auction for the distribution company Sedaş. It participated in the auction in consortium with a local partner, AKENERJİ ELEKTRİK ÜRETİM A.Ş., and its parent company AKKÖK Sanayi Yatırım ve Geliştirme A.Ş. The three companies plan to establish a joint venture, AkCez OGG, in which ČEZ, a. s. will hold 50%, AKENERJİ 45%, and AKKÖK the remaining 5%. The joint venture will operate the Turkish distributor for the next 30 years. Its distribution area is located east of Istanbul and it serves 1.3 million end customers.

Albania

ČEZ has registered to bid in a tender for the privatization of the distribution grid in Albania currently owned by Korporata Elektroenergjetike Shqiptare (KESH).

Capital Expenditure

CEZ Group incurred total capital expenditures of CZK 13,773 million in H1 2008.

Capital Expenditures in H1 2008, by Plant (CZK millions)

Plant	Central Europe	Southeastern Europe	Total
Nuclear energy	2,232	0	2,232
Coal and combined cycle plants	4,541	18	4,559
<i>of which:</i>			
<i>renovations</i>	3,605	0	3,605
<i>new-build projects</i>	664	0	664
<i>other</i>	272	18	290
Renewable energy sources	47	0	47
Distribution of electricity	3,618	585	4,203
Generation and distribution of heat	1	0	1
Mining	1,207	0	1,207
Environmental projects	346	0	346
Information systems	448	16	464
Waste management	13	0	13
Other	419	282	701
Total	12,872	901	13,773

The bulk of CEZ Group capital expenditure went on building and renovating coal-fired power plants in the Czech Republic. Pressure tests were conducted successfully on the Tušimice II Retrofit project. Equipment installation and construction work continued on all major components. On the Prunéřov II retrofit project, an EIA was submitted to the Ministry of Environment of the Czech Republic for evaluation, surveying work continued, and RFP documentation was prepared. On the project for a new 660 MW generating facility in Ledvice, the building permit for Phase IV (construction of the new facility) entered into legal force and work began on setting up the construction site and renovating the plant's office building. At Počerady Power Station, engineering plans for a new combined cycle gas turbine plant were completed and RFP documentation for a tender is in preparation.

On Unit 2 of Dukovany Nuclear Power Station, renovation of the safety I & C system was completed and low-pressure turbine components were replaced with new, more efficient counterparts. Now each of the units has a generating capacity of 456 MW. At Temelín Nuclear Power Station, work continued to prepare the spent fuel storage facility and upgrade high-pressure components of the 1,000 MW turboaggregate.

Capital expenditures in the distribution grid focused on construction of new substations and power lines and renovation of existing ones. The biggest projects were as follows: a new 110 kV power line Mírovka – Hlinsko in the Czech Republic, renovation and construction of medium- and low-voltage substation equipment in Bulgaria, and upgrade of the 110/20 kV substation in downtown Craiova, Romania.

Severočeské doly, the Group's brown coal mining company, continued to draw down its CAPEX budget toward commissioning a new TC2 excavator and spreader. At Bílina Mines, another phase began in the process of draining water-bearing horizons in advance of the mining operation and the facility for overhauling large machinery was renovated. At Nástup Tušimice Mines, the process of renewing transformer stations continued.

The bulk of capital expenditures for investment systems went toward acquiring a unified information system for CEZ Group companies.

Two projects were ongoing at the Skawina Power Station in Poland: construction of a flue gas desulfurization (FGD) facility and the renovation and upgrade of the K11 boiler.

Additions to property, plant and equipment and other non-current assets, including capitalized interest (CZK millions)

	H1 2007	H1 2008
Additions to property, plant and equipment	10,285	13,305
of which: nuclear fuel	799	900
Additions to non-current intangible assets	735	468
Additions to long-term financial assets	1,114	1,746
Change in balance of liabilities attributable to capital expenditures	1,217	756
Total	13,351	16,275

Greenhouse Gas Emissions and the Carbon Dioxide Emissions Trading Scheme

The end of Q1 2008 brought to a conclusion the first period of the emissions trading scheme, which began in 2005. As unutilized allowances from the first trading period cannot be transferred to the subsequent five-year period (2008–12), the allowances from the first period effectively expired.

The Czech Republic is one of the countries where allowances for the new trading period have already been credited to the accounts of facility operators. Poland and Bulgaria, on the other hand, are waiting for the final version of the allocation plan for 2008–12 to be completed.

In terms of how the trading system works, it is currently undergoing a fundamental revision as part of the so-called "Climate-Energy Package." In this package, the European Commission has proposed a number of changes that will have a major impact on the power sector, with the key change being the introduction of a system of auctions as the method of allocation, which will gradually replace the current system in which allowances are rationed out for free. Under the current proposal, the power sector is to begin purchasing all emission allowances via auction starting in 2013. This could have a fundamental impact on the value of power utilities.

CEZ Group's strategy for trading in emission allowances is to take into account anticipated movement in their prices up until the end of the trading period, opportunities arising out of the possibility of integrating the emission allowance trading system with Kyoto Protocol mechanisms (CER and ERU credits) and anticipated changes to the trading system due to its revision as part of the long-term strategy of reducing carbon intensity.

Development of the Market for Emission Allowances

Prices of emission allowances rose as did long-term electricity prices. The main factor was oil (gas), which rose even faster than coal, increasing the price at which it is cost-effective to use coal instead of oil. Playing a significant role on the far end of the forward curve was the full auction method for allocating emission allowances NAP III, for which the market is preparing itself by stockpiling allowances from NAP II. As a result, by the end of H1 2008 prices of emission allowances had reached two-year highs.

Credits from Kyoto Flexible Mechanisms (CER – emission reductions from CDM projects, ERU – emission reductions from JI projects)

CEZ Group activities in the JI and CDM mechanisms take three basic forms:

- ČEZ, a. s. has invested in the Multilateral Carbon Credit Fund, which purchases emission credits from projects in Central and Eastern Europe. The fund is managed by the European Bank for Reconstruction and Development (EBRD).
- ČEZ, a. s. buys emission credits from specialized investors in JI and CDM projects.
- ČEZ, a. s. takes on direct participant roles in emission reduction projects.

The types of projects in which CEZ Group is primarily interested in investing are renewable energy sources, energy conservation, and projects located in Central, Southeastern, and Eastern Europe. However, ČEZ is also intensively exploring opportunities for participation in projects elsewhere in the world.

Action Plan for Reducing CO₂ Emissions

In March 2007, ČEZ adopted an Action Plan for Reducing CO₂ Emissions. In order to meet the plan's goals, ČEZ, a. s. has taken a number of steps in all four pillars of the Action Plan, in particular:

- in the renewable energy sources area, each year CEZ Group increases renewables' share in the production mix - for example, biomass combustion rose 57% year-on-year. In the future, renewables production volume will grow dramatically, primarily through investments CEZ Group plans to make. By 2020, the total amount invested in renewables is to reach CZK 30 billion. Two thirds of this sum are to be invested in developing wind energy, while other funds will be used for other renewable energy sources including, in particular, development of solar power plants and further support for biomass combustion.
- in terms of reducing the intensity of emissions, the key from CEZ Group's vantage point is the ongoing power plant renewal program, in which the retrofit of two generating units at Tušimice Power Station is currently being completed, with commissioning planned for late 2008. Other projects include building a new 660 MW unit in Ledvice and a cogeneration plant in Počeradý with installed capacity of 880 MW. Thanks to the substantial increase in generation efficiency, the plant renewal program will achieve considerable savings in greenhouse gases, which at the anticipated production level will be in the range of hundreds of thousands of tons of CO₂ compared to producing the same volume of electricity in the existing facilities.
- CEZ Group has also become actively involved in supporting energy conservation and reducing the economy's energy intensity. CEZ Group is implementing initiatives in awareness, providing advice to customers, and in direct cooperation with them. Following a successful travelling information campaign in the autumn of 2007, a similar event was held in the spring of 2008 with the title "Shine a light on savings: you can save every day."
- deals are being negotiated to give CEZ Group a stake in implementing emission reduction projects at the international level through credits from the Kyoto flexible mechanisms.

Litigation

In H1 2008, no member of CEZ Group was involved in any litigation that could have a material impact on its own financial performance or that of CEZ Group as a whole.

Unauthorized Electricity Use in the Czech Republic

On 7 April 2008, the civic association PPP – Právní poradenství a pomoc represented by its Chairman JUDr. Jan Rytíř filed, allegedly in the interests of 53 unauthorized electricity users, criminal charges against an "unknown perpetrator" on suspicion of the act of criminal conspiracy and four other criminal acts allegedly perpetrated by employees of ČEZ Měření, s.r.o. in conjunction with actions taken by them in dealing with unauthorized electricity use.

The work procedure of ČEZ Měření, s.r.o. was in accordance with valid legislation and the applicable opinions of the Energy Regulatory Authority and the State Energy Inspection. Following negative media coverage of certain companies of CEZ Group - ČEZ, a. s., ČEZ Měření, s.r.o., and ČEZ Distribuce, a. s. – the affected companies filed suit for protection of their good reputation as well as criminal charges against JUDr. Rytíř and certain other persons.

Litigation in Bulgaria

In H1 2008, the companies CEZ Elektro Bulgaria AD, CEZ Razpredelenie Bulgaria AD, and TEC Varna EAD filed suit against the market regulator, DKEVR, in relation to its decision on regulation rules for the second regulation period, which begins on 1 July 2008.

In Bulgaria, filing a lawsuit is the only way to appeal a decision of the market regulator, DKEVR.

Shares, Shareholders, Bonds, and the General Meeting

The total stated capital of ČEZ, a. s. recorded in the Commercial Register at 30 June 2008 was CZK 59,221,084,300.

As of the date the 16th Annual General Meeting was held, ČEZ, a. s. had 117,581 shareholders.

	Share of stated capital	Share of voting rights	Share of stated capital	Share of voting rights
	At 17 April 2007 ^{**)}		At 15 May 2008 ^{*)}	
Legal entities, total	95.45	95.43	95.55	95.06
Czech Republic	67.61	67.95	64.28	71.42
Other legal entities	13.24	12.81	19.68	10.76
<i>of which: domestic</i>	3.17	2.69	11.52	1.70
of which: ČEZ, a. s.	0.50	0.00	9.99	0.00
third parties	2.67	2.69	1.53	1.70
<i>foreign</i>	10.07	10.12	8.16	9.06
Asset managers	14.60	14.67	11.59	12.88
Private individuals, total	4.55	4.57	4.55	4.94
<i>of which: domestic</i>	4.44	4.46	4.34	4.82
<i>foreign</i>	0.11	0.11	0.11	0.12

^{*)} Determined for purposes of Annual General Meeting on 21 May 2008.

^{**)} Determined for purposes of Annual General Meeting on 23 April 2007.

The above table shows stakes in the stated capital and voting rights of ČEZ, a. s. as at 15 May 2008 and 17 April 2007. In accordance with the law, voting rights associated with shares held by ČEZ, a. s. itself are not exercised and therefore the stakes of all other shareholders in the voting rights have been adjusted upward accordingly.

Treasury Shares

At 30 June 2008, ČEZ, a. s. owned 59,151,105 of its own shares, compared to 50,370,144 shares at 31 December 2007.

Treasury shares	Total
Number of shares at 1 January 2008	50,370,144
Purchased on or before 2 May 2008	10,456,633
Settlement of 2007 trades	255,588
Options exercised by beneficiaries	1,935,000
Options terminated - capital gains restriction	(3,740)
Number of shares at 30 June 2008	59,151,105

1. Share Buy-back

The buy-back was approved by the General Meeting on 23 April 2007. It was conducted from 30 April 2007 to 2 May 2008, during which a total of 58,132,355 shares, or 9.8% of all shares. The total amount spent to repurchase shares was CZK 67.3 billion and the average purchase price was CZK 1,158.20, which is 2% less than the stock's average market price during the buy-back period. Between 1 January 2008 and 2 May 2008, 10,456,633 shares were repurchased and purchases of another 255,588 shares that took place in 2007 were settled.

2. Stock Options Program

	Number of options ('000)			Total	Average price CZK/share
	Supervisory Board	Board of Directors	Others		
Number of options as of 31 December 2007	450	1,640	1,085	3,175	446.70
Options granted	0	975	0	975	1,234.24
Options exercised	300	1,140	495	1,935	292.40
<i>of which: options lost – capital gains restriction</i>	<i>0</i>	<i>0</i>	<i>4</i>	<i>4</i>	<i>637.44</i>
Options expired	0	0	0	0	0
Number of options as of 30 June 2008	150	1,475	590	2,215	920.87

During the course of H1 2008, 17 beneficiaries exercised a total of 1,935,000 stock options for an average price of CZK 292.40/share (lowest price was CZK 101.92/share, highest price was CZK 911.64/share). Proceeds from sale of shares totaled CZK 564.205 million, including interest.

Credit Rating

The credit rating of ČEZ, a. s. was unchanged during the reporting period. Standard & Poor's gave the company an A- rating and Moody's rated it at A2, both with outlook stable.

Payout of Dividends to Company Shareholders

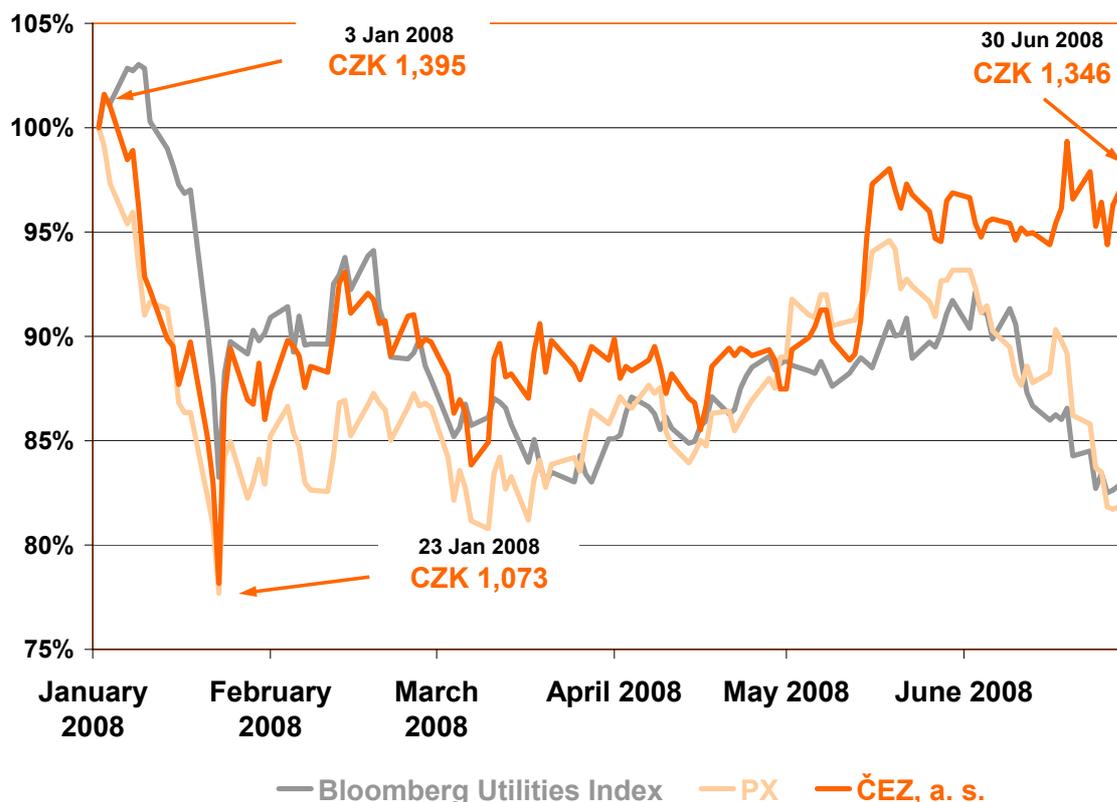
A 2007 dividend of CZK 40.00 per share, before tax, is being paid out to shareholders. The dividend's strike date is 21 May 2008, and the ex-dividend date was 13 May 2008. The dividend payout period is 4 August 2008 - 4 August 2012. The 2006 dividend was CZK 20.00 per share, before tax.

Reduction of the Stated Capital

On 21 May 2008, the General Meeting decided to reduce the stated capital of ČEZ, a. s. from CZK 59,221,084,300 to CZK 53,798,975,900, i.e. by CZK 5,422,108,400, by way of optimizing the company's capital structure, by cancelling 54,221,084 treasury shares with face value CZK 100 per share, i.e. by striking them from the records of booked securities. The stated capital will be reduced by the nominal value of the cancelled shares and the difference between the acquisition cost and nominal value will be deducted from retained earnings.

On 23 July 2008, ČEZ, a. s. published in *Hospodářské noviny* and *Obchodní věstník* its first notice of the General Meeting's decision to decrease the stated capital along with a call to creditors whose receivables from the Company arose prior to 25 June 2008. At the same time, the Company individually notified a total of 2,750 such creditors. In accordance with the law, these creditors are entitled to demand reasonable guarantees or repayment of their receivables within 90 days of receiving notification of the capital decrease or, failing that, within 90 days of publication of the second notice, which is to take place on 27 August 2008 in the same periodicals.

ČEZ, a. s. Share Price



Total market capitalization at 30 June 2008 was CZK 717.5 billion (30 June 2007: CZK 631.9 billion).

The shares of ČEZ, a. s. are listed on the Prague Stock Exchange and the Warsaw Stock Exchange in the Republic of Poland.

General Meeting

The 16th Annual General Meeting of ČEZ, a. s. was held on 21 May 2008. Among other things, it:

- approved the financial statements of ČEZ, a. s. for the year 2007 and the consolidated financial statements of CEZ Group for the year 2007;
- approved the distribution of 2007 net income as follows:
 - o payment of dividends to company shareholders CZK 21,321,390,000
 - o transfer to retained earnings CZK 9,951,073,000
 - o Dividends on treasury shares held by ČEZ as at the strike date will not be paid, and therefore they are not included in the amount earmarked for dividend payout but instead are included in retained earnings;
 - o approved payment of a total of CZK 22.8 million in 2007 bonuses to members of the company's statutory and supervisory boards. Members of the Supervisory Board who were seconded to the Supervisory Board by a State government agency of which they were employees are not eligible for the bonus for as long as said obstacle exists;
- decided to reduce the stated capital of ČEZ, a. s.;
- decided to repurchase company shares:
 - o starting on 21 May 2008, the company may acquire its own common stock in a total volume not to exceed 53,798,975 shares,
 - o the price interval for share repurchase is CZK 300 – 2,000 per share,
 - o the validity period of this resolution is 18 months,

- o the company may use the repurchased shares either to reduce the stated capital or to meet obligations under stock options programs (up to 5 million shares);
- approved 2009 donations budget of CZK 202.35 million;
- decided to revise the stock options program:
 - o approved a proposed revision of the stock option program for members of the ČEZ, a. s. Board of Directors,
 - o approved modifications to the stock option program for selected executives of ČEZ, a. s. and certain subsidiaries of CEZ Group,
 - o approved transition measures for cases when beneficiaries are entitled to options under both the existing and new stock option programs;
- decided to change the endowment life insurance for members of the company's statutory and supervisory boards:
 - o approved a proposal to modify the endowment life insurance on survival and death taken out by the company for the benefit of members of the Board of Directors and Supervisory Board of ČEZ, a. s.,
 - o approved transition measures for the period until existing insurance contracts expire,
 - o approved the application of the conditions for modification of endowment life insurance, including conditions of the transition period for members of the ČEZ, a. s. Board of Directors from 1 January 2008.

Bonds

On 23 June 2008, the 9th domestic bond issue of ČEZ, a. s. (CZK 3 billion) was repaid, including yields; the strike date was 23 May 2008.

On 18 July 2008, ČEZ, a. s. placed a new issue through the EMTN program: a six-year, EUR 600 million (approximately CZK 14.1 billion) eurobond. The price was 120 basis points above the reference mid-swap rate, with a resulting 6% coupon.

Business Policy

The General Meeting of ČEZ, a. s. held on 21 May 2008 approved an update of the Business Policy, a fundamental strategic document that determines the direction of the company's business.

The mission of ČEZ, a. s. is to ensure long-term reasonable profits for shareholders through success in business, particularly in the electricity markets in the Czech Republic and abroad. The ongoing vision of ČEZ, a. s. is to become the leader in the electricity market of Central and Southeastern Europe.

The core business of CEZ Group is generation, purchase, distribution, and sale of electricity and ancillary services. Secondary businesses are generation and sale of heat, processing of power generation by-products, provision of engineering services, and coal mining.

Our interest in generation is to prepare to build new nuclear and cogeneration plants in the Czech Republic and abroad. CEZ Group aims to become a gas trader to optimally cover its gas needs for these new plants and subsequently utilize the positions build for further trading in the gas market. In distribution development, CEZ Group will focus on building and expanding distribution grids in the Czech Republic to ensure they are prepared for increased consumption and demand for increased connection capacity.

Changes in the Company's Governing Bodies, Management, and Remuneration

Pursuant to the Articles of Association of ČEZ, a. s., the company's highest governing body is the General Meeting, which elects and removes from office members of the Supervisory Board with the exception of those members who are elected and removed from office by the company's employees. The Supervisory Board elects and removes from office the members of the Board of Directors. The Board of Directors is the company's statutory body; it directs the company's business and appoints senior managers.

The Company's senior management consists of the Chief Executive Officer, the Chief Operating Officer, and the other Chief Officers.

Changes in the ČEZ, a. s. Supervisory Board since 1 January 2008

On 21 May 2008, the General Meeting passed an amendment of the Articles of Association, under which the number of members of the Board of Directors was increased from five to six and the positions of First and Second Vice Chairman were created.

Changes in the ČEZ, a. s. Board of Directors since 1 January 2008

On 21 May 2008, the General Meeting decided to increase the number of Board members from five to six and created the positions of First and Second Vice Chairman.

Daniel Beneš	(* 1970)	First Vice Chairman since 21 May 2008, Vice Chairman since 10 May 2006, Member since 15 December 2005
Tomáš Pleskač	(* 1966)	Second Vice Chairman since 21 May 2008, Vice Chairman since 11 February 2008, Member since 26 January 2006
Vladimír Hlavinka	(* 1966)	member since 1 January 2008
Martin Novák	(* 1971)	member since 21 May 2008

Changes in ČEZ, a. s. Senior Management (Chief Officers)

Peter Bodnár	(* 1960)	Chief Investment Officer since 1 January 2008
Vladimír Hlavinka	(* 1966)	Chief Production Officer since 1 January 2008
Jiří Kudrnáč	(* 1965)	Chief Distribution Officer since 1 January 2008
Martin Novák	(* 1971)	Chief Finance Officer since 1 January 2008
Tomáš Pleskač	(* 1966)	Chief International Affairs Officer since 1 January 2008

Changes in Remuneration

Stock Options

On 21 May 2008, the General Meeting of ČEZ, a. s. approved several changes in the terms and conditions of the stock option program for members of the ČEZ, a. s. Board of Directors and selected managers of CEZ Group. A list of the most important changes is as follows:

- it is now possible, with the prior consent of the ČEZ, a. s. Supervisory Board, to extend the stock option program to selected CEZ Group managers, with regard to the significance of their position within CEZ Group
- how participation in the option program begins and ends – for members of the Board of Directors, participation in the option program begins on the same day that membership of the ČEZ, a. s. Board of Directors begins and ends on along with said membership. Upon the end of a Board member's term of office, option program participation begins anew provided the Board member also begins a new term of office.
- stock options are granted annually as of the date the stock options program began, for the entire duration of the stock options program
- reduction in number of options for most program participants
- how purchase price of shares is determined - the purchase price is set separately for each annual allocation, i.e. as of the date options were granted when participation in the option program began and as of the date of each annual allocation thereafter for as long as participation in the option program lasts
- conditions for exercising Call - a Call for exercise of an option can be made no earlier than two years after each annual option allocation date and no later than the mid-point of the fourth year after the given allocation, provided the beneficiary is still a member of the Board of Directors and has been a participant in the option program without interruption for at least a year since the options were allocated and the beneficiary's departure was not effected by a unilateral action on his or her part
- requirement to hold stipulated number of shares – the beneficiary is required to hold a number of shares corresponding to 20% of the capital gain realized in the given Call, up until the end of his or her participation in the stock option program.

For members of the Board of Directors whose participation in the stock option program in a term of office was granted according to the original rules, the modified option program rules will not apply during the given term of office.

Endowment Life Insurance

At the same ČEZ, a. s. General Meeting approved a change in the terms and conditions governing endowment life insurance for members of the ČEZ, a. s. Board of Directors and Supervisory Board. The approved modification unifies the conditions under which this benefit is granted to members of the Board of Directors and Supervisory Board. The approved changes to the endowment life insurance program include, most importantly:

- period of insurance coverage - the insurance period was changed to four years in order to unify the insurance period with the term of office of members of the ČEZ, a. s. statutory and supervisory boards
- how premiums are paid – premiums will be paid annually, upon signing of the insurance contract and as of each anniversary of insurance contract signing thereafter,
- provision of accident insurance – accident insurance, i.e. insurance covering injuries sustained by a member of the Company's statutory board in an accident occurring while discharging his or her duties of office or in direct conjunction therewith, will not be taken out. Under rules approved by the Board of Directors in September 2006, this type of insurance is no longer taken out on new contracts entered into with members of the Board of Directors.

Financial Statements**Consolidated Balance Sheet in Accordance with IFRS**
(in CZK millions)

Assets	as of 31 Dec 2007	as of 30 Jun 2008
Property, plant and equipment:		
Plant in service	479,091	477,330
Less accumulated provision for depreciation	234,297	242,820
Net plant in service	244,794	234,510
Nuclear fuel, at amortized cost	6,983	6,518
Construction work in progress	25,388	34,413
Total property, plant and equipment	277,165	275,441
Other non-current assets:		
Investment in associates	248	236
Investments and other financial assets, net	16,126	31,917
Intangible assets, net	19,060	18,282
Deferred tax assets	482	471
Total other non-current assets	35,916	50,906
Total non-current assets	313,081	326,347
Current assets::		
Cash and cash equivalents	12,429	9,155
Receivables, net	23,880	23,822
Income tax receivable	79	1,104
Materials and supplies, net	4,484	4,766
Fossil fuel stocks	857	2,014
Emission rights	355	100
Other financial assets, net	10,585	55,538
Other current assets	5,192	19,406
Total current assets	57,861	115,905
TOTAL ASSETS	370,942	442,252

Consolidated Balance Sheet in Accordance with IFRS
(in CZK millions)

Equity and liabilities	as of 31 Dec 2007	as of 30 Jun 2008
Equity:		
Equity attributable to equity holders of the parent:		
Stated capital	59,221	59,221
Treasury shares	(55,972)	(66,889)
Retained earnings and other reserves	168,103	175,828
Total equity attributable to equity holders of the parent	171,352	168,160
Minority interests	12,874	11,956
Total equity	184,226	180,116
Long-term liabilities:		
Long-term debt, net of current portion	51,984	43,921
Accumulated provision for nuclear decommissioning and fuel storage	39,191	39,540
Other long-term liabilities	16,369	16,736
Total long-term liabilities	107,544	100,197
Deferred tax liability	17,153	25,810
Current liabilities:		
Short-term loans	18,048	34,829
Current portion of long-term debt	3,226	4,678
Trade and other payables	25,738	83,855
Income tax payable	5,969	357
Accrued liabilities	9,038	12,410
Total current liabilities	62,019	136,129
TOTAL EQUITY AND LIABILITIES	370,942	442,252

Consolidated Statement of Income in Accordance with IFRS
(in CZK millions)

	1 – 6 / 2007	1 – 6 / 2008
Revenues:		
Sales of electricity	77,310	79,161
Gains and losses from electricity and coal derivative trading, net	965	4,595
Heat sales and other revenues	4,887	6,665
Total revenues	83,162	90,421
Operating expenses::		
Fuel	(7,856)	(7,466)
Purchased power and related services	(22,711)	(18,538)
Repairs and maintenance	(1,928)	(1,691)
Depreciation and amortization	(10,831)	(10,806)
Salaries and wages	(6,991)	(7,707)
Materials and supplies	(2,885)	(2,290)
Emission rights, net	550	112
Other operating expenses	(3,187)	(4,288)
Total expenses	(55,839)	(52,674)
Income before other income (expenses) and income taxes	27,323	37,747
Other income (expenses):		
Interest on debt, net of capitalized interest	(1,180)	(1,352)
Interest on nuclear and other provisions	(962)	(1,025)
Interest income	710	813
Foreign exchange rate gains (losses), net	(32)	(656)
Gain (Loss) on sale of subsidiaries and associates	125	333
Other income (expenses), net	1,140	900
Income from associates	28	7
Total other income (expenses)	(171)	(980)
Income before income taxes	27,152	36,767
Income taxes	(6,141)	(7,809)
Net income	21,011	28,958
Net income attributable to:		
Equity holders of the parent	20,495	28,583
Minority interests	516	375

Consolidated Statement of Changes in Equity in Accordance with IFRS (in CZK millions)

	Attributable to Equity Holders of the Parent						Total	Minority Interests	Total Equity
	Stated Capital	Treasury Shares	Translation Differences	Fair Value and Other Reserves	Retained Earnings				
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					2	2	(1)	1	
Gain and loss recorded directly to equity			2,402	-896	-16	1,490	1,154	2,644	
Net Income					20,495	20,495	516	21,011	
Total gains and losses			2,402	(696)	20,479	21,985	1,670	23,655	
Dividends					(11,785)	(11,785)		(11,785)	
Acquisition of treasury shares		(13,679)				(13,679)		(13,679)	
Sale of treasury shares		368			(244)	124		124	
Share options				20		20		20	
Transfer of exercised and forfeited share options within equity				(90)	90				
Change in minority due to acquisitions	59,221	-15,254	1,101	415	146,119	191,602	(275)	205,713	
June 30, 2007	59,221	(55,972)	(2,296)	3,225	167,174	171,352	12,874	184,226	
Change in fair value of available-for-sale financial assets recognized in equity				(212)		(212)		(212)	
Available-for-sale financial assets removed from equity				7		7		7	
Change in fair value of cash flow hedges recognized in equity				6,532		6,532		6,532	
Cash flow hedges removed from equity				(1,110)		(1,110)		(1,110)	
Translation differences			(3,218)			(3,218)	(1,298)	(4,516)	
Share on equity movements of associates					(1)	(1)		(1)	
Other movements					12	12	7	19	
Gain and loss recorded directly to equity			(3,218)	5,217	11	2,010	(1,291)	719	
Net Income					28,583	28,583	375	28,958	
Total gains and losses			(3,218)	5,217	28,594	30,593	(916)	29,677	
Dividends					(21,321)	(21,321)	(2)	(21,323)	
Acquisition of treasury shares		(13,079)				(13,079)		(13,079)	
Sale of treasury shares		2,162			(1,597)	565		565	
Share options				50		50		50	
Transfer of exercised and forfeited share options within equity				(204)	204				
June 30, 2008	59,221	(66,869)	(5,514)	8,288	173,054	168,160	11,956	180,116	

Consolidated Statement of Cash Flows in Accordance with IFRS
(in CZK millions)

	1 – 6 / 2007	1 – 6 / 2008
OPERATING ACTIVITIES:		
Income before income taxes	27,152	36,767
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	10,836	10,807
Amortization of nuclear fuel	1,382	1,460
(Gain) loss on fixed assets retirements, net	(251)	(383)
Foreign exchange rate losses (gains), net	32	656
Interest expense, interest income and dividends income, net	387	496
Provision for nuclear decommissioning and fuel storage	217	190
Valuation allowances, other provisions and other adjustments	(630)	(807)
Income from associates	(28)	(7)
Changes in assets and liabilities:		
Receivables	(2,010)	(2,017)
Materials and supplies	(983)	(452)
Fossil fuel stocks	(470)	(1,229)
Other current assets	(3,970)	(54,493)
Trade and other payables	3,409	42,340
Accrued liabilities	450	875
Cash generated from operations	35,523	34,203
Income taxes paid	(2,233)	(6,865)
Interest paid, net of capitalized interest	(1,122)	(523)
Interest received	728	489
Dividends received	85	25
Net cash provided by operating activities	32,981	27,329
INVESTING ACTIVITIES:		
Acquisition of subsidiaries and associates, net of cash acquired	(2,434)	(77)
Proceeds from disposal of subsidiaries and associates, net of cash disposed of	375	759
Additions to property, plant and equipment and other non-current assets, including capitalized interest	(13,351)	(16,275)
Loans made	(2)	(15,538)
Proceeds from sales of fixed assets	652	390
Change in decommissioning and other restricted funds	(4,127)	(850)
Repayments of loans	118	18
Total cash used in investing activities	(18,769)	(31,573)

Consolidated Statement of Cash Flows in Accordance with IFRS
(in CZK millions)

	1 – 6 / 2007	1 – 6 / 2008
FINANCING ACTIVITIES:		
Proceeds from borrowings	1,106	155,926
Payments of borrowings	(3,634)	(141,565)
Proceeds from other long-term liabilities	70	292
Payments of other long-term liabilities	(156)	(355)
Dividends paid to Company's shareholders	48	14
Dividends paid to minority interests / Contributions received from minority interests, net	21	(2)
(Acquisition) sale of treasury shares, net	(13,555)	(12,514)
Total cash provided by (used in) financing activities	(16,100)	1,796
Net effect of currency translation in cash	902	(826)
Net increase (decrease) in cash and cash equivalents	(986)	(3,274)
Cash and cash equivalents at beginning of period	30,932	12,429
Cash and cash equivalents at end of period	29,946	9,155
Supplementary cash flow information		
Total cash paid for interest	1,480	1,090

Glossary of Terms and Abbreviations

Term	Commentary
CER	Certified Emission Reduction emission reductions obtained by implementing CDM projects
CDM	Clean Development Mechanism An element of the Kyoto Protocol allowing developed countries with an obligation to reduce greenhouse gas emissions to invest in reducing emissions in developing countries that do not have such an obligation.
CO ₂	Carbon dioxide.
DKEVR	Държавна комисия за енергийно и водно регулиране (State Energy and Water Regulation Commission) Regulatory body in Bulgaria.
EIA	Environmental Impact Assessment
EMTN	European Medium Term Note A bond program.
ERU	Emission Reduction Unit Carbon credits generated by Joint Implementation (JI) projects
JI	Joint Implementation A Kyoto mechanism allowing governments and companies in industrialized countries to purchase Emission Reduction Units in other industrialized countries that reduce or otherwise prevent emissions of greenhouse gases.
NAP	National Allocation Plan A document showing the allocation of CO ₂ emission allowances to each CO ₂ producing facility. The current trading period spans the years 2008–12.
NO _x	Nitrogen oxides.
SO ₂	Sulfur dioxide.

Explanation of Units Used in this Document

Unit	Commentary
GWh	gigawatt-hour = a unit of electrical work
kV	kilovolt = a unit of electrical potential (voltage)
MW	megawatt = a unit of power (load)

Contacts**CEZ Group Spokespersons**

Ladislav Kříž	ladislav.kriz@cez.cz	+420 211 042 383
Eva Nováková	eva.novakova@cez.cz	+420 211 042 291
Martin Pavlíček	martin.pavlicek@cez.cz	+420 211 042 482

Investor Relations

Barbara Seidlová	barbara.seidlova@cez.cz	+420 211 042 529
Dana Fantová	dana.fantova@cez.cz	+420 211 042 514

Websitewww.cez.cz

Pavel Foršt	pavel.forst@cez.cz	+420 211 043 362
Martin Schreier	martin.schreier@cez.cz	+420 211 042 612

ČEZ Foundationwww.nadacecez.cz

Lucie Speratová	lucie.speratova@cez.cz	+420 211 046 720
-----------------	------------------------	------------------

Customer Line (Czech Republic)

ČEZ Zákaznické služby, s.r.o.		+420 840 840 840
-------------------------------	--	------------------

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 2008 Half-year report is correct and no facts have been omitted that could change the meaning of this report.

Prague, 26 August 2008



Pavel Cyrani
Director, Planning & Controlling

This report is not audited.

Identification of ČEZ, a. s.

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

Registered in the Commercial Register maintained
by the Municipal Court in Prague (part B, insert 1581)

Established:	1992
Legal form:	joint-stock company
ID number:	452 74 649
Tax ID number:	CZ45274649
Bankers:	KB Praha 1, account no. 71504011/0100
Telephone:	+420 211 041 111
Fax:	+420 211 042 001
Internet:	http://www.cez.cz
E-mail:	cez@cez.cz

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

Closing date of the 2008 Half-year Report: 25 August 2008