

## **CEZ GROUP**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AS OF SEPTEMBER 30, 2012

**CEZ GROUP**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2012**

in CZK Millions

	September 30, 2012	December 31, 2011
<b>Assets</b>		
Property, plant and equipment:		
Plant in service	632,499	605,063
Less accumulated provision for depreciation	(320,795)	(305,813)
Net plant in service	311,704	299,250
Nuclear fuel, at amortized cost	9,267	8,844
Construction work in progress	83,863	78,769
Total property, plant and equipment	404,834	386,863
Other non-current assets:		
Investment in associates and joint-ventures	13,354	11,292
Investments and other financial assets, net	40,504	51,810
Intangible assets, net	24,111	16,788
Deferred tax assets	678	826
Total other non-current assets	78,647	80,716
Total non-current assets	483,481	467,579
Current assets:		
Cash and cash equivalents	22,471	22,062
Receivables, net	49,977	54,732
Income tax receivable	8,006	678
Materials and supplies, net	7,529	6,215
Fossil fuel stocks	3,359	2,657
Emission rights	6,527	6,013
Other financial assets, net	40,744	29,569
Other current assets	3,574	4,779
Assets classified as held for sale	-	3,823
Total current assets	142,187	130,528
<b>Total assets</b>	<b>625,668</b>	<b>598,107</b>

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

**CEZ GROUP**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2012**

continued

	September 30, 2012	December 31, 2011
<b>Equity and liabilities</b>		
Equity attributable to equity holders of the parent:		
Stated capital	53,799	53,799
Treasury shares	(4,382)	(4,382)
Retained earnings and other reserves	191,532	177,296
Total equity attributable to equity holders of the parent	240,949	226,713
Non-controlling interests	4,300	5,365
Total equity	245,249	232,078
Long-term liabilities:		
Long-term debt, net of current portion (Note 7)	184,248	164,685
Accumulated provision for nuclear decommissioning and fuel storage	37,340	37,285
Other long-term liabilities	20,131	21,721
Total long-term liabilities	241,719	223,691
Deferred tax liability	28,025	16,946
Current liabilities:		
Short-term loans (Note 8)	4,579	5,500
Current portion of long-term debt (Note 7)	13,996	19,264
Trade and other payables	71,009	78,186
Income tax payable	24	1,701
Accrued liabilities	21,067	20,741
Total current liabilities	110,675	125,392
<b>Total equity and liabilities</b>	<b>625,668</b>	<b>598,107</b>

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

**CEZ GROUP**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

in CZK Millions

	1-9/2012	1-9/2011	7-9/2012	7-9/2011
<b>Revenues:</b>				
Sales of electricity	136,772	131,719	42,860	42,630
Gains and losses from electricity, coal and gas derivative trading, net	4,459	4,569	482	238
Sales of gas, coal, heat and other revenues	21,243	14,274	6,108	4,140
Total revenues	162,474	150,562	49,450	47,008
<b>Operating expenses:</b>				
Fuel	(11,445)	(12,249)	(3,515)	(3,415)
Purchased power and related services	(58,585)	(48,459)	(18,655)	(15,388)
Repairs and maintenance	(3,460)	(3,459)	(1,460)	(1,448)
Depreciation and amortization	(19,975)	(18,898)	(6,985)	(6,675)
Salaries and wages	(13,388)	(13,233)	(4,523)	(4,395)
Materials and supplies	(3,451)	(3,643)	(1,133)	(1,461)
Emission rights, net	447	1,807	(350)	371
Other operating expenses	(7,899)	(8,909)	(3,551)	(2,746)
Total expenses	(117,756)	(107,043)	(40,172)	(35,157)
<b>Income before other income (expenses) and income taxes</b>	44,718	43,519	9,278	11,851
<b>Other income (expenses):</b>				
Interest on debt, net of capitalized interest	(3,106)	(3,584)	(1,207)	(1,494)
Interest on nuclear and other provisions	(1,542)	(1,510)	(513)	(502)
Interest income	1,240	1,461	325	508
Foreign exchange rate gains (losses), net	(816)	(752)	(434)	(847)
Other income (expenses), net	72	(1,378)	192	(1,497)
Share of profit (loss) from associates and joint-ventures	625	(3,626)	174	(3,391)
Total other income (expenses)	(3,527)	(9,389)	(1,463)	(7,223)
<b>Income before income taxes</b>	41,191	34,130	7,815	4,628
Income taxes	(7,809)	(7,755)	(1,601)	(2,182)
<b>Net income</b>	33,382	26,375	6,214	2,446
<b>Net income attributable to:</b>				
Equity holders of the parent	34,299	26,456	6,614	2,482
Non-controlling interests	(917)	(81)	(400)	(36)
<b>Net income per share attributable to equity holders of the parent (CZK per share)</b>				
Basic	64.2	49.5	12.4	4.6
Diluted	64.2	49.5	12.4	4.6
Average number of shares outstanding (000s)				
Basic	534,115	534,016	534,115	534,115
Diluted	534,120	534,035	534,116	534,119

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

**CEZ GROUP**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

in CZK Millions

	<u>1-9/2012</u>	<u>1-9/2011</u>	<u>7-9/2012</u>	<u>7-9/2011</u>
<b>Net income</b>	33,382	26,375	6,214	2,446
<b>Other comprehensive income:</b>				
Change in fair value of cash flow hedges recognized in equity	9,901	(1,558)	8,782	(4,281)
Cash flow hedges removed from equity	(3,074)	(2,148)	445	(1,492)
Change in fair value of available-for-sale financial assets recognized in equity	918	595	125	578
Available-for-sale financial assets removed from equity	(72)	2	(48)	-
Translation differences	(2,500)	(3,488)	(2,183)	(742)
Share on equity movements of associates and joint-ventures	5	7	3	(13)
Deferred tax relating to other comprehensive income (Note 10)	<u>(1,449)</u>	<u>589</u>	<u>(1,758)</u>	<u>993</u>
<b>Other comprehensive income, net of tax</b>	<u>3,729</u>	<u>(6,001)</u>	<u>5,366</u>	<u>(4,957)</u>
<b>Total comprehensive income, net of tax</b>	<u><u>37,111</u></u>	<u><u>20,374</u></u>	<u><u>11,580</u></u>	<u><u>(2,511)</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	38,176	20,512	12,080	(2,544)
Non-controlling interests	(1,065)	(138)	(500)	33

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

**CEZ GROUP**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

in CZK Millions

	Attributable to equity holders of the parent								
	Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Available-for-sale and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
December 31, 2010	53,799	(4,619)	(10,193)	3,009	907	178,528	221,431	5,621	227,052
Net income	-	-	-	-	-	26,456	26,456	(81)	26,375
Other comprehensive income	-	-	(3,431)	(3,002)	482	7	(5,944)	(57)	(6,001)
Total comprehensive income	-	-	(3,431)	(3,002)	482	26,463	20,512	(138)	20,374
Dividends	-	-	-	-	-	(26,674)	(26,674)	(4)	(26,678)
Sale of treasury shares	-	237	-	-	-	(68)	169	-	169
Share options	-	-	-	-	56	-	56	-	56
Transfer of exercised and forfeited share options within equity	-	-	-	-	(41)	41	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	267	267
September 30, 2011	53,799	(4,382)	(13,624)	7	1,404	178,290	215,494	5,746	221,240
December 31, 2011	53,799	(4,382)	(10,647)	(4,826)	950	191,819	226,713	5,365	232,078
Net income	-	-	-	-	-	34,299	34,299	(917)	33,382
Other comprehensive income	-	-	(2,352)	5,540	684	5	3,877	(148)	3,729
Total comprehensive income	-	-	(2,352)	5,540	684	34,304	38,176	(1,065)	37,111
Dividends	-	-	-	-	-	(23,982)	(23,982)	(4)	(23,986)
Share options	-	-	-	-	60	-	60	-	60
Transfer of exercised and forfeited share options within equity	-	-	-	-	(206)	206	-	-	-
Put options held by non-controlling interest	-	-	-	-	-	67	67	12	79
Acquisition of non-controlling interests	-	-	-	-	-	(85)	(85)	(8)	(93)
September 30, 2012	53,799	(4,382)	(12,999)	714	1,488	202,329	240,949	4,300	245,249

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

**CEZ GROUP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

in CZK Millions

	<u>1-9/2012</u>	<u>1-9/2011</u>
<b>Operating activities:</b>		
Income before income taxes	41,191	34,130
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation, amortization and asset write-offs	19,997	18,904
Amortization of nuclear fuel	2,079	2,401
Gain on fixed asset retirements, net	(68)	(115)
Foreign exchange rate losses (gains), net	816	752
Interest expense, interest income and dividend income, net	1,561	1,340
Provision for nuclear decommissioning and fuel storage	(146)	(52)
Valuation allowances, other provisions and other adjustments	(4,485)	(225)
Share of (profit) loss from associates and joint-ventures	(625)	3,626
Changes in assets and liabilities:		
Receivables	5,754	(6,122)
Materials and supplies	(1,292)	(846)
Fossil fuel stocks	(639)	(961)
Other current assets	(11,015)	(12,593)
Trade and other payables	(563)	7,652
Accrued liabilities	1,005	515
Cash generated from operations	<u>53,570</u>	<u>48,406</u>
Income taxes paid	(9,191)	(6,836)
Interest paid, net of capitalized interest	(2,642)	(2,815)
Interest received	1,014	763
Dividends received	288	771
Net cash provided by operating activities	<u>43,039</u>	<u>40,289</u>
<b>Investing activities:</b>		
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	(5,048)	406
Proceeds from sale of subsidiaries, associates and joint-ventures, net of cash acquired	686	-
Additions to property, plant and equipment and other non-current assets, including capitalized interest	(37,998)	(32,130)
Proceeds from sale of fixed assets	3,386	1,061
Loans made	(466)	(639)
Repayment of loans	3,101	1,205
Change in decommissioning and other restricted funds	(1,420)	(2,378)
Total cash used in investing activities	<u>(37,759)</u>	<u>(32,475)</u>

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

**CEZ GROUP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

continued

	<u>1-9/2012</u>	<u>1-9/2011</u>
<b>Financing activities:</b>		
Proceeds from borrowings	72,741	89,540
Payments of borrowings	(53,988)	(68,177)
Proceeds from other long-term liabilities	148	126
Payments of other long-term liabilities	(120)	(129)
Dividends paid to Company's shareholders	(23,925)	(26,562)
(Dividends paid to) Contributions received from non-controlling interests, net	(4)	(4)
(Acquisition) Sale of treasury shares, net	-	169
Total cash used in financing activities	<u>(5,148)</u>	<u>(5,037)</u>
Net effect of currency translation in cash	<u>277</u>	<u>(688)</u>
<b>Net increase in cash and cash equivalents</b>	409	2,089
<b>Cash and cash equivalents at beginning of period</b>	<u>22,062</u>	<u>22,186</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>22,471</u></u>	<u><u>24,275</u></u>
 <b>Supplementary cash flow information</b>		
Total cash paid for interest	5,150	4,599

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



**CEZ GROUP**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2012**

**1. The Company**

ČEZ, a. s. ("ČEZ" or "the Company") is a Czech joint-stock company, owned 69.8% (70.3% of voting rights) at September 30, 2012 by the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are publicly held. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The Company is a parent company of the CEZ Group ("the Group"), which is primarily engaged in the business of production, distribution and sale of electricity.

**2. Summary of Significant Accounting Policies**

**2.1. Financial Statements**

The interim consolidated financial statements for the nine months ended September 30, 2012 have been prepared in accordance with IAS 34 and have not been audited by an independent auditor. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2011.

**2.2. Significant Accounting Policies**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2011.

**3. Seasonality of Operations**

The seasonality within the segments Power Production and Trading and Distribution and Sale usually takes effect in such a way that the revenues and operating profits of these segments for the 1st and 4th quarters of a calendar year are slightly higher than the revenues and operating profits achieved in the remaining period.

#### 4. Changes in the Group Structure

##### Acquisitions of subsidiaries from third parties in the first nine months of 2012

In June 2012, the Group acquired a 100% interest in the company Energotrans, a.s., which deals with the production and sale of electricity and heat, which supplies from Mělník to Prague.

Due to the fact that the fair values of acquired identifiable assets and liabilities of the company Energotrans, a.s. have not been finalized yet, the Group has made a provisional accounting of business combination based only on the preliminary results of the purchase price allocation. The provisional fair values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

	<u>Energotrans</u>
Share acquired	100%
Property, plant and equipment	7,059
Investments and other financial assets	297
Intangible assets	5,303
Cash and cash equivalents	2,134
Receivables, net	1,869
Income tax receivable	152
Materials and supplies, net	12
Fossil fuel stocks	91
Emission rights	510
Other current assets	45
Other long-term liabilities	(6)
Deferred tax liability	(2,290)
Trade and other payables	(172)
Accrued liabilities	(298)
Total net assets	<u>14,706</u>
Share of net assets acquired	14,706
Goodwill	<u>3,288</u>
Total purchase consideration	17,994
Less:	
Cash and cash equivalents in the subsidiary acquired	(2,134)
Receivables from acquisition	240
Consideration paid in previous periods	<u>(11,963)</u>
Cash outflow on acquisition of the subsidiary	<u><u>4,137</u></u>

If the combination had taken place at the beginning of the year 2012, the profit for CEZ Group as of September 30, 2012 would have been CZK 33,871 million and revenues from continuing operations would have been CZK 163,757 million. The provisional amount of goodwill recognized as a result of the business combination comprises the value of expected synergies arising from the acquisition.

Acquisitions of non-controlling interest from third parties in the first nine months of 2012

In May 2012 the Group increased its capital share in Eco-Wind Construction S.A. ("EWC") from 67% to 69.03%.

The following table summarizes the critical terms of this transaction (in CZK millions):

	<u>EWC</u>
Share of net assets acquired	8
Amount directly recognized in equity	<u>85</u>
Total purchase consideration	<u><u>93</u></u>

The following table summarizes the cash flows related to acquisitions in the first nine months of 2012 (in CZK millions):

Investment in subsidiary	6,031
Cash outflows on acquisitions of non-controlling interests	93
Cash contribution to joint-venture	780
Change in payables from acquisitions	278
Less cash acquired	<u>(2,134)</u>
Total cash outflows on acquisitions	<u><u>5,048</u></u>

## 5. Investments in Subsidiaries, Associates and Joint-ventures

The interim consolidated financial statements include the financial figures of ČEZ, a. s. and the subsidiaries, associates and joint-ventures listed in the following table:

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
3 L invest a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
A.E. Wind sp. z o.o.	Poland	69.03%	67.00%	100.00%	100.00%
AREA-GROUP CL a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Bioplyn technologie s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Bohemian Development, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Centrum výzkumu Řež s.r.o.	Czech Republic	52.46%	52.46%	100.00%	100.00%
CEZ Albania Sh.A.	Albania	100.00%	100.00%	100.00%	100.00%
	Bosnia and				
CEZ Bosna i Hercegovina d.o.o.	Herzegovina	100.00%	100.00%	100.00%	100.00%
CEZ Bulgaria EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ Bulgarian Investments B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Deutschland GmbH	Germany	100.00%	100.00%	100.00%	100.00%
CEZ Distributie S.A.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Elektro Bulgaria AD	Bulgaria	67.00%	67.00%	67.00%	67.00%
CEZ Elektroproizvodstvo Bulgaria AD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ FINANCE B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Finance Ireland Ltd.	Ireland	100.00%	100.00%	100.00%	100.00%
CEZ Hungary Ltd.	Hungary	100.00%	100.00%	100.00%	100.00%
CEZ Chorzow B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ International Finance B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ International Finance Ireland Ltd.	Ireland	100.00%	100.00%	100.00%	100.00%
CEZ Laboratories Bulgaria EOOD – in liquidation	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ MH B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Nowa Skawina S.A.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Poland Distribution B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Produkty Energetyczne Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Razpredelenie Bulgaria AD	Bulgaria	67.00%	67.00%	67.00%	67.00%
CEZ Romania S.A.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ RUS OOO	Russia	100.00%	100.00%	100.00%	100.00%
CEZ Shpërndarje Sh.A.	Albania	76.00%	76.00%	76.00%	76.00%
CEZ Silesia B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Slovensko, s.r.o.	Slovakia	100.00%	100.00%	100.00%	100.00%
CEZ Srbija d.o.o.	Serbia	100.00%	100.00%	100.00%	100.00%
CEZ Towarowy Dom Maklerski sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Trade Albania Sh.P.K.	Albania	100.00%	100.00%	100.00%	100.00%
CEZ Trade Bulgaria EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ Trade Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Trade Romania S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Ukraine LLC	Ukraine	100.00%	100.00%	100.00%	100.00%
CEZ Vanzare S.A.	Romania	100.00%	100.00%	100.00%	100.00%
ČEZ Bohunice a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Distribuce, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Distribuční služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Energetické produkty, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Energetické služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
ČEZ Energo, s.r.o.	Czech Republic	50.11%	50.11%	50.11%	50.11%
ČEZ ENERGOSERVIS spol. s r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ ICT Services, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Logistika, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Měření, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Obnovitelné zdroje, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ OZ uzavřený investiční fond a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Prodej, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Správa majetku, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Teplárenská, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Zákaznické služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
DOMICA FPI s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Eco-Wind Construction S.A.	Poland	69.03%	67.00%	69.03%	67.00%
eEnergy Hodonín a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
eEnergy Ralsko a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
eEnergy Ralsko - Kuřívody a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Dětmorovice, a.s.	Czech Republic	100.00%	-	100.00%	-
Elektrárna Chvaletice a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Mělník III, a. s.	Czech Republic	100.00%	-	100.00%	-
Elektrárna Počeradý, a.s.	Czech Republic	100.00%	-	100.00%	-
Elektrárna Tisová, a.s.	Czech Republic	100.00%	-	100.00%	-
Elektrociepłownia Chorzów ELCHO sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Elektrownia Skawina S.A.	Poland	100.00%	100.00%	100.00%	100.00%
Elektrownie Wiatrowe Lubiechowo sp. z o.o.	Poland	69.03%	67.00%	100.00%	100.00%
Energetické centrum s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Energotrans, a.s.	Czech Republic	100.00%	-	100.00%	-
Farma Wiatrowa Leśce sp. z o.o.	Poland	69.03%	67.00%	100.00%	100.00%
Farma Wiatrowa Wilkolaz-Bychawa sp. z o.o.	Poland	69.03%	67.00%	100.00%	100.00%
Free Energy Project Oreshets EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
FVE Buštěhrad a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
FVE Vranovská Ves a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
F.W. Tolkowiec sp. z o.o.	Poland	69.03%	67.00%	100.00%	100.00%
GENTLEY a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
KEFARIUM,a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
MARTIA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Mega Energy sp. z o.o.	Poland	69.03%	67.00%	100.00%	100.00%
M.W. Team Invest S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
NERS d.o.o.	Bosnia and Herzegovina	51.00%	51.00%	51.00%	51.00%
New Kosovo Energy L.L.C.	Kosovo	-	100.00%	-	100.00%
Ovidiu Development S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
PPC Úžín, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
PRODECO, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - 1.strojírenská, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - Autodoprava, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - Kolejová doprava, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
SD - KOMES, a.s.	Czech Republic	92.65%	92.65%	92.65%	92.65%
SD - Rekultivace, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Severočeské doly a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%

Subsidiaries	Country of incorporation	% equity interest		% voting interest	
		September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
STE - obchodní služby spol. s r.o. v likvidaci	Czech Republic	100.00%	100.00%	100.00%	100.00%
ŠKODA PRAHA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ŠKODA PRAHA Invest s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Taidana Limited	Cyprus	100.00%	100.00%	100.00%	100.00%
TEC Varna EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
Tepelné hospodářství města Ústí nad Labem s.r.o.	Czech Republic	55.83%	55.83%	55.83%	55.83%
Teplárna Trmice, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
TMK Hydroenergy Power S.R.L	Romania	100.00%	100.00%	100.00%	100.00%
Tomis Team S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
Ústav jaderného výzkumu Řež a.s.	Czech Republic	52.46%	52.46%	52.46%	52.46%

Associates and joint-ventures	Country of incorporation	% equity interest		% voting interest	
		September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Akcez Enerji A.S.	Turkey	44.31%	44.31%	50.00%	50.00%
Aken B.V.	Netherlands	37.36%	37.36%	50.00%	50.00%
Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.	Turkey	33.63%	33.63%	45.00%	45.00%
Akenerji Elektrik Üretim A.S.	Turkey	37.36%	37.36%	37.36%	37.36%
Akka Elektrik Üretim A.S.	Turkey	33.63%	33.63%	45.00%	45.00%
Akkur Enerji Üretim Ticaret ve Sanayi A.S.	Turkey	36.99%	36.99%	49.50%	49.50%
AK-EL Kemah Elektrik Üretim ve Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
AK-EL Yalova Elektrik Üretim A.S.	Turkey	33.65%	33.65%	45.54%	45.54%
CM European Power International B.V.	Netherlands	50.00%	50.00%	50.00%	50.00%
CM European Power International s.r.o.	Slovakia	50.00%	50.00%	50.00%	50.00%
CM European Power Slovakia s.r.o.	Slovakia	50.00%	50.00%	50.00%	50.00%
Egemer Elektrik Üretim A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Jadrová energetická spoločnosť Slovenska, a. s.	Slovakia	49.00%	49.00%	50.00%	50.00%
JESS Invest, s. r. o.	Slovakia	49.00%	49.00%	50.00%	50.00%
JTSD - Braunkohlebergbau GmbH <sup>1)</sup>	Germany	-	50.00%	-	50.00%
LOMY MOŘINA spol. s r.o.	Czech Republic	51.05%	51.05%	50.00%	50.00%
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.S.	Turkey	36.99%	36.99%	49.50%	49.50%
Mitteldeutsche Braunkohlengesellschaft mbH <sup>1)</sup>	Germany	-	50.00%	-	50.00%
MOL - CEZ European Power Hungary Ltd.	Hungary	50.00%	50.00%	50.00%	50.00%
Sakarya Elektrik Dagitim A.S.	Turkey	44.31%	44.31%	50.00%	50.00%

The equity interest represents effective ownership interest of the Group.

<sup>1)</sup> Interest of the Group in these companies was sold in June 2012.

## 6. Equity

On June 26, 2012 the Annual Shareholders Meeting of ČEZ, a. s. approved the dividends per share of CZK 45.0. The total amount of dividend approved amounts to CZK 24,035 million.

## 7. Long-term Debt

Long-term debt at September 30, 2012 and December 31, 2011 is as follows (in CZK millions):

	September 30, 2012	December 31, 2011
4.125% Eurobonds, due 2013 (EUR 372 million) <sup>1)</sup>	9,239	12,863
5.125% Eurobonds, due 2012 (EUR 278 million) <sup>2)</sup>	6,919	12,891
6.000% Eurobonds, due 2014 (EUR 600 million)	14,878	15,419
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,981	3,087
5.825% Zero Coupon Eurobonds, due 2038 (EUR 6 million)	33	33
5.750% Eurobonds, due 2015 (EUR 600 million)	14,886	15,436
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,989	2,060
5.000% Eurobonds, due 2021 (EUR 750 million)	18,597	19,292
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,239	1,285
3M Libor + 0.70% Eurobonds, due 2012 (USD 100 million)	1,931	1,992
6M Pribor + 0.62% Eurobonds, due 2012 (CZK 3,000 million)	3,000	2,999
4.875% Eurobonds, due 2025 (EUR 750 million)	18,548	19,239
4.500% Eurobonds, due 2020 (EUR 750 million)	18,445	19,119
2.160% Eurobonds, due in 2023 (JPY 11,500 million)	2,860	2,962
4.600% Eurobonds, due in 2023 (CZK 1,250 million)	1,247	1,247
3.625% Eurobonds, due 2016 (EUR 500 million)	12,351	12,798
2.150%*IRp Eurobonds, due 2021 (EUR 100 million)	2,487	2,580
4.102% Eurobonds, due 2021 (EUR 50 million)	1,238	1,284
4.250% U.S. bonds, due 2022 (USD 700 million)	13,370	-
5.630% U.S. bonds, due 2042 (USD 300 million)	5,726	-
4.375% Eurobonds, due 2042 (EUR 50 million)	1,216	-
4.500% Eurobonds, due 2047 (EUR 50 million)	1,216	-
4.383% Eurobonds, due 2047 (EUR 60 million)	1,489	-
4.500% Registered bonds, due 2030 (EUR 40 million)	971	1,006
4.750% Registered bonds, due 2023 (EUR 40 million)	980	1,016
4.700% Registered bonds, due 2032 (EUR 40 million)	988	-
9.220% Debentures, due 2014 (CZK 2,500 million) <sup>3)</sup>	2,499	2,499
Total bonds and debentures	161,323	151,107
Less: Current portion	(11,851)	(17,882)
Bonds and debentures, net of current portion	149,472	133,225
Long-term bank and other loans:		
Total long-term bank and other loans	36,921	32,842
Less: Current portion	(2,145)	(1,382)
Long-term bank and other loans, net of current portion	34,776	31,460
Total long-term debt	198,244	183,949
Less: Current portion	(13,996)	(19,264)
Total long-term debt, net of current portion	184,248	164,685

<sup>1)</sup> In January 2012, the original nominal value of the issue (EUR 500 million) was reduced by bought back own bonds at a nominal value of EUR 128 million.

<sup>2)</sup> In January 2012, the original nominal value of the issue (EUR 500 million) was reduced by bought back own bonds at a nominal value of EUR 222 million.

<sup>3)</sup> Since 2006 the interest rate has changed to consumer price index in the Czech Republic plus 4.20%.

## 8. Short-term Loans

Short-term loans at September 30, 2012 and December 31, 2011 are as follows (in CZK millions):

	September 30, 2012	December 31, 2011
Short-term bank loans	3,557	4,333
Bank overdrafts	1,022	1,167
Total	<u>4,579</u>	<u>5,500</u>

## 9. Share Options

At September 30, 2012 and December 31, 2011, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,190 thousand and 2,663 thousand, respectively.

The following table shows changes during the first nine months of 2012 in the number of granted share options and the weighted average exercise prices of these options:

	Number of share options			Weighted average exercise price (CZK per share)
	Board of Directors '000s	Selected managers '000s	Total '000s	
Share options at December 31, 2011	1,903	760	2,663	1,011.70
Options granted	394	223	617	744.55
Options forfeited	(950)	(140)	(1,090)	1,136.70
Share options at September 30, 2012	<u>1,347</u>	<u>843</u>	<u>2,190</u>	<u>874.21</u>

As at September 30, 2012 and December 31, 2011 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

	September 30, 2012	December 31, 2011
CZK 700 – 900 per share	1,445	883
CZK 900 – 1,400 per share	745	1,780
Total	<u>2,190</u>	<u>2,663</u>

In the period of nine months ended September 30, 2012 and 2011, the Company recognized a compensation expense of CZK 60 million and CZK 56 million, respectively, related to the granted options.



## 10. Income Taxes

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

	1-9/2012			1-9/2011		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges recognized in equity	9,901	(1,872)	8,029	(1,558)	296	(1,262)
Cash flow hedges removed from equity	(3,074)	585	(2,489)	(2,148)	408	(1,740)
Change in fair value of available-for-sale financial assets recognized in equity	918	(177)	741	595	(115)	480
Available-for-sale financial assets removed from equity	(72)	15	(57)	2	-	2
Translation differences	(2,500)	-	(2,500)	(3,488)	-	(3,488)
Share on equity movements of associates and joint-ventures	5	-	5	7	-	7
Total	<u>5,178</u>	<u>(1,449)</u>	<u>3,729</u>	<u>(6,590)</u>	<u>589</u>	<u>(6,001)</u>

## 11. Segment Information

The Group reports its result based on operating segments which are defined with respect to geographical location of the assets with similar economic environment and characteristics, e.g. similar long-term average gross margins, similar nature of the products and services and with regard to regulatory environment. The Group has identified seven reportable segments on this basis:

- Power Production and Trading / Central Europe
- Distribution and Sale / Central Europe
- Mining / Central Europe
- Other / Central Europe
- Power Production and Trading / South East Europe
- Distribution and Sale / South East Europe
- Other / South East Europe

The Group accounts for intersegment revenues and transfers as if the revenues or transfers were to third parties, that is, at current market prices or where the regulation applies at regulated prices. The Group evaluates the performance of its segments and allocates resources to them based on EBITDA (income before income taxes and other income (expenses) plus depreciation and amortization).

The following tables summarize segment information by operating segments for the nine months ended September 30, 2012 and 2011 and at December 31, 2011 (in CZK millions):

September 30, 2012:	Power Production and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Production and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Sales other than intersegment sales	56,592	72,724	3,487	2,314	1,692	25,655	10	162,474	-	162,474
Intersegment sales	34,771	4,667	4,616	28,111	833	640	1,700	75,338	(75,338)	-
Total revenues	91,363	77,391	8,103	30,425	2,525	26,295	1,710	237,812	(75,338)	162,474
EBITDA	44,197	10,382	3,987	4,898	1,743	(613)	137	64,731	(38)	64,693
Depreciation and amortization	(11,498)	(2,657)	(1,565)	(1,665)	(802)	(1,739)	(49)	(19,975)	-	(19,975)
EBIT	32,699	7,725	2,422	3,233	941	(2,352)	88	44,756	(38)	44,718
Interest on debt and provisions	(4,522)	(201)	(227)	(33)	(336)	(128)	(6)	(5,453)	805	(4,648)
Interest income	1,572	16	313	38	18	98	(10)	2,045	(805)	1,240
Share of profit (loss) from associates and joint-ventures	(30)	-	31	-	153	471	-	625	-	625
Income taxes	(5,207)	(1,414)	(513)	(699)	49	(17)	(10)	(7,811)	2	(7,809)
Net income	37,473	6,075	2,585	2,482	(288)	(1,970)	87	46,444	(13,062)	33,382
Identifiable assets	249,208	71,135	20,322	13,395	28,869	27,377	66	410,372	(5,538)	404,834
Investment in associates and joint- ventures	4,270	-	189	-	6,548	2,347	-	13,354	-	13,354
Unallocated assets										<u>207,480</u>
Total assets										<u>625,668</u>
Additions to non-current assets	18,407	6,121	1,761	15,698	5,877	2,455	726	51,045	(15,305)	35,740

September 30, 2011:	Power Production and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Production and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Sales other than intersegment sales	49,180	68,365	3,506	2,213	2,496	24,780	22	150,562	-	150,562
Intersegment sales	35,770	7,482	4,567	25,926	577	291	1,562	76,175	(76,175)	-
Total revenues	84,950	75,847	8,073	28,139	3,073	25,071	1,584	226,737	(76,175)	150,562
EBITDA	41,125	10,427	3,815	4,214	1,972	2,367	126	64,046	(1,629)	62,417
Depreciation and amortization	(10,965)	(2,567)	(1,363)	(1,599)	(681)	(1,679)	(44)	(18,898)	-	(18,898)
EBIT	30,160	7,860	2,452	2,615	1,291	688	82	45,148	(1,629)	43,519
Interest on debt and provisions	(4,829)	(193)	(226)	(27)	(356)	(123)	(70)	(5,824)	730	(5,094)
Interest income	1,611	22	317	32	41	117	51	2,191	(730)	1,461
Share of profit (loss) from associates and joint-ventures	60	-	(2,812)	-	(526)	(348)	-	(3,626)	-	(3,626)
Income taxes	(5,093)	(1,468)	(447)	(608)	(149)	(292)	(9)	(8,066)	311	(7,755)
Net income	33,355	6,202	(341)	2,002	(136)	(89)	53	41,046	(14,671)	26,375
Additions to non-current assets	17,556	7,018	2,100	14,503	1,368	1,748	488	44,781	(13,725)	31,056
December 31, 2011:	Power Production and Trading CE	Distribu- tion and Sale CE	Mining CE	Other CE	Power Production and Trading SEE	Distribu- tion and Sale SEE	Other SEE	Combi- ned	Elimina- tion	Consoli- dated
Identifiable assets	237,266	67,712	20,128	15,327	25,859	28,224	82	394,598	(7,735)	386,863
Investment in associates and joint- ventures	4,463	-	190	-	4,800	1,839	-	11,292	-	11,292
Unallocated assets										199,952
Total assets										598,107

## **12. Events after the Balance Sheet Date**

In October 2012 ČEZ, a. s. issued private placement bond in the total nominal amount of EUR 150 million, with a floating coupon of 3M EURIBOR + 0.36% p. a. and issue price of 100%, maturing on June 30, 2014.