

NOTABLE EVENTS

JANUARY

● The Regional Energy Commissions (REC's) increased Lenenergo's average electricity tariffs by 9.66% for St.Petersburg and by 10.32% for the Leningrad Region. Average heat tariffs increased by 12.00% for St.Petersburg and by 7.63% for the Leningrad Region.

FEBRUARY

● A meeting of the Board of Directors of Lenenergo was held in the Company's head-office in St.Petersburg on 18 February 2004. The management of Lenenergo reported to the Board preliminary operational and financial results for the year 2003.

APRIL

● Lenenergo floated a 3 bln. RUR bond with the maturity period of 3 years at Moscow Interbank Currency Exchange.

MAY

● Standard & Poor's completed its evaluation of Lenenergo's corporate governance and awarded the Company rating of 6.0.

● The plan on JSC "Lenenergo" restructuring was approved at the meeting of RAO "UES of Russia" Board of Directors.

● Lenenergo's Annual General Meeting elected a new Board of Directors, approved the Annual Report 2003 and appointed MOORE STEPHENS as auditors. Shareholders approved dividends of 0,13657 RUR per ordinary share and 0,1670 RUR per preferred share.

JUNE

● Lenenergo put into operation the new substation "Port" of 110 kV. It was one of the largest investment projects of Lenenergo for the last several years.

KEY FIGURES

Operational figures

Installed capacity, MW

Electricity production, mln. kW-h

Purchased electricity, mln. kW-h

Electricity useful output, mln. kW-h

Heat useful output, '000 Gcal

Number of employees

Financial results (RAS)

Net sales, RUR mln.

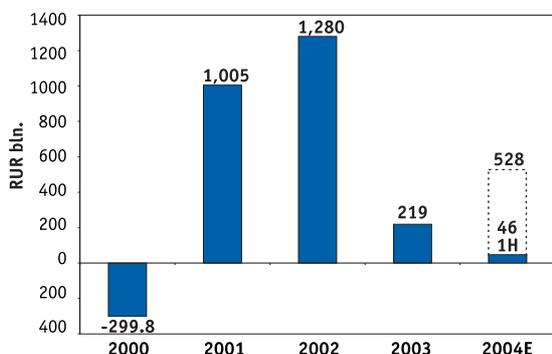
Allocated to reserves, RUR mln.

Operating profit, RUR mln.

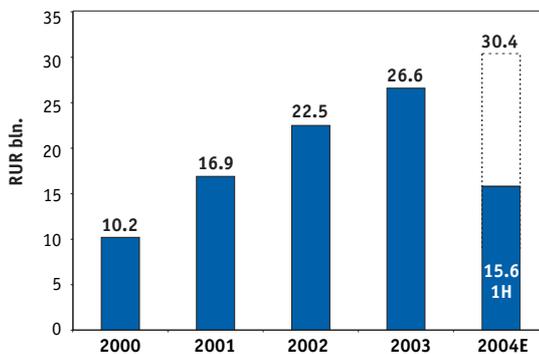
Net profit/loss, RUR mln.

1st H 2004	1st H 2003	Change, %
3,244.5	3,244.5	-
7,332	6,543	14.6
8,358	8,586	(8.3)
12,533	12,754	0.4
12,378	13,428	(10.7)
14,326	15,122	(5.3)
15,614	14,103	10.7
126	632	(80.1)
315	619	(49.1)
46	442	(89.6)

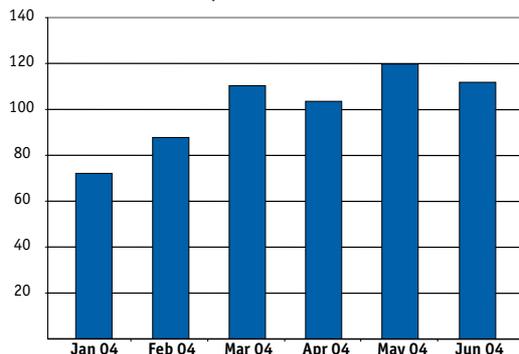
Profit/loss



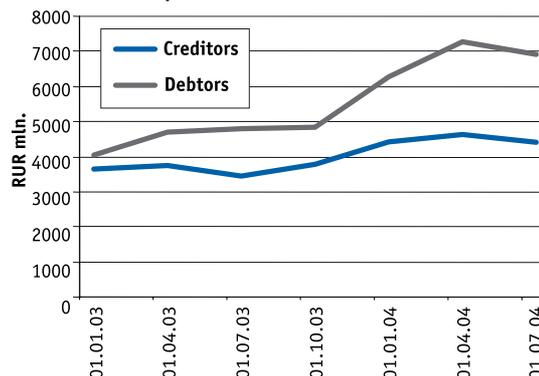
Sales



Cash collection, %

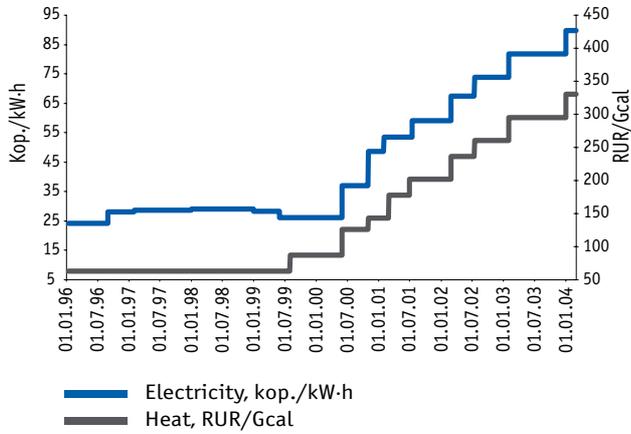


Debtors/Creditors





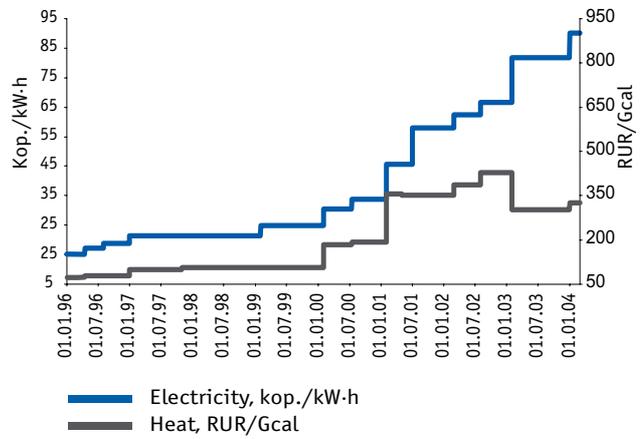
**Tariff changes
St. Petersburg**



Average current tariffs (St. Petersburg):

Electricity 89.81 kop./kW-h
Heat 329.9 RUR/Gcal

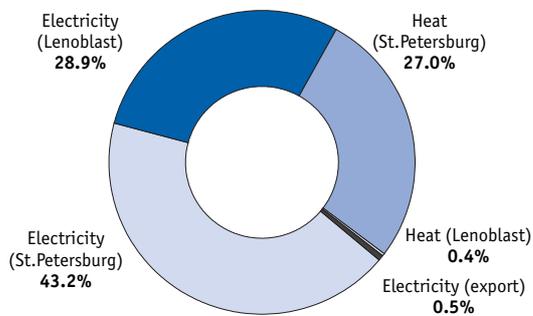
**Tariff changes
Leningrad Region**



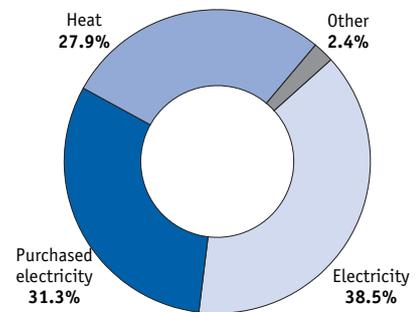
Average current tariffs (Leningrad Region):

Electricity 90.02 kop./kW-h
Heat 325.4 RUR/Gcal

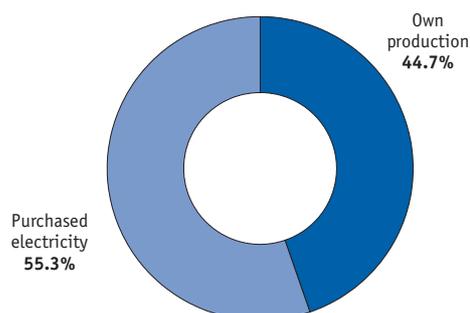
Sales



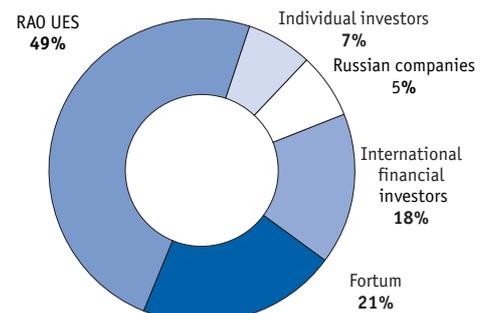
Cost of Sales



Electricity Balance



Shareholder structure





BALANCE SHEET

'000 RUR	January 1, 2004	June 30, 2004
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	5,072	4,044
Fixed assets, incl.:	35,484,265	35,035,261
Land	207	20,877
Buildings, plants and machinery	35,216,966	34,800,090
Other	267,092	214,294
Investments in non-current assets	4,013,594	4,920,154
Long-term financial investments, incl.:	453,874	451,337
Subsidiaries	18,907	18,907
Affiliates	28,074	28,074
Other companies	352,961	352,951
Long-term loans	51,600	49,073
Other long-term financial investments	2,332	2,332
Deffered tax assets	100,308	110,219
TOTAL non-current assets	40,057,113	40,521,015
CURRENT ASSETS		
Inventories	1,493,590	1,446,635
VAT	844,378	926,805
Long-term accounts receivable	7,059	46,032
Short-term accounts receivable, incl.:	6,278,655	6,882,175
Customers	4,299,911	4,170,803
Notes receivable	-	-
Receivable from subsidiaries and affiliates	-	-
Prepayments	1,288,174	1,629,116
Other	690,570	1,082,256
Short-term financial assets	59,548	56,087
Cash and cash equivalents	471,511	522,240
Total current assets	9,154,741	9,879,974
TOTAL ASSETS	49,211,854	50,400,989
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Authorised share capital	897,363	897,363
Ordinary Share Capital	131,328	131,328
Preference Share Capital	766,035	766,035
Additional capital	39,241,845	39,221,152
Reserve capital	114,265	125,230
Retained earnings of prior periods	219,298	81,784
Losses of prior periods	(488,190)	(487,154)
Profit/Loss of the accounting period	-	46,132
TOTAL Shareholders' equity	39,984,581	39,884,507
LONG-TERM DEBT	494,159	3,721,020
CURRENT LIABILITIES		
Loans and credits, incl.:	3,774,445	1,583,044
Bank credits	3,238,500	1,252,062
Loans	535,945	330,982
Accounts payable, incl.:	4,433,616	4,421,998
Suppliers	1,422,001	1,344,491
Notes payable	64	24
Accrued payroll	68,155	75,310
Social funds	24,581	55,062
Budget	405,989	255,605
Prepayments received	1,974,376	2,147,343
Other accounts payable	538,450	543,713
Due to shareholders	318,258	444,807
Deferred income	206,795	204,113
Reserves of future payments	-	141,500
TOTAL current liabilities	8,733,114	6,795,462
TOTAL EQUITY AND LIABILITIES	49,211,854	50,400,989



INCOME STATEMENT

'000 RUR	2004 (1st H)	2003 (1st H)
Net Revenues	15,613,555	14,102,758
Electricity	10,816,119	9,981,245
Heat	4,085,488	3,804,675
Other	711,948	316,838
Cost of goods sold	14,397,696	12,458,129
Operating Profit	1,215,859	1,644,629
Interest income	321	33
Interest expenses	210,041	9,577
Other financial items gain	-	10
Other operating income	719,305	695,516
Other operating expenses	970,792	1,442,621
Profit from operating and financial activity	754,652	887,990
Other non-operating income	346,619	130,964
Other non-operating expenses	785,806	399,691
Pre tax profit	315,465	619,263
Income tax and other similar charges	269,349	183,425
Profit after tax	46,116	435,838
Exceptional income	16	7,067
Exceptional expenses	-	820
Net profit	46,132	442,085

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