



BRIEF DATA

2003

Symphony can be very effective if played truly. It is touching the most sensitive strings of a human heart, the most important moral issues of today. To play a symphony is to walk a crooked path to the Truth.

Eugene Mravinsky



The mission of the Company

Every hour of each single day, Lenenergo brings electricity to each home in Leningrad Region and the city of St. Petersburg with six million residents. The size of this region is comparable with combined territories of such European states as Belgium, Denmark and Holland. This is a region where annual average temperature is just above +4 C, while the number of cloudless days comes to no more than 30 in a whole year.

Lenenergo means power for the region to keep developing and changing for the better.

Late in the 19th and early in the 20th centuries, electric power became the driving force of progress. At that time, St. Petersburg was a pioneer city as concerned electric power production. Russia's best engineers and managers worked for the power system of the Northern Capital. In fact, the same came to pass, once again, at the turn of the 21st century. In December 1999, Lenenergo representing the successful and profitable Siemens company, replaced its whole team of managers. Today, Lenenergo is among the largest power producers in the Baltic region and the leading producer and supplier of power in Russia's North-West.

Lenenergo means power for succession and leadership.

We do our best to adapt the functioning of the power system to the new market conditions, while fully retaining the experience accumulated by all generations of St. Petersburg's power producers. The magnitude of tasks and our sense of responsibility unite managers, engineers and workers, the whole Lenenergo's huge team of over 14,000 people. Six hydroelectric and nine thermal power plants function in a stable and coordinated way, like an orchestra playing a symphony of heat and light.

Lenenergo means power for harmony.

Power we produce assures the future of the region!

SIGNIFICANT EVENTS 2003

January

Andrey Likhachev, Lenenergo's General Director, attended the World Economic Forum in Davos (Switzerland) as a member of the delegation from the Russian Federation.

February

Lenenergo's top managers took part in the European road-show. Meetings with investment funds' representatives were held in Stockholm, Zurich, London, and Edinburgh.

The Regional Energy Commissions of St. Petersburg and Leningrad Region approved the 2003 tariffs for heat and electricity supplied by Lenenergo. On the average, the electricity tariffs went up by 10.98% in St. Petersburg and by 22.70% in Leningrad Region. The average heat tariffs grew by 13.23% in St. Petersburg, while in Leningrad Region, they dropped by 29.27% due to the termination of the lease of GRES-19 power plant that supplies heat to Kirishinefteorgsintez refinery, a large user.

March

The Board of Directors made a decision to recommend the Annual General Meeting of shareholders to pay out dividends for the year 2002 in the amount of RUR 1.055 per share.

April

Over the 1st quarter of 2003, Lenenergo increased its net deliveries of electricity by 8.8%.

May

On May 15, 2003, an Annual General Meeting of shareholders elected a new Board of Directors and made a decision to pay out dividends for 2002.

Lenenergo announced a contest between St. Petersburg's undergraduate and postgraduate students for the best research paper or creative work on power production and supply.

In the course of the action entitled "A Gift to the Friends of Lenenergo" jointly sponsored by the Friends of Lenenergo Foundation, Lenenergo and Petroelektrosbyt companies, 120,000 World War 2 and Siege veterans, prisoners of Nazi concentration camps, and some other preferred categories of citizens were granted the free use of electricity for St. Petersburg tercentenary year, 2003.

June

On June 19, 2003, during the final session of the 7th St. Petersburg Economic Forum Round Table, Andrey Likhachev, Lenenergo's General Director, and Jean Lemiere, President of the European Bank for Reconstruction and Development, signed a 40 million EUR loan agreement.

July

Over the first six months of the year 2003, Lenenergo increased its net deliveries of electricity by 8.1%.

Standard & Poor's completed its evaluation of Lenenergo's corporate governance and awarded the Company rating of 5.9.

August

The Administration of the City of St. Petersburg supported the proposition made by Andrey Likhachev, Lenenergo's General Director, to bring all the city's heat supply communications under one management.

September

On September 27, 2003 Lenenergo's Board of Directors held a regular meeting in Moscow and approved the plan to reform the Company.

Over the nine months of 2003, the net deliveries of electricity increased by 7.5%.

For the second time, in St. Petersburg, the anniversary of the 1942 lifting of energy blockade was celebrated as an all-city event.

October

The subsidiaries of the RAO UES of Russia completed preparations for the 2003-2004 cold weather period. Lenenergo was named among the leaders of pre-winter preparation campaign in Russian power industry.

The project for reforming Lenenergo was approved by the Strategy and Reform Committee of the Board of Directors of RAO UES (The Herne Committee).

St. Petersburg higher schools held "A Week of Lenenergo". The Company's managers delivered lectures at the leading schools of the city.

November

Under the Power Tariff Stabilization Agreement for the City of St. Petersburg and the Leningrad Region, Lenenergo reduced its individual power tariffs by 20%, starting November 1, 2003.

December

The results of the contest between St. Petersburg's undergraduate and postgraduate students for the best research paper or creative work were announced. Over 130 papers had been submitted.

Lenenergo sponsored a contest among schoolchildren of St. Petersburg and Leningrad Region for the best family essay on "Energy of Russia is the Energy of the Future". Over 1,200 schoolchildren submitted their works.

Lenenergo's Public Relations service was awarded the first prize of the PROba-2003 public relations competition in the most prestigious nomination "PR Project of the Year".

Lenenergo won the "Russian Corporate Management Leaders-2003" competition in the nomination "Annual Report". Lenenergo's annual report was also named the best in the sixth RTS-sponsored Annual Report Competition in the nomination "The Best Annual Report Idea", and, in the nomination "Art Design and Printing", in the 5th Annual Report Competition held by the Expert magazine.

Lenenergo's capitalization reached 622.24 million USD.



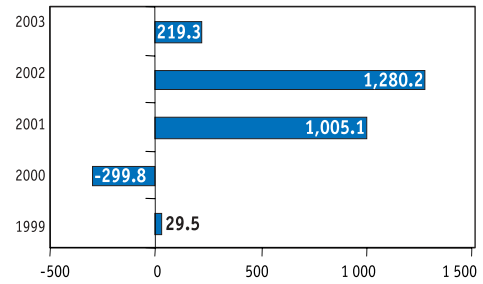
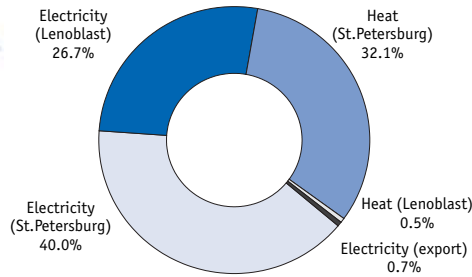
KEY FINANCIAL FIGURES (RAS)



Indicator	2003	2002	Change, %
Sales, million RUR	26,623	22,513	18.3
Operating profit, million RUR	1,346	2,385	(43.6)
Net profit (loss), million RUR	219	1,280	(82.9)
Total assets, million RUR	49,225	46,083	6.8
Shareholder equity, million RUR	39,998	40,768	(1.9)
Capital investments, million RUR	2,809	1,929	45.6

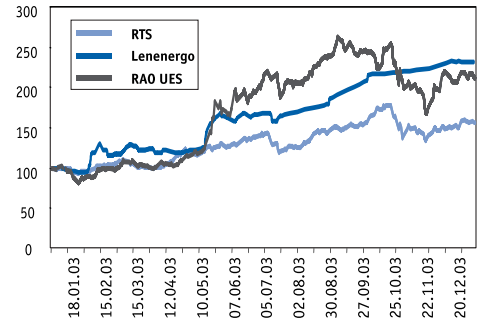
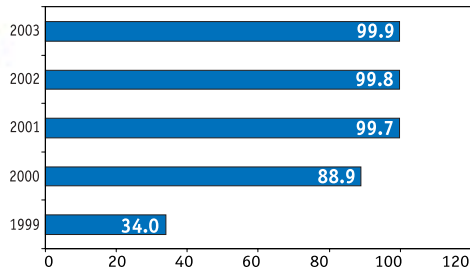
Sales, million RUR

Net profit (loss), million RUR



Cash Collection, %

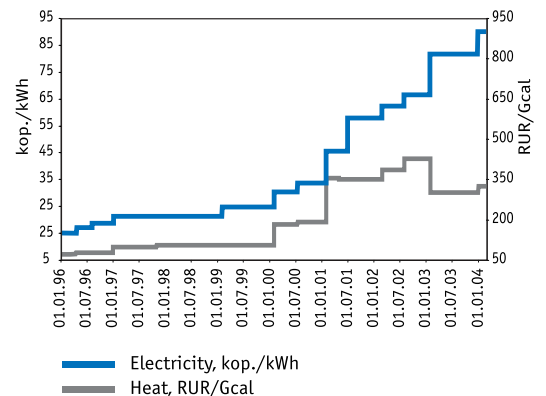
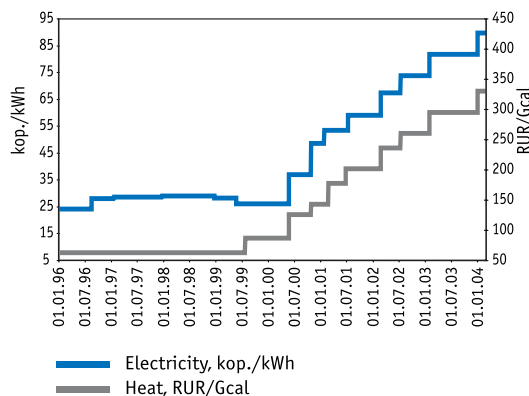
Trends of RAO UES and Lenenergo common stock price, and the RTS index in 2003



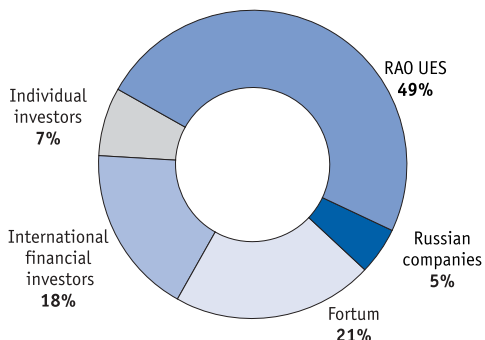
TARIFF CHANGES

St. Peterburg

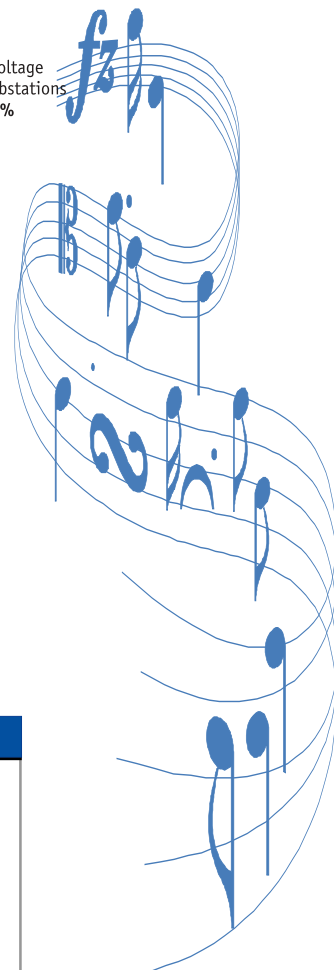
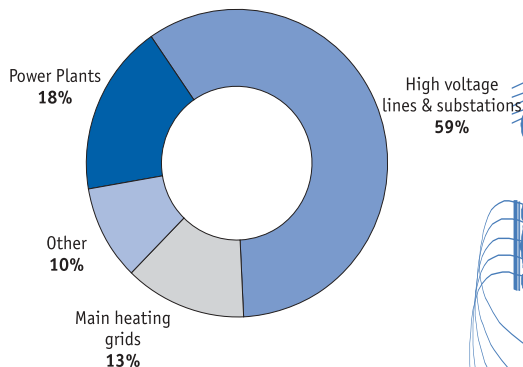
Leningrad Region



STRUCTURE OF SHAREHOLDER EQUITY



INVESTMENT STRUCTURE

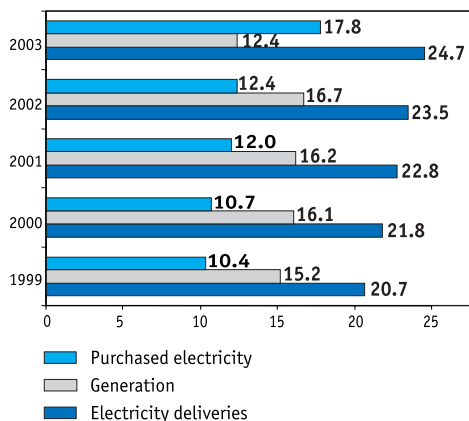


PERFORMANCE HIGHLIGHTS

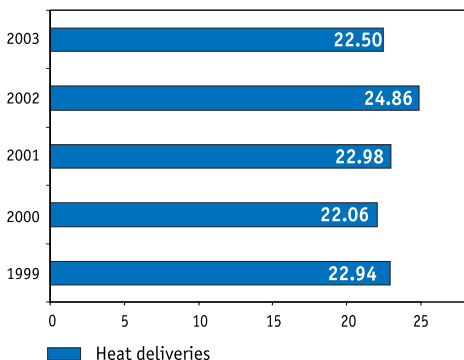
Indicator	2003	2002	Change, %
Installed capacity, MW	3,244.5	5,352.5	(39.4) *
Operating capacity, MW	1,785	2,662	(32.9) *
Electricity generation, million kW-h	12,421	16,710	(25.7) *
Purchased electricity, million kW-h	17,753	12,426	42.9
Electricity deliveries, million kW-h	24,730	23,522	5.1
Heat deliveries, thousand Gcal	22,503	24,858	(9.5) *
Number of employees	14,317	16,795	(14.8) *

* Due to the expiry of the lease of GRES-19 (Kirishy).

Electricity, billion kW-h



Heat, million Gcal





SUMMARIZED ACCOUNTS UNDER RUSSIAN ACCOUNTING STANDARDS (RAS)

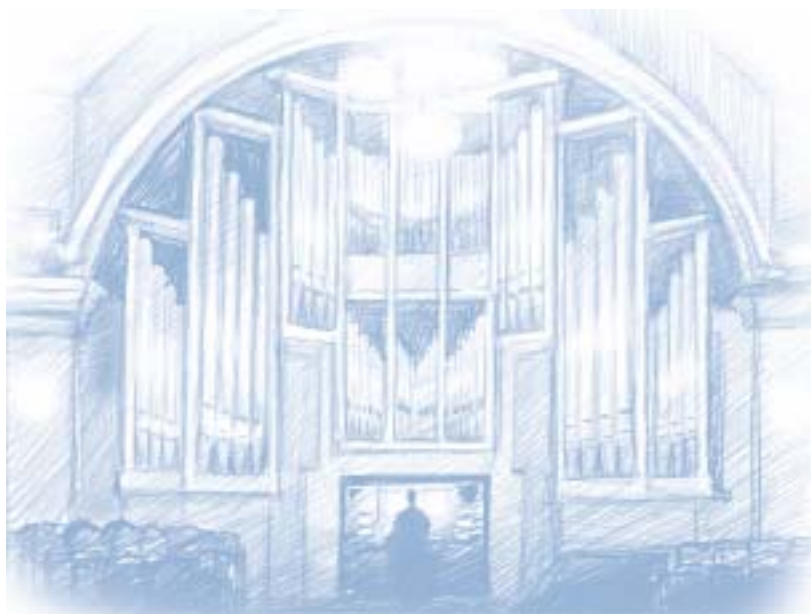
BALANCE SHEET (RAS)

thousand RUR

Indicator	01.01.2003	31.12.2003
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	9,260	5,072
Fixed assets, incl.:	36,244,872	35,497,800
Land	207	207
Buildings, plants and machinery	36,041,412	35,230,501
Other	203,253	267,092
Investments in non-current assets	3,245,577	4,013,594
Long-term financial investments, incl.:	409,102	453,874
Subsidiaries	18,907	18,907
Affiliates	28,074	28,074
Other companies	352,961	352,961
Long-term loans	6,800	51,600
Other long-term financial investments	2,360	2,332
Deferred tax assets	–	100,308
TOTAL non-current assets	39,908,811	40,070,648
CURRENT ASSETS		
Inventories	1,214,689	1,493,590
VAT	518,678	844,378
Long-term accounts receivable	1,646	7,059
Short-term accounts receivable, incl.:	4,054,606	6,278,655
Customers	3,236,928	4,299,911
Notes receivable	11,793	–
Receivable from subsidiaries and affiliates	–	–
Prepayments	424,830	1,288,174
Other	381,055	690,570
Short-term financial assets	53,856	59,548
Cash and cash equivalents	330,731	471,511
TOTAL current assets	6,174,206	9,154,741
TOTAL ASSETS	46,083,017	49,225,389
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	39,323,323	39,255,380
Reserve capital	50,254	114,265
Social fund	–	–
Retained earnings of prior periods	1,280,228	–
Losses of prior periods	(783,203)	(488,190)
Profit/Loss of the accounting period	–	219,298
TOTAL shareholders' equity	40,767,965	39,998,116
LONG-TERM DEBT	733,592	494,159
CURRENT LIABILITIES		
Loans and credits, incl.:	699,282	3,774,445
Bank credits	163,338	3,238,500
Loans	535,944	535,945
Accounts payable, incl.:	3,658,692	4,433,616
Suppliers	1,178,126	1,422,001
Notes payable	130	64
Accrued payroll	68,743	68,155
Social funds	38,417	24,581
Budget	542,607	405,989
Prepayments received	1,399,683	1,974,376
Other accounts payable	430,986	538,450
Due to shareholders	400	318,258
Deferred income	223,086	206,795
TOTAL current liabilities	4,581,460	8,733,114
TOTAL EQUITY AND LIABILITIES	46,083,017	49,225,389

INCOME STATEMENT (RAS)

Indicator	thousand RUR	
	2003	2002
Net Revenues	26,623,403	22,512,524
Electricity	19,315,768	15,654,371
Heat	6,456,137	6,406,763
Other	851,498	451,390
Cost of goods sold	25,277,330	20,127,512
Electricity	18,093,962	13,781,638
Heat	6,989,237	6,187,090
Other	194,131	158,784
Operating Profit	1,346,073	2,385,012
Interest income	255	8,932
Interest expenses	121,822	32,407
Other financial items gain	3,089	2,776
Other operating income	1,428,965	3,120,486
Other operating expenses	1,703,272	3,620,904
Other non-operating income	305,303	353,423
Other non-operating expenses	821,964	643,867
Pre tax profit	436,627	1,573,451
Income tax and other similar charges	223,575	292,431
Profit after tax	213,052	1,281,020
Exceptional income	7,066	372
Exceptional expenses	820	1 164
Net profit	219,298	1,280,228





SUMMARIZED ACCOUNTS UNDER INTERNATIONAL ACCOUNTING STANDARDS (IAS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Open Joint-Stock Company Lenenergo (JSC "Lenenergo"):
We have audited the consolidated financial statements of JSC Lenenergo at 31 December 2003 from which the summarized consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report dated 29 April 2004 we expressed an unqualified opinion on the consolidated financial statements from which the summarized consolidated financial statements were derived.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

For a better understanding of the Company's financial position and the results of its operations for the period and of the scope of our audit, the summarized consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarized consolidated financial statements were derived and our audit report thereon.

MOORE STEPHENS

St Paul's House
Warwick Lane
London, England

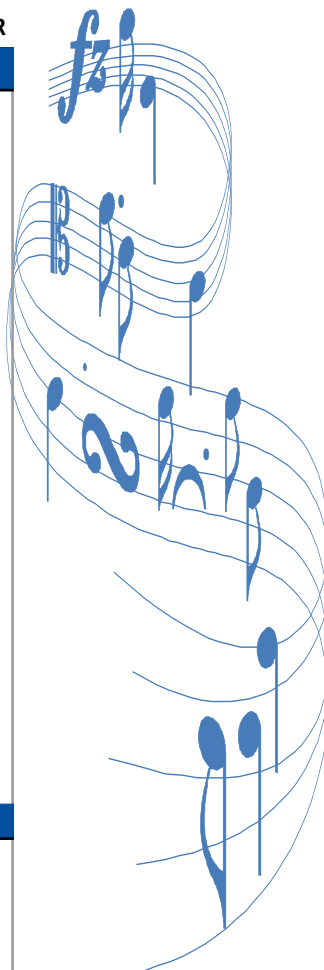
29 April 2004

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2003 AND 2002 (IAS)

Indicator	million RUR	
	2003	2002
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	44,120	44,976
Other non-current assets	406	491
Other non-current assets	5	9
TOTAL non-current assets	44,531	45,476
CURRENT ASSETS		
Cash and cash equivalents	598	363
Accounts receivable and prepayments	6,058	4,271
Inventories	1,403	1,041
Other current assets	153	179
TOTAL current assets	8,212	5,854
Less: CURRENT LIABILITIES		
Short-term loans	3,744	646
Accounts payable and accrued charges	4,056	2,894
Taxes payable	812	824
Total current liabilities	8,612	4,364
Net current (liabilities)/assets	(400)	1,490
	44,131	46,966
FINANCED BY:		
SHAREHOLDERS' EQUITY		
Share capital	6,017	6,017
Fair value reserve	(24)	41
Retained earnings	33,936	35,844
TOTAL shareholders' equity	39,929	41,902
NON-CURRENT LIABILITIES		
Deferred tax liability	4,126	4,638
Non-current debt and other non-current liabilities	76	426
TOTAL non-current liabilities	4,202	5,064
	44,131	46,966

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002 (IAS)**

Indicator	million RUR	
	2003	2002
Revenues		
Electricity	19,089	16,587
Heating	6,456	6,816
Other	1,251	939
Total revenues	26,796	24,342
Costs and other deductions		
Fuel expenses	(4,745)	(6,028)
Purchased power	(8,984)	(5,315)
Depreciation	(2,960)	(2,841)
Wages and payroll taxes	(2,109)	(2,436)
Transmission fees	(2,937)	(2,019)
Repairs and maintenance	(1,868)	(1,313)
Other expenses	(1,759)	(1,113)
Water costs	(1,071)	(867)
Taxes other than on income	(539)	(746)
Other materials	(230)	(335)
Doubtful debtors expense	(635)	(247)
Social expenditures	(242)	(234)
Impairment of investments	-	(168)
Rental fees	(59)	(95)
Gain (Loss) on disposal of non-current assets	7	(8)
Total costs and other deductions	(28,131)	(23,765)
(Loss)/Profit from operations	(1,335)	577
Monetary effects and financing items	(117)	(157)
(Loss)/Profit on ordinary activities before taxation	(1,452)	420
(Loss) per share - basic and diluted	491	(4,430)
NET (LOSS)	(961)	(4,010)
(Loss) per share – basic and diluted		
- in Russian Roubles		
- Ordinary	(1.07)	(4.47)
- Preference	(1.07)	(4.47)





CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2003 AND 2002 (IAS)

million RUR

Indicator	2003	2002
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit on ordinary activities before taxation	(1,452)	420
Adjustments to reconcile profit/loss on ordinary activities before taxation to net cash provided by operations:		
Depreciation	2,960	2,841
Doubtful debtors expense	635	247
Interest expense (net)	117	121
(Gain) loss on disposal of non-current asset	(7)	8
Adjustment for non-cash investing activities	(465)	(150)
Impairment of investment	-	168
Operating profit before working capital changes	1,788	3,655
(Increase) in accounts receivable and prepayments	(2,539)	(219)
Increase (decrease) in accounts payable and accrued charges	1,293	(71)
Decrease/(increase) in other current assets	26	(149)
(Decrease)/increase in taxes payable other than profits tax	(12)	96
Increase in non-current liabilities	43	3
(Increase) in inventories	(362)	(81)
Profits tax	(191)	(506)
Net cash provided by operating activities	46	2 728
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,518)	(1,658)
Proceeds from sale of property, plant and equipment	113	15
Net cash used in investing activities	(1,405)	(1,643)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from loans	10,862	1,450
Repayment of loans	(8,199)	(2,154)
Interest paid (net)	(122)	(34)
Dividends paid	(947)	(375)
Net cash provided by/(used in) financing activities	1,594	(1,113)
Effect of inflation on cash and cash equivalents	-	(55)
Net increase/ (decrease) in cash and short term funds	235	(83)
Cash and short term funds at the beginning of the year	363	446
Cash and short term funds at the end of the year	598	363

BRIEF DATA 2003

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Undoubtedly, the passed year 2003 deserves a separate chapter in the chronicles of modern Russia. Moreover, I am sure that our city and our region are worthy of a special, significant place in such a chapter.

Today, we can say that preparations for St. Petersburg's tercentenary festivities and celebration of the 1250th anniversary of the town of Staraya Ladoga put our Company to a test. That was a test of how well Lenenergo's technical services could ensure faultless power supply to both the celebration sites and all the consumers without exception, a test of the efficiency of decision-making and capacity for quickly resolving issues that were, at the first glance, insoluble. Moreover, 2003 was a year of numerous election campaigns.

Being responsible for vitally important activities in the region with over 6 million residents, Lenenergo faced difficult technological tasks, often without precedent. I believe that, in 2003, Lenenergo has fulfilled them with honour, operating the power system in a stable and confident manner.

I want to express my gratitude to all who have been and remain with the Company, our shareholders, the Board of Directors, employees and partners, for their understanding, support and trust in Lenenergo.

*Andrey Likhachev
General Director
JSC Lenenergo*

