

NOTABLE EVENTS

FEBRUARY

- The Regional Energy Commissions (REC's) increased Lenenergo's average electricity tariffs by 10.98% for St.Petersburg and by 22.70% for the Leningrad Region. Average heat tariffs increased by 13.23% for St.Petersburg and decreased (due to expiry of the lease of Kirishy GRES, which served Kirishy Nefteorgsintez in terms of heat supply) by 29.27% for the Leningrad Region.
- The management of Lenenergo took part in the European road-show from 3 to 8 February 2003. Meetings with investment funds' representatives were held in Stockholm, Zurich, London, Edinburgh.

MARCH

- A meeting of the Board of Directors of Lenenergo was held in the Company's Moscow office on 29 March 2003. The main topic on the agenda was the approval of the 2002 Annual Report and

the 2002 accounts. Also, the Board reviewed the recommendations on profit and losses distribution in 2002, the size of the dividends for 2002 and the order of dividend payments.

MAY

- Lenenergo's Annual General Meeting elected a new Board of Directors, approved the Annual Report 2002 and appointed MOORE STEPHENS as new auditors. Shareholders approved dividends for both common and preferred shares 1.05 RUR per share.
- JSC Lenenergo released summarized IAS accounts for 2002.

JUNE

- General Director of Lenenergo Andrey Likhachev and President of the EBRD Jean Lemierre signed a 40 million loan agreement. The seven-year loan to Lenenergo will be used to finance the completion of a combined heat and power unit at TPP-5.

KEY FIGURES

Operational figures

Installed capacity, MW*
Electricity production, mln. kWh*
Purchased electricity, mln.kWh
Electricity deliveries, mln. kWh
Heat deliveries, '000 Gcal
Number of employees*

Financial results (RAS)

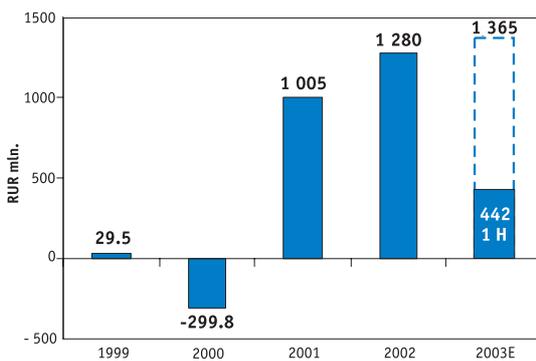
Net sales, RUR mln.
Operating profit, RUR mln.
Allocated to reserves, RUR mln.
Net profit/loss, RUR mln.
Earnings per share, RUR

| 1H 2003 | 1H 2002 | Change, % |
|---------|---------|-----------|
| 3 244.5 | 5 352.5 | (39.4) |
| 6 543 | 8 658 | (24.4) |
| 8 986 | 5 610 | 60.2 |
| 12 754 | 11 799 | 8.1 |
| 13 428 | 13 323 | 0.8 |
| 15 122 | 17 559 | (13.9) |

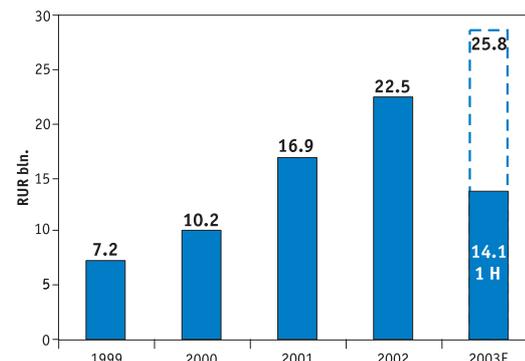
| | | |
|--------|--------|--------|
| 14 103 | 10 826 | 30.3 |
| 1 645 | 1 606 | 2.4 |
| 632 | 1 299 | (51.3) |
| 442 | 84 | 424.9 |
| 0.40 | n/a | n/a |

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

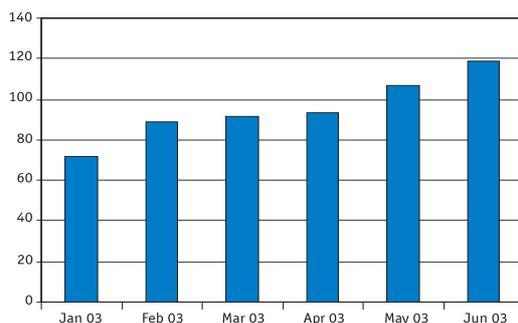
Profit/loss



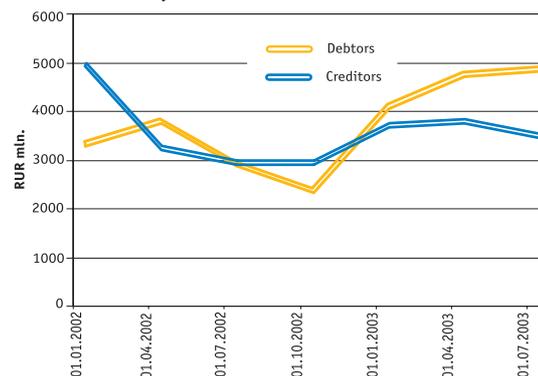
Sales



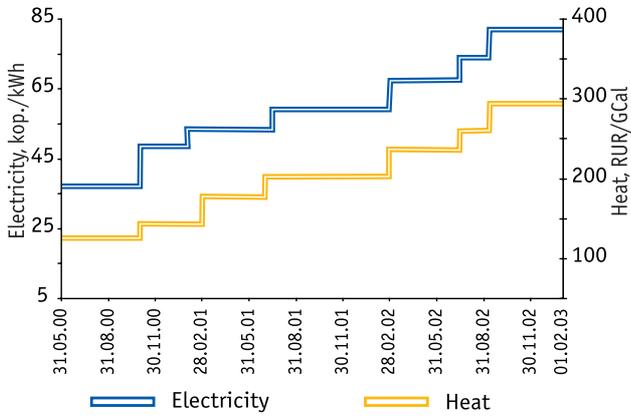
Cash collection



Debtors/Creditors



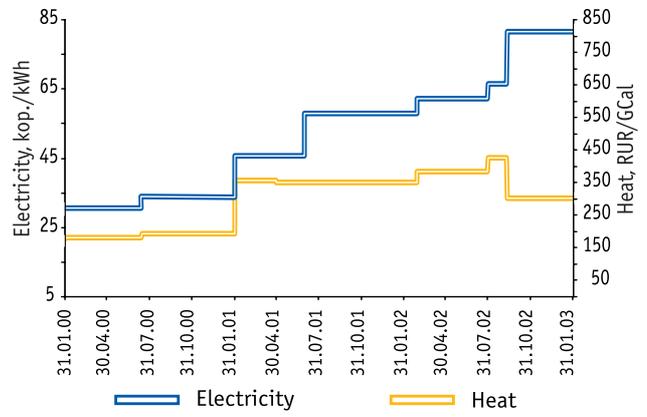
**Tariff changes
St. Petersburg**



Average current tariffs (St. Petersburg):

Electricity 81.90 kop./kWh
Heat 294.56 RUR/GCal

**Tariff changes
Leningrad Region**

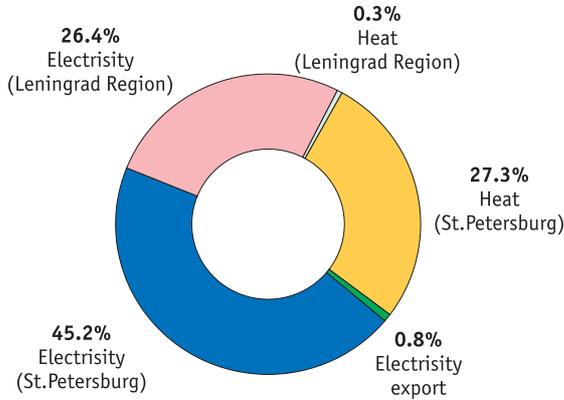


Average current tariffs (Leningrad Region):

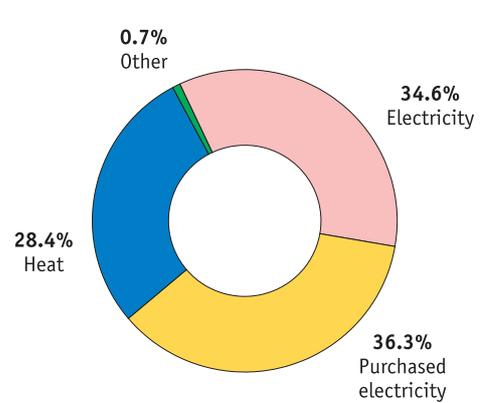
Electricity 81.60 kop./kWh
Heat 302.33 RUR/GCal*

* Due to expiry of the lease of Kirishy GRES, which served Kirishy Nefteorgsintez in terms of heat supply

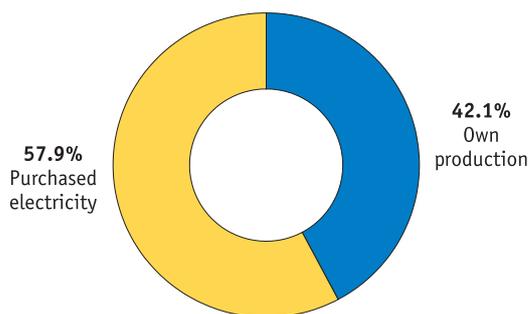
Sales



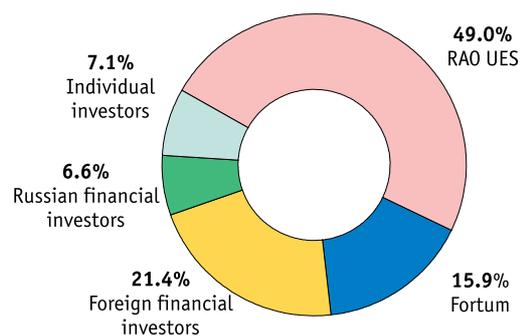
Cost of Sales



Electricity Balance



Shareholder structure





BALANCE SHEET

| '000 RUR | January 1, 2003 | June 30, 2003 |
|---|-------------------|-------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Intangible assets | 9 260 | 6 974 |
| Fixed assets, incl.: | 36 244 872 | 35 615 470 |
| Land | 207 | 207 |
| Buildings, plants and machinery | 36 041 412 | 35 374 979 |
| Other | 203 253 | 240 284 |
| Investments in non-current assets | 3 245 577 | 3 677 273 |
| Long-term financial investments, incl.: | 409 102 | 407 192 |
| Subsidiaries | 18 907 | 18 907 |
| Affiliates | 28 074 | 28 074 |
| Other companies | 352 961 | 352 961 |
| Long-term loans | 6 800 | 5 600 |
| Other long-term financial investments | 2 360 | 1 650 |
| TOTAL non-current assets | 39 908 811 | 39 743 111 |
| CURRENT ASSETS | | |
| Inventories | 1 214 689 | 1 172 981 |
| VAT | 518 678 | 638 622 |
| Long-term accounts receivable | 1 646 | 1 540 |
| Short-term accounts receivable, incl.: | 4 054 606 | 4 807 036 |
| Customers | 3 236 928 | 3 427 518 |
| Notes receivable | 11 793 | 16 348 |
| Receivable from subsidiaries and affiliates | - | - |
| Prepayments | 424 830 | 719 098 |
| Other | 381 055 | 644 072 |
| Short-term financial assets | 53 856 | 49 044 |
| Cash and cash equivalents | 330 731 | 387 932 |
| Total current assets | 6 174 206 | 7 057 155 |
| TOTAL ASSETS | 46 083 017 | 46 800 266 |
| 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 | 39 303 615 |
| Reserve capital | 50 254 | 114 265 |
| Social fund | - | - |
| Retained earnings of prior periods | 1 280 228 | 5 076 |
| Losses of prior periods | (783 203) | (513 704) |
| Profit/Loss of the accounting period | - | 442 085 |
| TOTAL Shareholders' equity | 40 767 965 | 40 248 700 |
| LONG-TERM DEBT | 733 592 | 529 364 |
| CURRENT LIABILITIES | | |
| Loans and credits, incl.: | 699 282 | 1 406 329 |
| Bank credits | 163 338 | 870 385 |
| Loans | 535 944 | 535 944 |
| Accounts payable, incl.: | 3 658 692 | 3 457 077 |
| Suppliers | 1 178 126 | 1 254 917 |
| Notes payable | 130 | 130 |
| Accrued payroll | 68 743 | 68 202 |
| Social funds | 38 417 | 63 789 |
| Budget | 542 607 | 124 983 |
| Prepayments received | 1 399 683 | 1 355 769 |
| Other accounts payable | 430 986 | 589 287 |
| Due to shareholders | 400 | 947 118 |
| Deferred income | 223 086 | 211 678 |
| TOTAL current liabilities | 4 581 460 | 6 022 202 |
| TOTAL EQUITY AND LIABILITIES | 46 083 017 | 46 800 266 |



INCOME STATEMENT

| '000 RUR | 2003 (1 H) | 2002 (1 H) |
|---|-------------------|-------------------|
| Net Revenues | 14 102 758 | 10 825 806 |
| Electricity | 9 981 245 | 7 475 349 |
| Heat | 3 804 675 | 3 183 247 |
| Other | 316 838 | 167 210 |
| Cost of goods sold | 12 458 129 | 9 219 463 |
| Operating Profit | 1 644 629 | 1 606 343 |
| Interest income | 33 | 3 227 |
| Interest expenses | 9 577 | 4 927 |
| Other financial items gain | 10 | - |
| Other operating income | 695 516 | 2 248 158 |
| Other operating expenses | 1 442 621 | 3 775 700 |
| Profit from operating and financial activity | 887 990 | 77 101 |
| Other non-operating income | 130 964 | 291 527 |
| Other non-operating expenses | 399 691 | 161 016 |
| Pre tax profit | 619 263 | 207 612 |
| Income tax and other similar charges | 183 425 | 123 977 |
| Profit after tax | 435 838 | 83 635 |
| Exceptional income | 7 067 | 605 |
| Exceptional expenses | 820 | - |
| Net profit | 442 085 | 84 240 |

CONTACT DETAILS

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