



RAO «UES of Russia»

Summary report on operating and financial results for the three and nine months ended 30 September 2004
(Group)

February 2005

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SECTION 1. The RAO UES GROUP

1. General information

The RAO “UES of Russia” Group incorporates the Parent company and its subsidiaries and affiliates (the list is enclosed: Appendix 1, Part 5.5), including:

- “Federal Grid Company” (FGC) and a “System Operator-Central Dispatching Unit of the Unified Energy System” (SO-CDU UES) as 100% subsidiaries of RAO “UES of Russia”;
- 73 regional energos, vertically-integrated companies, generating and transmitting power with the Parent company share ranging from 14% to 100%;
- 44 AO-power plants (including 8 power plants under construction) with the Parent company share ranging from 50% to 100%.
- The report’s data includes eight subsidiaries of ZAO “InterRAO” (100% UES Subsidiary). They were established in accordance with Russian legislation and operate outside Russia (see Appendix 5)

The RAO UES Group in the power industry of the Russian Federation

Core business of the RAO UES Group

Transmission of power energy

RAO “UES of Russia” owns as 100% subsidiary Federal Grid Company (FGC). Total length of network is 2.5 mln km (96.1% of the total length of network in Russia), including high voltage grids extending to about 47.2 thousand km.

Power and heat energy production

Total quantity of thermal and hydro power stations amounts to 407.

Installed capacity of Power plants within the Group is 72.4% of the total installed capacity in the Russian Federation.

Fuel Balance structure: 68.2% of Power plants use gas, 27.1% - coal, 4.1% - fuel oil and 0.6% - other fuels (for reference: gas price is within the exclusive competence of the State, fuel oil and coal are subject to market pricing).

Power and heat energy generation is 69.4% and 32.4% of the total power and heat generation in Russia respectively.

Dispatching:

System Operator – “OAO System Operator – Central Dispatch Unit of Unified Energy System” (“SO”) – SO was established in June 2002, to carry out the dispatch functions within the Group.

Pricing policy

Tariffs for transmission and supply of power energy are within the sole competence of Federal service on tariffs (“FST”) the State. Federal service on tariffs sets up tariffs for transmission of power energy through high-voltage grids and tariffs for supply of power energy on Wholesale market (FOREM). Regional Services on tariffs (“RSTs”) sets up tariffs for distribution and supply of power and heat energy produced by regional energos.



For reference:

- Starting November 1, 2002 FEC set the fee for SO services amounting to 1.82 rub./MWh. Starting January 1, 2004 FST (former FEC) set fee for SO services amounting to 8.79 rub./MWh. Starting July 1, 2004 FST (former FEC) set fee for SO services amounting to 8.94 rub./MWh.
- Starting July 1, 2003 FEC set the fee for transmission via National Transmission Network for Federal Grid Company amounting to 31.35 rub./MWh. Starting January 1, 2004 FEC set the fee for transmission via National Transmission Network for Federal Grid Company amounting to 37.88 rub./MWh. Starting July 1, 2004 FST (former FEC) set fee for transmission via National Transmission Network for Federal Grid Company amounting to 38.07 rub./MWh.
- Starting July 1, 2003 the transmission fee for RAO UES services decreased from 85,35 rub./MWh to 51.85 rub./MWh because of introduction of fee for FGC's services (starting January 1, 2003 it amounted to 85.35 rub./MWh). Starting January 1, 2004 the transmission fee for RAO UES services amounted to 45.26 rub./MWh.

Consumption structure

55.5% of the consumers are industrial producers, 16.1% are re-sellers, population and settlements attract more than 10.2%, 6.5% goes to transport, 9.1% - to non-industrial sector, and 2.6% - to agriculture.

Personnel structure

At 30 June 2004, the number of employees of the Group was approximately 551,000 (31 December 2003: 557,000).

Financial statements of the RAO UES Group

The RAO UES Group publishes 3 times a year consolidated financial statements prepared in accordance with International Accounting Standards (IAS). The intergroup transactions within the Group are excluded in IAS statements.

Dividends

Dividends are paid from the net profit of the Parent company.

Changes within the power industry

The Russian electric utilities industry in general and the Group in particular are presently undergoing a reform process designed to introduce competition into the electricity sector and to create an environment in which the Group and its successor companies can raise the capital required to maintain and expand current capacity. The regulatory framework governing the process of reforming the Russian Federation electric utilities industry and the functioning of the industry, both during the transition period and subsequent to the completion of reforms, is set forth in the following legislation: Federal Law No.35-FZ of 26 March 2003 "On the Electric Utilities of the Russian Federation" and Federal Law No.36-FZ of 26 March 2003 "On the Specifics of the Functioning of Electric Utilities During the Transition Period and the Introduction of Amendments to Certain Russian Federation Legislative Acts and the Invalidation of Certain Russian Federation Legislative Acts in Connection with the Adoption of the Law "On the Electric Utilities of the Russian Federation".

- In April 2003, legislation underlying the electric utilities reform effort took effect. This legislative package, consisting of six laws drafted by the Russian Federation government, defines the key areas in the industry reform program, as well as the terms and conditions under which electric utilities will function both during the transition period and following the reforms;
- At the present stage, bills are being drafted for the specific legislative acts envisioned under the aforementioned laws on electric utilities reform according to the action plan related to electric utilities reform and adopted by the resolution of the Russian Federation government of 17 July 2004 No 966-r (p). RAO UES has been playing an active role in drafting these parts of legislation;



- On November 23, 2003 in accordance with the Decree of the Government of the RF # 526 "On restructuring of the power sector of the RF" the non-profit partnership "Administrator of Trading System of the Wholesale Electricity Market" was established;
- The System Operator – "OAO System Operator – Central Dispatch Unit of Unified Energy System" ("SO") – SO (100% RAO UES subsidiary) - was established on 13 June, 2002 to perform electricity dispatch functions within the unified electricity system of the Russian Federation through the use of assets received or earmarked for receipt from RAO UES and its subsidiaries;
- The Federal Grid Company (FGC) (100% RAO UES subsidiary) was established on June 25, , as a wholly-owned subsidiary of RAO UES, to manage the transmission of electricity through the use of transmission assets received or earmarked for receipt from RAO UES and its subsidiaries;
- On May 29, 2003 the Board of Directors of RAO UES of Russian approved the Concept of RAO UESR's strategy for 2003-2008 "The 5+5". This document provides a detailed description of the major changes that are planned to take place in the Group during the electric utilities reform program;
- On September 1, 2003 the Russian Federation Government issued Resolution # 1254-r which approved the structure of generating companies at the wholesale market ("WGCs"). In October 2004, Resolution of the Russian Federation Government #1367-r amended structure of the WGCs. Under the Resolutions, 7 generating companies (6 companies based on the thermal generating power plants and 1 company based on hydrogenerating power plants), which will include the power plants owned by RAO UES and its subsidiaries, will be established;
- On October 24, 2003, the Russian Federation government issued Resolution No. 643 "On the Rules for the Wholesale Electricity (Power) Market during the Transition Period". According to the rules adopted, there will be two sectors within the Federal Wholesale Electricity (Power) Market: regulated trading sector and free trading sector. Within the free trading sector, electricity suppliers will be able to sell electricity generated with the use of facilities and equipment accounting for 15 percent of their working capacity.
- Starting November 2003 non-profitable partnership "Administrator of Trading System" made the first deals in the liberalized power sector in accordance with the Wholesale Electric power (Capacity) Market Rules of the Transitional Period. During November the number of participants was constant and made up 14 (7 consumers and 6 suppliers). In December 2004 the number of participants of the liberalized sector consisted of 90 participants

	November 2003	December 2004
Volume of the market (ml.kWh)	521.8	6060
Average market price (Rub/MWh)	264.25	505.93

- All the individual Energos that are subject to reform have developed their respective reform plans and submitted them to RAO UES. At present, these reform plans are being discussed, agreed and approved by the management bodies of RAO UES and the government bodies;
- On 23 April 2004, the Board of Directors of RAO UES approved the listing and structure of 14 territorial generating companies ("TGCs"). It is planned that these companies will ultimately own power plants, currently owned by RAO UES subsidiaries (except for power plants to be included into WGCs);
- The Board of Directors of RAO UES at its meeting on September 3, 2004 approved creation of TGC-9 and TGC-14 through establishment of wholly owned subsidiaries of RAO UES of Russia and transfer to the said subsidiaries of generating assets of relevant regional companies on a lease basis. In December 2004, state registration was issued to OAO "TGC-9" and OAO "TGC-14";
- On 1 October 2004, the Board of Directors of RAO UES has approved participation of RAO UES in 4 Interregional distribution grid companies ("IDGCs"), which will be involved in electricity transmission via distribution grids. It is planned, that in the course of restructuring of RAO UES subsidiaries the distribution grid companies ("DGCs") will be established, their shares will be exchanged to the shares of IDGCs;



- In 2004, the Board of Directors of RAO UES at its meetings approved participation of RAO UES in all 7 WGCs. In 2004, state registration was issued to OAO "WGC-5", OAO "WGC-3" and OAO " Hydro-WGC";
- The Russian Federation Government at its meeting on 24 December 2004 reviewed its policy aimed at the restructuring of electric utilities, appreciated the measures taken in line with the previously made decisions, a number of tasks related to the further reform, was assigned to the Ministries and Agencies;
- In December 2004, amendments were made to the Federal Law #36-FZ, which provide for postponement of prohibition for combining electricity transmission and dispatching electricity with electricity generation and purchases-sales, from 1 January 2005 to 1 January 2006;
- As of February 1 2005, 26 AO-energos were unbundled and 85 new companies were established.



2. Key financial statements of the RAO UES Group (IAS)

(in millions of Russian roubles)

As the characteristics of the economic environment of the RF indicate that hyperinflationary has ceased, effective from 1 January 2003 the Group no longer applies the provision of IAS 29. Accordingly, no monetary effects are recognized for the nine months ended 30 September 2004.

	9 months ended 30 September 2004	9 months ended 30 September 2003	Change (%)
Revenues	477,713	419,819	13.8
Electricity	366,903	326,997	12.2
Heating	75,400	66,845	12.8
Costs and other deductions	435,160	382,616	13.7
Fuel expenses	129,912	113,926	14
Purchased power	54,362	52,739	3.1
Depreciation and amortization	50,785	45,120	12.6
Repairs and maintenance	34,889	29,962	16.4
Income from operations	42,553	37,203	14.4
Income before profit tax and minority interest	30,757	29,454	4.4
Total profit tax benefit (charge)	(13,327)	(17,998)	26
Net Income	14,103	16,605	(15.1)
EBITDA*	96,694	83,232	16.2
EBITDA margin	20.2%	19.8%	
Operational margin	8.9%	8.9%	
Net margin	3%	4%	
Return on equity (ROE)	2.4%	2.8%	
Return on assets (ROA)**	1.3%	1.5%	

* EBITDA is adjusted by the Doubtful debtors expense / (release).

** Return on assets is calculated as (income before minority interest/total assets)



3. Notes to the Balance Sheet, Statements of Operations and Cash Flow

Balance Sheet – 30 September 2004 compared to 31 December 2003

- Fixed assets increased (by RR 7,311 mln). Increase in PP&E is due to additions (CAPEX) exceeding depreciation, disposals and impairment charges. The impairment (RR 3,687 mln) primarily related to certain fixed assets and construction in progress in Chechen Republic.
- Other non-current assets increased by RR 6,415 mln mainly due to seasonal growth in advances issued to contractors for capital construction.
- The accounts receivable increased by RR 9,246 mln. The below factors have the most significant impact on the movements of the accounts receivable:
 - Increase in tax prepayments by RR 4,793 mln;
 - Increase in input VAT by RR 3,131 mln;
 - Increase in advances issued to the material and repair service contactors by RR 2,446 mln related to the seasonal nature of repair and maintenance activity;
 - Seasonal decrease in trade accounts receivable by RR 3,207 mln;
- Treasury shares increased by RR 2,500 mln (301,602,100 units) due to treasury shares purchased as a part of implementation of Employee share option plan (Program terms were established by the Board of Directors meeting June 25 2004, report № 172).;
- Considerable increase in long-term and short-term debts is mainly due to the increase in short-term borrowing by the companies of the Group. Besides some entities of the Group have converted short-term debts into long-term debts. Net cash-flow from the borrowed funds was invested in fixed assets.
- Current debts increased by RR 20,222 mln. The increase is noted in many Group's entities.
- Accounts payable and accrued charges increased by RR 7,070 mln mainly because of seasonal increase in trade payables;
- The decrease in taxes payable by RUR 6 bln. resulted from repayment of transitional profit tax and settlements of current profit tax and VAT.
- As of 30 September 2004 the Group's current liabilities exceeded its current assets by RR 3,453 mln (as at 31 December 2003 – by RR 812 mln, as at 30 September 2003 – by RR 3,259 mln).

Statements of Operations – 6 months 2004 compared to 6 months 2003

- Income from operations for the reporting period increased by RR 5,350 mln (14%) as compared with the same period of 2003. Both revenues and costs increased by approximately 14%;
- Net income decreased on RR 2,502 mln as a result of the increase in the proportion of net income attributable to minority shareholders.

Revenues

- Increase in revenues from power energy generation by 12% was driven by the following factors:
 - increase in tariffs – 10.1%;
 - increase in demand – 1.9%.
- Increase in revenues from heat energy generation by 13% was caused by the following reasons:
 - increase in heat tariff – 15.9%;
 - decrease in sales – 2.7%.

Costs and other deductions

- Fuel expenses increased by 14% were mainly influenced by 2 factors:
 - prices for all types of fuel on average increased by 15.9%;
 - consumption of fuel decreased by 1.6% due to the increase in production by Hydro generating stations and reduction in production of heat .
- The increase in purchased power by 3% is caused by the following reasons:
 - increase in the tariffs by 2.6%;
 - increase in purchases by 0.5%.



- Increase in Depreciation and property, plant and equipment impairment by 13% is explained by two factors:
 - increase in depreciation charge (by RR 1,978 mln) as a result of input of new fixed assets into operation;
 - impairment charge in relation to certain fixed assets and construction in progress in Chechen Republic in amount of RR 3,687 mln.
- Increase in transportation cost of electricity and heat is due to growth in tariffs established by municipal authorities;
- Considerable increase in “other expenses” is due to the increase in rent and also increase in transportation cost and other services of outside companies.

Statement of Cash Flows – 6 months 2004 compared to 6 months 2003

- For the nine months ended 30 September 2004 Group’s operations were financed out of both proceeds generated from operating activities and cash provided by financing activities. For the nine months ended 30 September 2004 net cash inflow from financing activity increased by RR 17,898 mln (primarily due to proceeds from short-term loans) as compared with the nine months of 2003;
- Net cash inflow from operating and financing activities was mainly used for investments in capital construction. For the nine months ended 30 September 2004 cash used for investing activities increased by RR 15,219 mln as compared with the nine months of 2003.

4. Capital expenditures (Capex)

See pages 18-20



5. Appendix 1. RAO UES Group IAS Consolidated Interim Financial Statements for the three and nine months ended 30 September 2004

5.1. Consolidated Interim Balance Sheet as at 30 September 2004

(in millions of Russian Roubles)

	30 September 2004	31 December 2003
Assets		
Non-current assets		
Property, plant and equipment	879,490	872,179
Investments in associates	22	196
Deferred profit tax assets	3,360	3,881
Other non-current assets	32,615	26,200
Total non-current assets	915,487	902,456
Current assets		
Cash and cash equivalents	38,842	31,978
Accounts receivable and prepayments	114,586	105,340
Inventories	46,150	42,731
Other current assets	4,531	5,036
Total current assets	204,109	185,085
Total assets	1,119,596	1,087,541
Shareholders' equity, minority interest and liabilities		
Shareholders' equity		
Share capital		
Ordinary shares (nominal value RR 20,521 million)	147,439	147,439
Preference shares (nominal value RR 1,038 million)	7,667	7,667
Treasury shares	(2,855)	(355)
	152,251	154,751
Retained earnings and other reserves	444,238	432,553
Total shareholders' equity	596,489	587,304
Minority interest	222,736	219,687
Non-current liabilities		
Deferred profit tax liabilities	55,647	57,895
Non-current debt	17,366	12,556
Other non-current liabilities	19,796	24,202
Total non-current liabilities	92,809	94,653
Current liabilities		
Current debt and current portion of non-current debt	70,718	50,496
Accounts payable and accrued charges	96,828	89,758
Taxes payable	40,016	45,643
Total current liabilities	207,562	185,897
Total liabilities	300,371	280,550
Total shareholders' equity, minority interest and liabilities	1,119,596	1,087,541



5.2. Consolidated Interim Statement of Operations for the three and nine months ended 30 September 2004
(in millions of Russian Roubles)

	Three months ended 30 September 2004	Nine months ended 30 September 2004	Three months ended 30 September 2003	Nine months ended 30 September 2003
Revenues				
Electricity	111,737	366,903	101,813	326,997
Heating	9,992	75,400	8,756	66,845
Governmental assistance	2,367	4,633	1,803	4,032
Other	10,887	30,777	6,600	21,945
Total revenues	134,983	477,713	118,972	419,819
Costs and other deductions				
Fuel expenses	33,487	129,912	28,713	113,926
Wages, benefits and payroll taxes	25,863	74,432	24,412	68,483
Purchased power	16,477	54,362	17,070	52,739
Depreciation and property, plant and equipment impairment	17,211	50,785	15,072	45,120
Repairs and maintenance	13,097	34,889	11,661	29,962
Taxes other than on income	3,509	14,348	4,666	14,770
Other materials	3,173	8,745	2,676	9,917
Electricity and heat distribution	2,148	6,465	1,274	3,756
Doubtful debtors (reversal of expense) / expense	(93)	3,356	(1,128)	909
Insurance expense	1,223	3,554	1,072	3,207
Water usage expenses	1,003	3,331	993	3,344
Social expenditures	387	1,239	705	2,373
(Gain) / loss on disposal of property, plant and equipment and investments	(588)	26	144	333
Other expenses	17,381	49,716	11,305	33,777
Total costs and other deductions	134,278	435,160	118,635	382,616
Income from operations	705	42,553	337	37,203
Share of loss of associates	(6)	(170)	(10)	(10)
Net financing expenses	(5,929)	(11,626)	(3,319)	(7,739)
(Loss) / income before profit tax and minority interest	(5,230)	30,757	(2,992)	29,454
Total profit tax benefit / (charge)	455	(13,327)	(3,087)	(17,998)
Net (loss) / income	(4,775)	17,430	(6,079)	11,456
Minority interest: share of net result	3,456	(3,327)	5,769	5,149
Net (loss) / income	(1,319)	14,103	(310)	16,605
(Loss) / earnings per ordinary and preference share – basic and diluted (in Russian Roubles)	(0.03)	0.33	(0.01)	0.39



5.3. Consolidated Interim Cash Flow Statement for the nine months ended 30 September 2004

(in millions of Russian Roubles)

	Nine months ended 30 September 2004	Nine months ended 30 September 2003
CASH FLOW FROM OPERATING ACTIVITIES:		
Income before profit tax	30,757	29,454
Adjustments to reconcile income before profit tax to net cash provided by operations:		
Depreciation and property, plant and equipment impairment	50,785	45,120
Doubtful debtors expense	3,356	909
Interest and gain on restructuring accounts payable and taxes payable	11,975	8,553
Share of loss of associates, before profit tax	170	10
Loss on disposal of property, plant and equipment and investments	26	333
Adjustment for non-cash investing activities	(1,636)	(9,843)
Operating cash flows before working capital changes and profit tax paid	95,433	74,536
Working capital changes:	(12,602)	(10,426)
Increase in accounts receivable and prepayments	505	3,216
Decrease in other current assets	(3,419)	(6,620)
Increase in inventories	(8,495)	(3,535)
Increase in other non-current assets	3,213	6,068
Increase in accounts payable and accrued charges	(2,661)	(3,984)
Decrease in taxes payable, other than profits tax	(9,000)	(2,418)
Decrease in other non-current liabilities	(17,668)	(13,792)
Profit tax paid (cash)	(350)	(368)
Profit tax paid (non-cash)	(12,602)	(10,426)
Net cash provided by operating activities	44,956	42,677
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(54,518)	(40,182)
Proceeds from sale of property, plant and equipment	1,931	3,505
Proceeds from sales / (purchases) of investments, net	41	(566)
Acquisition of subsidiaries, net of cash acquired	(567)	(651)
Net cash used for investing activities	(53,113)	(37,894)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of current debt	160,140	123,049
Proceeds from issuance of non-current debt	6,968	1,705
Repayment of debt	(142,156)	(121,042)
Interest paid	(5,043)	(6,128)
Dividends paid to RAO UES shareholders	(633)	(503)
Dividends paid by Group to minority interest shareholders	(1,811)	(1,788)
Proceeds from share issuance	56	384
(Purchases of) / proceeds from treasury shares, net	(2,500)	1,446
Net cash provided by / (used for) financing activities	15,021	(2,877)
Increase in cash and cash equivalents	6,864	1,906
Cash and cash equivalents at the beginning of the period	31,978	17,569
Cash and cash equivalents at the end of the period	38,842	19,475



5.4. Consolidated Interim Statement of Changes in Shareholders' Equity for the nine months ended 30 September 2004

(in millions of Russian Roubles)

	Ordinary share capital	Preference share capital	Treasury shares	Retained earnings and fair value reserve	Total shareholder s' equity
At 1 January 2003	147,439	7,667	(770)	412,079	566,415
Net income	-	-	-	16,605	16,605
Dividends	-	-	-	(1,988)	(1,988)
Change in fair value of available-for-sale investments	-	-	-	(57)	(57)
Change in treasury shares, net	-	-	415	726	1,141
At 30 September 2003	147,439	7,667	(355)	427,365	582,116
At 1 January 2004	147,439	7,667	(355)	432,553	587,304
Net income	-	-	-	14,103	14,103
Dividends	-	-	-	(2,399)	(2,399)
Change in fair value of available-for-sale investments	-	-	-	(106)	(106)
Translation differences	-	-	-	87	87
Change in treasure shares, net	-	-	(2,500)	-	(2,500)
At 30 September 2004	147,439	7,667	(2,855)	444,238	596,489



5.5. Principal subsidiaries which have been consolidated into the RAO UES Group's financial statements

The following are the significant subsidiary enterprises which have been consolidated into the Group's financial statements. All subsidiaries with the exception of foreign companies are incorporated and operate in Russia.

Regional generation and distribution companies

Name	Ownership %	Voting %	Name	Ownership %	Voting %
Centre			South		
Astrakhanenergo	48.7	48.7	Dagenergo	51.3	51.3
Belgorodenergo	49.0	65.3	Kabbalkenergo	65.3	65.3
Bryanskenergo	49.0	65.2	Kalmenergo	96.4	96.4
Ivenergo	49.7	56.6	Karachaevo-Cherkesskenergo	100.0	100.0
Kalugaenergo	52.3	52.3	Kubanenergo	49.0	49.0
Kostromaenergo	49.0	65.3	Nurenergo	100.0	100.0
Kurskenergo	49.0	59.5	Rostovenergo	48.4	62.8
Lipetskenergo	49.0	49.0	Sevkavkazenergo	49.0	49.0
Mosenergo	50.9	50.9	Stavropolenergo	55.1	71.9
Orelenergo	49.0	60.3			
Ryazanenergo	49.0	49.0	Ural		
Smolenskenergo	49.8	60.5	Chelyabenergo	49.0	49.0
Tambovenergo	49.0	56.0	Kirovenergo	48.2	64.0
Tulenergo	49.0	49.0	Kurganenergo	49.0	49.0
Tverenergo	49.0	65.3	Orenburgenergo	100.0	100.0
Vladimirenergo	49.0	49.0	Permenergo	49.0	64.4
Volgogradenergo	49.0	61.3	Sverdlovenegero	49.0	65.3
Vologdaenergo	49.0	49.0	Tumenenergo	100.0	100.0
Voronezhenergo	49.0	65.3	Udmurtenergo	49.0	55.4
Yarenergo	47.8	60.3			
			Siberia		
North-West			Altaienergo	54.7	72.2
Arkhenegero	49.0	59.1	Buryatenergo	47.0	47.0
Karelenergo	100.0	100.0	Chitaenergo	49.0	62.2
Kolenergo	49.2	49.2	Khakasenergo	100.0	100.0
Komienergo	50.1	50.3	Krasnoyarskenergo	51.8	66.4
Lenenergo	49.0	57.4	Kuzbassenergo	49.0	49.0
Novgorodenergo	49.0	62.9	Omskenergo	49.0	60.4
Pskovenergo	49.0	49.0	Tomskenergo	52.0	59.9
Yantarenergo	100.0	100.0	Tuvaenergo	51.2	99.0
Middle Volga			East		
Chuvashenergo	100.0	100.0	Amurenergo	50.6	57.8
Marienergo	64.4	70.1	Dalenergo	49.0	65.3
Mordovenergo	53.1	53.1	Geotherm	72.6	78.5
Nizhnovenergo	49.0	62.3	Khabarovskenergo	48.5	60.2
Penzaenergo	49.0	49.0	Kolymaenergo	87.6	87.6
Samaraenergo	48.3	55.4	Kamchatskenergo	49.0	49.0
Saratovenergo	49.0	49.0	Magadanenergo	49.0	64.4
Ulyanovskenergo	49.0	49.0	Sakhalinenergo	49.0	49.0
			Sakhaenergo	47.9	100.0
			Yakutskenergo	47.9	56.3



Hydrogenerating companies

Name	Ownership %	Voting %	Name	Ownership %	Voting %
Bureyskaya GES	75.4	76.5	Taimyrenego	100.0	100.0
Kabbalk GES	81.4	98.0	Volzhskaya GES	83.3	86.4
Kamskaya GES	100.0	100.0	Votkinskaya GES	59.8	74.2
Kaskad Verhnevolzhskih GES	100.0	100.0	Zaramagskie GES	90.0	91.7
Nizhegorodskaya GES	100.0	100.0	Zeiskaya GES	56.9	57.4
Saratovskaya GES	100.0	100.0	Zelenchugskie GES	100.0	100.0
Sayano-Shushenskaya GES	78.9	82.8	Zhigulevskaya GES	84.9	85.8
Sulakenergo	99.1	99.1			

Thermal generating companies

Name	Ownership %	Voting %	Name	Ownership %	Voting %
Berezovskaya GRES –1	100.0	100.0	Nevinomysskaya GRES	100.0	100.0
Cherepetskaya GRES	55.8	55.8	North-West Station	68.2	75.3
Dzerzhinskaya TETS	49.0	100.0	Novocherkasskaya GRES	100.0	100.0
Gusinoozerskaya GRES	100.0	100.0	Novomoskovskaya GRES	49.0	100.0
Experimentalnaya TETS	74.9	100.0	Pechorskaya GRES	51.0	51.0
Kaliningradskaya TETS –2	87.0	87.0	Permskaya GRES	100.0	100.0
Kaluzhskaya Generation Company	52.3	52.3	Pskovskaya GRES	50.0	50.0
Kharanorskaya GRES	100.0	100.0	Ryazanskaya GRES	100.0	100.0
Kirishskaya GRES	100.0	100.0	Shekinskie PGU	92.1	98.9
Konakovskaya GRES	51.0	51.0	Sochinskaya TETS	100.0	100.0
Kostromskaya GRES	51.0	51.0	Stavropolskaya GRES	51.0	51.0
Krasnoyarskaya GRES –2	100.0	100.0	Troitskaya GRES	100.0	100.0
Kuban GRES	79.8	99.9	Voronezhskaya Generation Company	49.0	65.3
Lutek	56.3	56.3			

Construction companies

Name	Ownership %	Voting %	Name	Ownership %	Voting %
Boguchanskaya GES	64.2	68.0	Chirkeigesstroi	100.0	100.0
Bureyagesstroy	100.0	100.0	Ivanovskie PGU	100.0	100.0

Grid companies

Name	Ownership %	Voting %	Name	Ownership %	Voting %
Kaluzhskaya Trunk Grid Company	52.3	52.3	Federal Grid Company	100.0	100.0

Other

Name	Ownership %	Voting %	Name	Ownership %	Voting %
Central Dispatch Centre	100.0	100.0	Kaluzhskaya Energy Retail Company	52.3	52.3
Centre of Settlement Optimisation	100.0	100.0	Media-Holding REN-TV	70.0	70.0
Energy Centre	75.0	75.0	System Operator	100.0	100.0
Engineering Centre	100.0	100.0	Voronezhskaya Energy Retail Company	49.0	65.3
Insurance company LIDER	100.0	100.0			
Inter RAO UES	60.0	60.0			



Foreign companies

Name	Ownership %	Voting %	Country
RAO Nordic	60.0	100.0	Finland
Telasi	45.0	75.0	Georgia
Mtkvari	60.0	100.0	Georgia
Transenergy	30.0	50.0	Georgia
Silk Road	60.0	100.0	Netherlands
Gardabani	60.0	100.0	Netherlands
Georgia	60.0	100.0	Netherlands
MEK	54.0	100.0	Armenia

The Group also controls Centre for Assistance in Restructuring the Electricity Sector, a non-commercial partnership.

Differences between ownership interest and voting interest normally represent the effect of preference shares. Primarily RAO UES does not hold any preference shares of its subsidiaries. Such preference shares do not have any voting rights, unless dividends have not been declared fully at the Annual shareholders' meeting.

In June 2003, RAO Nordic, a Group entity, founded ZAO MEK, an entity located in Armenia. RAO Nordic owns a 90 percent interest in this entity. In September 2003, ZAO MEK purchased assets of ZAO Sevan-Razdansky Kaskad, a cascade of hydroplants located in Armenia, for a fair value consideration of RR 1,172 million (US\$ 25 million payable immediately and EUR 17 million payable along with related interest over a period of 32 years commencing in 2009). The Group has settled the US\$ 25 million payment to the seller by assuming the liability of ZAO Armyanskaya AS, a nuclear power plant, located in Armenia ("Armenian NPP"), owned by the government of Armenia, which was also the ultimate owner of the assets purchased, to a supplier of nuclear fuel. The assumed liability was redeemed during the nine months ended 30 September 2004 for RR 567 million.

The assets arising from the acquisition are as follows:

Accounts receivable and prepayments	43
Other current assets	52
Property, plant and equipment	1,077
Fair value of assets acquired	1,172

The above acquisition was accounted for under the purchase method of accounting. The purchase price of the foreign acquisition was translated at the exchange rate in effect at the date of acquisition.

In May 2003, RAO Nordic, a Group entity, concluded an agreement to settle a separate liability of Armenian NPP to another supplier of nuclear fuel for the amount of RR 490 million (US\$ 15.7 million). RAO Nordic will receive this amount back from Armenian NPP along with interest during two years commencing in June 2003. As of 30 September 2004 the outstanding recoverable balance of RR 189 million is included within other current assets.

Inter RAO UES and the government of Armenia have entered into a contract in the respect of the Armenian NPP and will be entitled to the higher of 25 percent of that plant's annual net income during the period of 5 years commencing in September 2003 or US\$ 0.1 million annually as a management fee (in the case of annual dividend distribution).

In August 2003, the Group acquired 100 percent of the shares of AES Silk Road, AES Gardabani and AES Georgia, all holding companies based in the Netherlands, from the AES Group. In addition, amounts receivable by the AES Group from the above companies amounting to RR 15,923 million (US\$ 522 million) were acquired by the Group. The total consideration paid in cash was RR 704 million (US\$ 23 million).

The above holding companies were, in their turn, the owners of shares in certain entities located in Georgia: 75 percent of AES Telasi, an entity which holds electricity distribution assets, 100 percent of OOO AES Mtkvari, an entity which holds electricity and heat generation assets; 50 percent of AES Transenergy, an entity which exports energy; AES Georgia was also the owner of the management rights of Khramesy 1 and 2 hydrogeneration plants.



The assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	53
Accounts receivable and prepayments	1,247
Other current assets	448
Property, plant and equipment	613
Other non-current assets	258
Accounts payable and accrued charges	(221)
Other current liabilities	(343)
Non-current debt	(97)
Other non-current liabilities	(153)
Minority interest	(1,101)
Fair value of net assets acquired	704
Less: cash and cash equivalents in subsidiary acquired	(53)
Cash flow on acquisition, net of cash acquired	651

The acquisition was accounted for under the purchase method of accounting. The results of operations of the acquired businesses were included in the consolidated financial statements as of the respective date of acquisition. The purchase price of the foreign acquisition was translated at the exchange rates in effect as the respective date of acquisition.

During nine months ended 30 September 2004 there were certain other changes in RAO UES' ownership percentage of several of its subsidiaries, which had an immaterial impact on the statement of operations.



5.6. Segmental information

Primary reporting segments – business segments. The Group is organised into four main business segments:

- **“Transmission segment”** this segment principally comprises RAO UES, FGC, SO-CDU and CDC, which maintain and operate the high voltage electricity transmission grid and perform electricity dispatch functions. Transmission fees are set by the FST;
- **“Energos segment”** consists of regional electricity and heat generation and distribution. The majority of electricity generated by energos is sold within the regions in which the energo operates at tariffs set by RSTs. Certain energos have surplus generation and sell electricity via FOREM. Tariffs in FOREM are set by the FST;
- **“Hydro and thermal generating stations segment”** consists of entities that produce and sell electricity to energos through FOREM, at tariffs set by the FST; and
- **“Unallocated”** consists of numerous insignificant segments including construction, and export generation and sales.

Three months ended 30 September 2004	Transmission	Energos	Hydro and thermal generating stations	Unallocated	Consolidation adjustments	Total
Gross revenues	12,879	128,395	17,680	8,320	-	167,274
Intra-group revenues	(11,537)	(5,328)	(11,535)	(3,891)	-	(32,291)
Net revenues	1,342	123,067	6,145	4,429	-	134,983
Segment income / (loss)	5,575	(7,225)	86	2,269	-	705
Capital expenditures	5,106	15,521	7,028	589	-	28,244
Depreciation and property, plant and equipment impairment	143	11,549	1,877	3,642	-	17,211
Doubtful debtors (release) / expense	(1,008)	682	(44)	277	-	(93)
Nine months ended 30 September 2004	Transmission	Energos	Hydro and thermal generating stations	Unallocated	Consolidation adjustments	Total
Gross revenues	41,550	454,198	54,381	24,255	-	574,384
Intra-group revenues	(36,856)	(12,621)	(36,844)	(10,350)	-	(96,671)
Net revenues	4,694	441,577	17,537	13,905	-	477,713
Segment income	18,886	18,164	4,628	875	-	42,553
Capital expenditures	11,598	33,501	14,615	1,986	-	61,700
Depreciation and property, plant and equipment impairment	7,071	33,918	5,166	4,630	-	50,785
Doubtful debtors (release) / expense	(1,006)	2,514	373	1,475	-	3,356



Three months ended 30 September 2003	Transmission	Energos	Hydro and thermal generating stations	Unallocated	Consolidation adjustments	Total
Gross revenues	11,181	113,249	13,863	7,805	-	146,098
Intra-group revenues	(10,357)	(2,444)	(10,032)	(4,293)	-	(27,126)
Net revenues	824	110,805	3,831	3,512	-	118,972
Segment income / (loss)	3,422	(3,447)	(2,073)	2,410	25	337
Capital expenditures	2,650	14,517	3,043	735	-	20,945
Depreciation and property, plant and equipment impairment	2,029	11,035	1,613	395	-	15,072
Doubtful debtors expense / (release)	548	(1,502)	340	(514)	-	(1,128)
Nine months ended 30 September 2003	Transmission	Energos	Hydro and thermal generating stations	Unallocated	Consolidation adjustments	Total
Gross revenues	44,479	400,267	45,134	25,350	-	515,230
Intra-group revenues	(42,253)	(7,191)	(35,384)	(10,583)	-	(95,411)
Net revenues	2,226	393,076	9,750	14,767	-	419,819
Segment income	19,022	14,107	475	3,599	-	37,203
Capital expenditures	6,834	28,226	9,547	4,840	-	49,447
Depreciation and property, plant and equipment impairment	5,963	33,044	4,667	1,446	-	45,120
Doubtful debtors expense	550	160	101	98	-	909
As at 30 September 2004	Transmission	Energos	Hydro and thermal generating stations	Unallocated	Consolidation adjustments	Total
Segment total assets	154,495	742,174	159,761	129,187	(66,043)	1,119,574
Associates	-	-	-	22	-	22
Total assets	154,495	742,174	159,761	129,209	(66,043)	1,119,596
Segment liabilities	4,168	139,417	41,784	165,333	(50,331)	300,371
Total liabilities	4,168	139,417	41,784	165,333	(50,331)	300,371
As at 31 December 2003	Transmission	Energos	Hydro and thermal generating stations	Unallocated	Consolidation adjustments	Total
Segment total assets	148,721	739,889	140,723	112,530	(54,518)	1,087,345
Associates	-	-	-	196	-	196
Total assets	148,721	739,889	140,723	112,726	(54,518)	1,087,541
Segment liabilities	4,353	144,554	33,033	136,790	(38,180)	280,550
Total liabilities	4,353	144,554	33,033	136,790	(38,180)	280,550



Secondary reporting segments - geographical segments. The Group operates in seven geographical areas within the Russian Federation. These geographical areas correspond to the regions established for system operation. Group entities have been aggregated within these geographical areas based on the area where their assets are located, with the exception of the Transmission segment. The transmission grid, owned by RAO UES and FGC, is located throughout the territory of the Russian Federation, but is recorded in the books of these enterprises without details of geographic location. Accordingly, it is not practicable to split these assets on a geographical basis. The Group's assets generate revenues primarily within the geographical region where they are located.

	Revenue			
	Three months ended 30 September 2004	Nine months ended 30 September 2004	Three months ended 30 September 2003	Nine months ended 30 September 2003
Transmission segment	12,879	41,550	11,181	44,479
Centre	41,354	149,936	36,088	128,642
North-West	15,243	55,170	12,771	47,567
Urals	34,840	114,198	29,152	99,831
Siberia	15,470	57,321	14,760	52,886
Middle Volga	14,632	50,211	13,325	45,367
East	14,907	48,689	11,650	43,016
South	10,812	35,749	10,654	32,777
	160,137	552,824	139,581	494,565
Unallocated Consolidation adjustments	7,137	21,561	6,517	20,665
	(32,291)	(96,672)	(27,126)	(95,411)
Total	134,983	477,713	118,972	419,819

	Total assets		Capital expenditures			
	30 September 2004	31 December 2003	Three months ended 30 September 2004	Nine months ended 30 September 2004	Three months ended 30 September 2003	Nine months ended 30 September 2003
Transmission segment	154,495	148,721	5,104	11,598	2,650	6,834
Centre	249,555	252,458	6,379	12,504	4,677	9,630
North-West	89,929	82,194	3,294	7,499	1,768	3,827
Urals	185,312	187,967	2,856	5,886	3,479	5,710
Siberia	129,782	127,791	2,269	5,654	2,665	5,491
Middle Volga	67,149	63,875	1,459	3,151	543	1,591
East	116,055	107,162	3,465	7,338	2,808	8,571
South	69,164	65,558	2,990	6,486	1,870	3,895
	1,061,441	1,035,726	27,816	60,116	20,460	45,549
Unallocated Consolidation adjustments	124,198	106,333	428	1,584	485	3,898
	(66,043)	(54,518)	-	-	-	-
Total	1,119,596	1,087,541	28,244	61,700	20,945	49,447



5.7 Related parties

In May 2003, the Group acquired 25 percent of the share capital of a new entity OAO "Rossiskiye kommunalniye sistemy" (RKS). RKS is incorporated and operates in Russia. The entity was set up with the purpose to provide local utility services to customers.

The following transactions were carried out with RKS, the majority of which are based on tariffs set by the RSTs:

	Three months ended 30 September 2004	Nine months ended 30 September 2004
Electricity revenues	282	1,625
Heating revenues	118	1,542
Electricity and heat distribution expense	14	57

In July 2004, the Group issued a loan to RKS for the amount of RR 348 million bearing interest of 13 percent per annum. The loan is to be repaid in January 2006. As of 30 September 2004 the outstanding recoverable balance of RR 348 million is included within other non-current assets.



6. Appendix 2. Electricity (sales), heat, fuel, purchased power tariffs (used in preparation of financial statements in accordance with IAS)

6.1. Operating income & major costs (physical indicators)*

	Nine months ended 30 September 2004	Nine months ended 30 September 2003	Change	%
Electricity external sales (mln KWh)	460,458	451,663	8,795	1.9
Less				
purchased power (mln KWh)	127,961	127,375	586	0.5
Electricity generation (mln KWh) ¹	332,497	324,289	8,208	2.5
Heat production (ths GCl)	252,126	259,125	(6,999)	(2.7)
Fuel expenses (thousand tonnes of equivalent fuel)	147,477	149,850	(2,373)	(1.6)

¹ Difference between this data and data published by RAO UES is explained by the fact that this analysis is presented excluding intercompany movements (transactions), line losses and own consumption.

This analysis includes the following figures related to Georgian and Armenian subsidiaries:

Electricity external sales – 1,350 mln kW/h; purchased power – 760 mln kW/h; electricity generation – 590 mln kW/h.

	Nine months ended 30 September 2004	Nine months ended 30 September 2003	Change	%
Electricity generation, total (mln KW/h)	332,497	324,289	8,208	2.5
Less				
Electricity generation GES (mln KW/h)	77,439	68,084	9,355	13.7
Electricity generation minus GES (mln KW/h)	255,058	256,204	(1,146)	0.4
Heat generation (sales) (mln KW/h) (thousand Gcal was translated into mln KW/h using index 1,162)	292,971	301,103	(8,132)	(2.7)
Total electricity and heat generation (mln KW/h)	549,029	557,308	(9,279)	(1.7)
Fuel expenses (thousand tones of equivalent fuel)	147,477	149,850	(2,373)	(1.6)

6.2. Tariffs movement analysis

	Nine months ended 30 September 2004	Nine months ended 30 September 2003	Change %
Electricity, RR/KWt/h	0.80	0.72	10.10
Heat, RR thou./Gcal	0.30	0.26	15.9
Fuel, RR thou./t of equivalent fuel	0.88	0.76	15.9
Purchased power, RR/KWt/h	0.42	0.41	2.6



SECTION 2. 12 REGIONAL COMPANIES OF RAO UES GROUP (constituting more than 40% of Group's aggregated revenue)

Mosenergo, Tyumenenergo, Sverdlovennergo, Lenenergo, Kuzbassenergo, Permenergo, Samaraenergo, Chelyabenergo, Krasnoyarskenergo, Nizhnovenergo, Rostovenergo, Orenburgenergo. Summary report on the largest AO-energoes: financial results prepared in accordance with Russian Accounting Standards (RAS)

Indicators/Power system	Mosenergo			Tyumenenergo			Sverdlovennergo			Lenenergo		
	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)
Average Installed capacity for the reporting period (MW), incl.:	14779.7	14709.4	0.48	11221.0	10421.0	7.68	8257.6	8257.6	0.00	3238.2	3244.5	-0.19
TPPs	13579.7	13509.4	0.52	11221.0	10421.0	7.68	8250.6	8250.6	0.00	2595.5	2595.5	0.00
HPPs	1200.0	1200.0	0.00	0.0	0.0	-	7.0	7.0	0.00	642.7	649.0	-0.97
Average Operating capacity for the reporting period (MW), incl.:	11029.7	10908.8	1.11	8285.4	8215.8	0.85	5312.3	5294.3	0.34	1630.7	1685.2	-3.23
TPPs	9965.6	9870.6	0.96	8285.4	8215.8	0.85	5308.8	5290.7	0.34	1117.2	1202.4	-7.09
HPPs	1064.1	1038.2	2.49	0.0	0.0	-	3.5	3.6	-2.78	513.5	482.8	6.36
Power energy generation (ths kWh), incl.:	51 404 754	53 927 853	-4.68	50 874 640	50 237 275	1.27	28 450 610	28 033 892	1.49	9 475 090	8 513 148	11.30
TPPs	49 945 965	52 495 236	-4.86	50 874 640	50 237 275	1.27	28 434 490	28 014 106	1.50	6 798 368	6 742 311	0.83
HPPs	1 458 789	1 432 617	1.83	0	0	-	16 120	19 786	-18.53	2 676 722	1 770 837	51.16
Heat energy output (Gcal)	46 198 897	49 581 693	-6.82	8 562 933	8 333 747	2.75	16 979 909	17 259 445	-1.62	14 297 679	15 456 079	-7.49
Fuel rate on power energy (g/kWh)	304.6	304.2	0.13	313.4	312.4	0.32	362.2	360.8	0.39	309.2	310.4	-0.39
Fuel rate on heat energy (kg/Gcal)	133.8	134.9	-0.82	145.0	144.0	0.69	148.4	148.7	-0.20	135.7	136.2	-0.37
Power energy output (ths kWh), incl.:	43 558 992	41 891 261	3.98	46 154 879	45 873 514	0.61	26 080 583	24 568 749	6.15	17 853 328	17 985 441	-0.73
Industrial consumers 750 kVA and more	10 674 883	10 297 946	3.66	33 580 919	30 496 486	10.11	16 878 972	16 133 492	4.62	6 318 816	6 381 008	-0.97
Industrial consumers up to 750 kVA	2 807 615	2 643 152	6.22	928 392	758 217	22.44	581 836	587 414	-0.95	1 420 862	1 199 811	18.42
Railway transport	1 967 374	1 825 024	7.80	374 252	334 893	11.75	1 268 146	1 180 301	7.44	722 348	722 891	-0.08
Municipal transport	1 567 002	1 500 082	4.46	2 047	3 624	-43.52	12 410	12 523	-0.90	148 675	486 197	-69.42
Non-industrial consumers	11 964 553	10 796 405	10.82	310 218	266 742	16.30	668 542	723 863	-7.64	3 572 421	2 947 237	21.21
Agriculture	623 621	625 819	-0.35	227 534	240 591	-5.43	351 164	366 565	-4.20	332 105	348 709	-4.76
Residential	6 895 844	6 666 270	3.44	371 746	293 744	26.55	498 956	550 206	-9.31	3 110 230	2 799 652	11.09
Populated areas	1 281 058	1 657 347	-22.70	157 949	211 140	-25.19	329 436	484 868	-32.06	302 411	274 379	10.22
Wholesale consumers – power energy resellers	5 717 645	5 823 410	-1.82	6 158 963	5 861 880	5.07	5 114 190	4 481 222	14.12	1 621 997	2 522 747	-35.71
Housing & Communal services	59 397	55 806	6.43	94 264	87 227	8.07	52 423	48 295	8.55	36 845	32 005	15.12
Transmission (balanced), incl.:	0	0	-	3 948 595	7 318 970	-46.05	324 509	0	-	266 618	270 805	-1.55
Supplied to FOREM	0	0	-	3 948 595	6 206 119	-36.38	324 509	0	-	0	0	-



Indicators/Power system	Mosenergo			Tyumenenergo			Sverdlovenegero			Lenenergo		
	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)
Average tariff for end-consumers (Kop/kWh)	102.12	83.13	22.84	71.51	65.04	9.95	67.21	58.96	13.99	88.39	79.12	11.72
Heat energy output (Gcal), incl.:	42 634 840	46 648 655	-8.60	7 709 723	7 720 449	-0.14	15 983 444	16 228 262	-1.51	13 843 860	14 997 008	-7.69
Industrial consumers, incl.:	38 474 333	42 393 556	-9.24	5 315 134	3 844 391	38.26	13 540 359	14 425 778	-6.14	9 353 236	10 074 492	-7.16
Housing & Communal facilities	3 202 753	3 329 809	-3.82	328 833	104 330	215.19	615 976	650 343	-5.28	1 250 710	1 329 652	-5.94
Greenhouse farming	67 048	92 188	-27.27	63 498	85 537	-25.77	62 325	112 434	-44.57	6 113	10 233	-40.26
Garage & Communal facilities, hotels	79 161	90 823	-12.84	438 777	7 953	5417.13	18 839	17 018	10.70	29 118	29 249	-0.45
Wholesale consumers – heat energy resellers	811 545	742 279	9.33	1 563 481	3 678 238	-57.49	1 745 945	1 022 689	70.72	3 204 683	3 553 382	-9.81
Average tariff for end-consumers (Rub/Gcal)	349.34	289.28	20.76	190.9	170.66	11.86	201.93	192.43	4.94	329.47	283.74	16.12
Revenues from sale of goods, products, works and services (ths Rub), incl.:	59 949 068	48 852 432	22.71	35 519 157	32 188 059	10.35	21 188 926	17 969 218	17.92	21 034 157	18 993 668	10.74
Power energy	43 108 840	33 741 991	27.76	33 006 314	29 836 159	10.63	17 457 705	14 388 936	21.33	15 347 497	14 036 670	9.34
Heat energy	14 807 013	13 418 370	10.35	1 471 799	1 317 584	11.70	3 204 971	3 099 586	3.40	4 564 008	4 257 923	7.19
Other goods, products, works, services related to operating activity	1 681 296	1 372 454	22.50	988 423	676 619	46.08	506 444	416 505	21.59	1 086 063	664 223	63.51
Other goods, products, works, services related to non-operating activity	351 919	319 617	10.11	52 621	357 697	-85.29	19 806	64 191	-69.15	36 589	34 852	4.98
Cost of goods, products, works, services (ths Rub), incl.:	(54 888 757)	(46 280 698)	18.60	(32 185 909)	(26 821 245)	20.00	(20 272 254)	(17 042 265)	18.95	(20 174 051)	(17 759 288)	13.60
Power energy	(36 708 568)	(29 882 341)	22.84	(28 819 646)	(24 119 902)	19.48	(15 985 875)	(13 271 560)	20.45	(14 644 812)	(12 901 094)	13.52
Heat energy	(16 327 527)	(14 866 854)	9.83	(2 411 449)	(1 840 124)	31.05	(3 766 178)	(3 253 227)	15.77	(5 097 137)	(4 685 744)	8.78
Other goods, products, works, services related to operating activity	(1 287 305)	(978 529)	31.56	(836 330)	(607 758)	37.61	(485 383)	(405 786)	19.62	(425 191)	(163 741)	159.67
Other goods, products, works, services related to non-operating activity	(565 357)	(552 974)	2.24	(118 484)	(253 461)	-53.25	(34 818)	(111 692)	-68.83	(6 911)	(8 709)	-20.65
Operating Profit / (Loss) (ths Rub)	5 013 595	2 519 768	98.97	3 326 007	5 358 772	-37.93	842 390	852 579	-1.20	860 106	1 234 380	-30.32
Profit / (Loss) before taxation (ths Rub)	(450 862)	(684 226)	-	2 934 383	4 221 085	-30.48	405 538	52 386	674.13	(259 465)	19 717	-
Net Profit / (Loss) (ths Rub)	(995 182)	(1 067 294)	-	2 831 289	2 876 553	-1.57	190 864	(196 188)	-	(354 983)	(203 721)	-



Indicators/Power system	Kuzbassenergo			Permenergo			Samaraenergo			Chelyabenergo		
	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)
Average Installed capacity for the reporting period (MW), incl.:	4792.0	4667.0	2.68	3406.0	2409.9	41.33	3511.4	3519.7	-0.24	1808.0	1814.0	-0.33
TPPs	4792.0	4667.0	2.68	1866.0	1875.4	-0.50	3511.4	3519.7	-0.24	1808.0	1814.0	-0.33
HPPs	0.0	0.0	-	1540.0	534.5	188.12	0.0	0.0	-	0.0	0.0	-
Average Operating capacity for the reporting period (MW), incl.:	3153.3	3368.3	-6.38	2297.2	1501.0	53.04	1744.8	1811.0	-3.66	1331.0	1202.9	10.65
TPPs	3153.3	3368.3	-6.38	1153.5	1103.3	4.55	1744.8	1811.0	-3.66	1331.0	1202.9	10.65
HPPs	0.0	0.0	-	1143.7	397.7	187.58	0.0	0.0	-	0.0	0.0	-
Power energy generation (ths kWh), incl.:	16 471 734	17 855 826	-7.75	10 336 106	7 541 344	37.06	9 399 643	9 687 661	-2.97	8 198 916	6 327 189	29.58
TPPs	16 471 734	17 855 826	-7.75	7 070 853	6 452 422	9.58	9 399 643	9 687 661	-2.97	8 198 916	6 327 189	29.58
HPPs	0	0	-	3 265 253	1 088 922	199.86	0	0	-	0	0	-
Heat energy output (Gcal)	9 474 542	9 612 347	-1.43	10 282 511	10 361 800	-0.77	17 335 972	17 534 297	-1.13	7 467 335	7 627 663	-2.10
Fuel rate on power energy (g/kWh)	366.0	365.0	0.27	367.0	369.2	-0.60	345.4	357.2	-3.30	367.3	357.7	2.68
Fuel rate on heat energy (kg/Gcal)	150.4	151.5	-0.73	150.6	152.1	-0.99	144.0	145.4	-0.96	145.2	144.5	0.48
Power energy output (ths kWh), incl.:	16 507 813	19 908 473	-17.08	12 441 831	12 026 490	3.45	13 234 287	13 209 066	0.19	10 433 831	10 789 060	-3.29
Industrial consumers 750 kVA and more	11 014 577	14 751 705	-25.33	7 709 209	7 862 611	-1.95	8 112 169	7 980 828	1.65	5 241 578	5 415 418	-3.21
Industrial consumers up to 750 kVA	1 003 855	1 123 173	-10.62	1 019 843	529 884	92.47	529 558	353 086	49.98	659 070	598 044	10.20
Railway transport	799 285	70 278	1037.32	729 143	667 677	9.21	510 341	498 608	2.35	904 217	831 924	8.69
Municipal transport	0	0	-	38 923	40 616	-4.17	95 737	98 061	-2.37	91 908	96 191	-4.45
Non-industrial consumers	130 154	146 423	-11.11	625 884	621 009	0.79	312 810	276 008	13.33	952 149	865 356	10.03
Agriculture	200 360	209 555	-4.39	247 887	299 620	-17.27	180 475	216 606	-16.68	318 014	354 138	-10.20
Resedentals	188 177	207 752	-9.42	749 032	709 257	5.61	290 006	208 238	39.27	1 338 765	1 305 982	2.51
Populated areas	74 680	88 740	-15.84	102 784	100 122	2.66	127 711	168 733	-24.31	141 905	193 158	-26.53
Wholesale consumers – power energy resellers	3 096 725	3 310 847	-6.47	1 181 043	1 154 704	2.28	3 075 480	3 408 898	-9.78	749 022	1 089 703	-31.26
Housing & Communal services	0	0	-	38 082	40 992	-7.10	0	0	-	37 203	39 146	-4.96
Transmission (balanced), incl.:	0	0	-	0	0	-	0	0	-	0	0	-
Supplied to FOREM	0	0	-	0	0	-	0	0	-	0	0	-
Average tariff for end-consumers (Kop/kWh)	56.63	51.58	9.79	83.72	76.31	9.71	85.96	77.23	11.30	94.36	79.93	18.05
Heat energy output (Gcal), incl.:	8 862 221	8 955 097	-1.04	9 807 591	10 232 605	-4.15	15 996 491	16 180 777	-1.14	6 523 271	6 664 734	-2.12



Indicators/Power system	Kuzbassenergo			Permenergo			Samaraenergo			Chelyabenergo		
	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)
Industrial consumers, incl.:	8 605 323	8 686 354	-0.93	9 251 908	6 702 751	38.03	9 459 817	9 484 139	-0.26	5 880 756	5 555 343	5.86
Housing & Communal facilities	116 643	72 137	61.70	489 731	323 333	51.46	73 675	62 995	16.95	597 540	554 704	7.72
Greenhouse farming	135 102	191 910	-29.60	63 804	198 575	-67.87	153 221	209 417	-26.83	42 090	48 529	-13.27
Garage & Communal facilities. hotels	5 153	4 696	9.73	2 148	2 141	0.33	4 608	5 257	-12.35	2 885	2 678	7.73
Wholesale consumers – heat energy resellers	0	0	-	0	3 005 805	-100.00	6 305 170	6 418 969	-1.77	0	503 480	-100.00
Average tariff for end-consumers (Rub/Gcal)	265.23	229.62	15.51	256.41	221.39	15.82	240.71	204.22	17.87	216.39	179.03	20.87
Revenues from sale of goods, products, works and services (ths Rub), incl.:	12 278 407	12 778 627	-3.91	13 506 690	11 605 383	16.38	16 314 120	14 164 624	15.18	11 788 201	10 395 794	13.39
Power energy	9 390 605	10 206 492	-7.99	10 681 674	9 105 879	17.31	11 311 354	10 046 023	12.60	10 110 662	8 663 169	16.71
Heat energy	2 354 751	2 011 300	17.08	2 514 717	2 253 468	11.59	3 828 529	3 301 756	15.95	1 415 782	1 202 206	17.77
Other goods, products, works, services related to operating activity	451 379	482 955	-6.54	286 473	176 251	62.54	1 125 172	772 206	45.71	215 254	479 328	-55.09
Other goods, products, works, services related to non-operating activity	81 672	77 880	4.87	23 826	69 785	-65.86	49 065	44 639	9.92	46 503	51 091	-8.98
Cost of goods, products, works, services (ths Rub), incl.:	(11 087 328)	(11 596 087)	-4.39	(10 848 752)	(10 211 654)	6.24	(14 771 842)	(12 698 630)	16.33	(10 739 773)	(9 507 243)	12.96
Power energy	(8 596 752)	(9 216 561)	-6.72	(8 280 203)	(7 833 591)	5.70	(10 402 606)	(9 130 748)	13.93	(8 366 145)	(7 393 781)	13.15
Heat energy	(2 153 404)	(1 939 747)	11.01	(2 277 726)	(2 110 772)	7.91	(3 739 408)	(2 999 654)	24.66	(2 132 264)	(1 729 621)	23.28
Other goods, products, works, services related to operating activity	(261 748)	(350 963)	-25.42	(248 912)	(133 868)	85.94	(561 681)	(494 686)	13.54	(147 640)	(270 153)	-45.35
Other goods, products, works, services related to non-operating activity	(75 424)	(88 816)	-15.08	(41 911)	(133 423)	-68.59	(68 147)	(73 542)	-7.34	(93 724)	(113 688)	-17.56
Operating Profit / (Loss) (ths Rub)	1 180 018	1 164 477	1.33	2 657 937	1 393 534	90.73	1 542 278	1 464 090	5.34	1 048 428	888 551	17.99
Profit / (Loss) before taxation (ths Rub)	(251 936)	264 603	-	1 910 497	533 682	257.98	957 746	369 286	159.35	541 272	349 880	54.70
Net Profit / (Loss) (ths Rub)	(397 112)	38 970	-	1 393 525	233 413	497.02	444 524	172 916	157.08	252 552	55 127	358.13



Indicators/Power system	Krasnoyarskenergo			Nizhnovenergo			Rostovenergo			Orenburgenergo		
	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)
Average Installed capacity for the reporting period (MW), incl.:	8188.0	8149.8	0.47	1311.0	1311.0	0.00	829.0	829.0	0.00	3140.0	3140.0	0.00
TPPs	2188.0	2149.8	1.78	1311.0	1311.0	0.00	620.0	620.0	0.00	3110.0	3110.0	0.00
HPPs	6000.0	6000.0	0.00	0.0	0.0	-	209.0	209.0	0.00	30.0	30.0	0.00
Average Operating capacity for the reporting period (MW), incl.:	4198.0	3739.4	12.26	553.1	571.1	-3.15	431.5	463.8	-6.96	2022.0	1846.7	9.49
TPPs	1384.3	1377.1	0.52	553.1	571.1	-3.15	289.6	290.1	-0.17	2005.2	1832.8	9.41
HPPs	2813.7	2362.3	19.11	0.0	0.0	-	141.9	173.7	-18.31	16.8	13.9	20.86
Power energy generation (ths kWh), incl.:	6 590 642	7 619 617	-13.50	2 090 545	2 234 142	-6.43	2 552 970	2 247 209	13.61	10 553 524	9 965 762	5.90
TPPs	6 590 642	7 619 617	-13.50	2 090 545	2 234 142	-6.43	1 841 645	1 628 673	13.08	10 476 052	9 920 993	5.59
HPPs	0	0	-	0	0	-	711 325	618 536	15.00	77 472	44 769	73.05
Heat energy output (Gcal)	9 137 129	8 817 341	3.63	3 022 779	3 445 445	-12.27	2 675 100	2 945 286	-9.17	6 285 844	6 786 522	-7.38
Fuel rate on power energy (g/kWh)	340.0	349.9	-2.83	426.9	418.2	2.08	326.8	323.6	0.99	325.3	325.5	-0.06
Fuel rate on heat energy (kg/Gcal)	146.5	146.3	0.14	159.4	156.7	1.72	149.6	152.0	-1.58	132.8	133.1	-0.23
Power energy output (ths kWh), incl.:	21 203 147	20 700 780	2.43	8 221 355	10 188 477	-19.31	7 014 884	7 837 775	-10.50	8 940 411	8 575 342	4.26
Industrial consumers 750 kVA and more	15 747 631	15 209 598	3.54	3 888 403	5 923 849	-34.36	1 744 534	2 448 047	-28.74	4 845 911	4 762 503	1.75
Industrial consumers up to 750 kVA	677 134	511 093	32.49	1 547 172	776 758	99.18	206 586	182 444	13.23	384 754	464 065	-17.09
Railway transport	935 489	870 675	7.44	357 935	342 226	4.59	578 944	521 109	11.10	302 103	287 969	4.91
Municipal transport	19 861	19 080	4.09	74 917	78 960	-5.12	23 033	27 455	-16.11	28 650	33 372	-14.15
Non-industrial consumers	1 379 788	967 944	42.55	471 950	983 518	-52.01	377 191	390 435	-3.39	419 868	381 527	10.05
Agriculture	422 753	432 269	-2.20	293 199	339 910	-13.74	294 525	331 126	-11.05	214 042	244 761	-12.55
Residentials	1 672 770	1 282 321	30.45	1 140 397	1 229 496	-7.25	515 529	533 510	-3.37	712 193	752 266	-5.33
Populated areas	235 075	188 910	24.44	422 457	484 621	-12.83	140 677	164 912	-14.70	222 686	235 368	-5.39
Wholesale consumers – power energy resellers	85 807	1 185 293	-92.76	0	0	-	3 133 865	3 238 737	-3.24	663 080	679 919	-2.48
Housing & Communal services	26 839	33 597	-20.11	24 925	29 139	-14.46	0	0	-	21 129	21 990	-3.92
Transmission (balanced), incl.:	0	0	-	0	0	-	0	0	-	1 125 996	711 601	58.23
Supplied to FOREM	0	0	-	0	0	-	0	0	-	909 762	651 282	39.69
Average tariff for end-consumers (Kop/kWh)	39.47	38.6	2.25	90.58	84.51	7.18	87.72	77.19	13.64	77.61	68.54	13.23



Indicators/Power system	Krasnoyarskenergo			Nizhnovenergo			Rostovenergo			Orenburgenergo		
	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)	9 months ended 30 Sept 2004	9 months ended 30 Sept 2003	Changes (%)
Heat energy output (Gcal), incl.:	8 191 238	7 687 184	6.56	3 025 258	3 413 976	-11.39	2 308 463	2 550 879	-9.50	6 020 296	6 514 484	-7.59
Industrial consumers, incl.:	7 246 984	6 215 575	16.59	2 921 701	3 303 889	-11.57	2 004 801	2 268 818	-11.64	3 635 972	4 104 246	-11.41
Housing & Communal facilities	628 396	630 774	-0.38	103 557	109 635	-5.54	298 150	276 502	7.83	5 651	9 090	-37.83
Greenhouse farming	6 324	22 834	-72.30	0	209	-100.00	0	0	-	33 183	42 016	-21.02
Garage & Communal facilities. hotels	10 391	9 252	12.31	0	243	-100.00	5 512	5 559	-0.85	268	277	-3.25
Wholesale consumers – heat energy resellers	299 143	808 749	-63.01	0	0	-	0	0	-	2 345 222	2 358 855	-0.58
Average tariff for end-consumers (Rub/Gcal)	307.46	306.68	0.25	292.38	221.86	31.79	318.66	290.92	9.54	266.25	221.37	20.27
Revenues from sale of goods, products, works and services (ths Rub), incl.:	10 914 217	10 300 137	5.96	8 925 993	9 577 485	-6.80	7 175 309	7 085 143	1.27	9 204 405	7 696 499	19.59
Power energy	8 235 210	7 881 249	4.49	7 333 659	8 409 676	-12.79	6 252 031	6 005 799	4.10	6 939 973	5 838 549	18.86
Heat energy	2 483 170	2 333 890	6.40	884 530	757 425	16.78	807 348	818 627	-1.38	1 602 610	1 441 764	11.16
Other goods, products, works, services related to operating activity	175 523	68 398	156.62	645 085	352 650	82.92	85 699	150 782	-43.16	629 549	379 604	65.84
Other goods, products, works, services related to non-operating activity	20 314	16 600	22.37	62 719	57 734	8.63	30 231	109 935	-72.50	32 273	36 582	-11.78
Cost of goods, products, works, services (ths Rub), incl.:	(10 585 672)	(9 888 689)	7.05	(8 546 515)	(8 985 946)	-4.89	(6 354 064)	(6 356 101)	-0.03	(8 014 163)	(6 794 758)	17.95
Power energy	(7 749 291)	(7 313 936)	5.95	(7 573 998)	(7 884 298)	-3.94	(5 438 590)	(5 319 905)	2.23	(6 226 150)	(5 346 310)	16.46
Heat energy	(2 612 236)	(2 487 977)	4.99	(819 136)	(844 659)	-3.02	(821 420)	(778 454)	5.52	(1 228 815)	(1 082 482)	13.52
Other goods, products, works, services related to operating activity	(187 354)	(47 533)	294.16	(91 914)	(199 461)	-53.92	(64 200)	(130 119)	-50.66	(528 628)	(330 924)	59.74
Other goods, products, works, services related to non-operating activity	(36 791)	(39 243)	-6.25	(61 467)	(57 528)	6.85	(29 854)	(127 623)	-76.61	(30 570)	(35 042)	-12.76
Operating Profit / (Loss) (ths Rub)	328 545	411 448	-20.15	379 478	589 680	-35.65	821 245	729 042	12.65	1 190 237	901 693	32.00
Profit / (Loss) before taxation (ths Rub)	(210 704)	94 091	-	205 920	208 505	-1.24	649 780	541 073	20.09	731 150	570 466	28.17
Net Profit / (Loss) (ths Rub)	(374 968)	139 136	-	4 063	(411 087)	-	479 678	401 683	19.42	407 469	316 131	28.89

