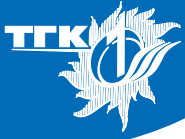


**TERRITORIAL GENERATING COMPANY N° 1**



**INTERIM REPORT  
JANUARY-SEPTEMBER 2006**



# JANUARY–SEPTEMBER 2006

## SIGNIFICANT EVENTS

- Andrey Likhachev, Chief Executive Officer of TGC-1, and Dieter Hopf, Vice President of Voith Siemens Hydro Power Generation, signed the protocol of intent for Svetogorskaya HEPP-11 reconstruction project
- The 120th anniversary of the first Russian energy system was celebrated in St.Petersburg
- The construction of a new diesel power plant at Valaam Island was set up
- RAO UES included TGC-1 in the list of companies to place additional shares
- TGC-1 reached the final stage to become a unified operating company

## KEY DECISIONS OF THE BOARD OF DIRECTORS

- Valery Rodin was elected the new Chief Executive Officer of TGC-1
- The Board of Directors approved TGC-1 financial model for 2006-2010
- The Board of Directors approved the report on TGC-1 production and financial performance as well as implementation of Company's business plan for 6 months of 2006
- The Board of Directors approved the resolution on the additional shares issue and the Prospectus of TGC-1 shares
- The report on results of TGC-1 shares buyback was approved

## KEY FIGURES

### KEY FINANCIAL FIGURES (RAS)

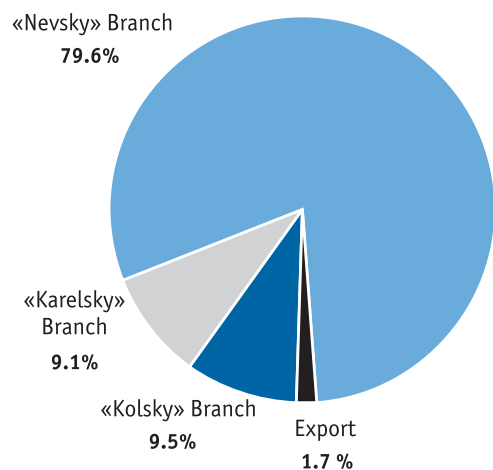
Sales	RUR 14,009.7 mln
Operating profit	RUR 560.3 mln
Earnings before taxes	RUR 351.4 mln
Net profit	RUR 191.1 mln
Total assets	RUR 5,403.2 mln
Shareholder equity	RUR 538.4 mln

### KEY OPERATIONAL FIGURES

Installed capacity	6,248.8 MW
Electricity generation	16,408.6 mln kW-h
Electricity deliveries	15,208.1 mln kW-h
Heat deliveries	14,937.7 thousand GCal
Staff	7,581 employees

# JANUARY–SEPTEMBER 2006

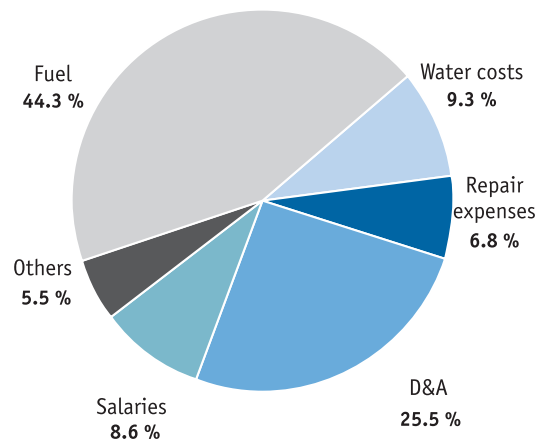
## REVENUE STRUCTURE



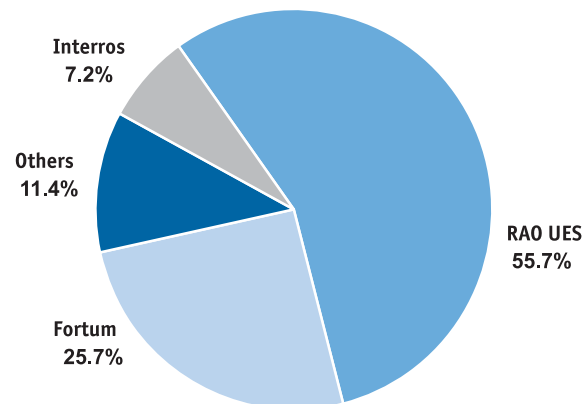
## TARIFFS

Branch	Electricity (production)		Heat (production, transmission and sale)	
	Tariff from 01.01.2006, kopeck/kW·h	Growth to 01.10.05, %	Tariff from 01.01.2006, RUR/GCal	Growth to 01.10.05, %
<b>Nevsky Branch</b>				
Saint Petersburg	72.150	0.8%	421.20	12.5%
Leningrad Oblast	43.040	2.7%	577.20	17.2%
<b>Karelia Branch</b>	37.820	15.3%	279.80	12.0%
<b>Kola Branch</b>	19.865	13.8%	681.00	14.8%

## COST STRUCTURE



## SHARE CAPITAL STRUCTURE





## BALANCE SHEET (RAS)

31.12.2005

Thousand RUR  
30.09.2006

### ASSETS

#### NONCURRENT ASSETS

Intangible assets

Fixed assets, including:

Buildings, machinery and equipment, facilities

Other types of fixed assets

Construction in progress

Long-term financial investments

#### TOTAL noncurrent assets

#### CURRENT ASSETS

Inventories

Value added tax on purchased tangibles

Accounts receivable, payments for which are expected in more than 12 months

Accounts receivable, payments for which are expected within 12 month including:

Buyers and customers

Advances paid

Other receivables

Short-term financial investments

Cash and cash equivalents

#### TOTAL current assets

#### TOTAL ASSETS

#### SHAREHOLDER'S EQUITY AND LIABILITIES

#### SHAREHOLDER'S EQUITY

Authorized share capital

In preferred shares

In ordinary shares

Capital surplus

Capital reserves

Retained profit of past years

Retained profit of the reporting period

#### TOTAL shareholder's equity

#### LONG-TERM DEBT

#### SHORT-TERM LIABILITIES

Loans and credits

Accounts payable, including:

Suppliers and contractors

Wages payable to staff

Payables to state and off-budget funds

Tax and fees payable

Advances received

Other payables

Payables to participants (founding parties)

#### TOTAL short-term liabilities

#### TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES

-	-
2 911	55 874
2 686	48 447
225	7 427
1 376	81 352
-	-
<b>4 287</b>	<b>194 226</b>
142 071	871 927
285 852	118 430
-	-
3 927 483	3 987 096
2 899 869	1 807 622
10 434	853 202
1 017 180	1 326 272
6 900	7 999
233 218	223 517
<b>4 595 524</b>	<b>5 208 969</b>
<b>4 599 811</b>	<b>5 403 195</b>
10 000	10 000
-	-
10 000	10 000
-	-
-	500
587 314	336 814
-	191 126
<b>597 314</b>	<b>538 440</b>
<b>35</b>	<b>150 940</b>
300 086	600 732
3 702 376	4 085 783
1 448 865	1 737 208
4 738	70 729
31 069	33 163
344 559	108 012
588 113	985 729
1 285 032	1 150 942
-	27 300
<b>4 002 462</b>	<b>4 713 815</b>
<b>4 599 811</b>	<b>5 403 195</b>

# JANUARY–SEPTEMBER 2006

## REFERENCE NOTE ON INVENTORIES REPORTED IN OFF-BALANCE ACCOUNTS

ASSETS	31.12.2005	30.09.2006
Leased fixed assets, including	23 884 155	24 053 815
Leasing	-	-
Inventory holdings accepted for safekeeping	93 961	76 895
Materials accepted for processing	-	-
Goods accepted on commission	-	-
Equipment accepted for installation	-	-
Receivables from insolvent debtors, written-off to loss	-	-
Security of liabilities and payments received	-	-
Security of liabilities and payments issued	-	-
Wear of fixed assets	-	-
Wear of improvements and other similar objects	-	-
Registered high-security forms	1	380
Leased out fixed assets	32 526	28 814
State-owned tangibles	-	-
Intangible assets received for usage	-	-

## INCOME STATEMENT (RAS)

Thousand RUR  
3 Quarter 2006

Index	
<b>I. Profit and loss from ordinary activities</b>	
<b>Revenues</b>	<b>14 009 688</b>
Electricity to domestic users	7 293 201
Electricity for export	244 558
Heat	6 151 608
Other industrial products	311 067
Other non-industrial products	9 254
<b>Cost value of goods sold</b>	<b>(13 449 398)</b>
Electricity to domestic users	(6 479 268)
Electricity for export	(70 841)
Heat	(6 761 873)
Other industrial products	(132 884)
Other non-industrial products	(4 532)
<b>Profit (loss) from sales</b>	<b>560 290</b>
<b>II. Operating profit and expenses</b>	
Interest income	544
Interest expenses	(14 166)
Other operating income	1 266 006
Other operating expenses	(1 230 391)
<b>III. Non-operating income and expenses</b>	
Other non-operating income	53 527
Other non-operating expenses	(284 451)
<b>Pre-tax profit</b>	<b>351 359</b>
Deferred tax assets	-
Deferred tax liability	(150 905)
Current profit tax	(15 433)
Other similar mandatory payments	6 105
Profit tax and other similar mandatory payments	(160 233)
<b>Profit after tax</b>	<b>191 126</b>
<b>IV. Exceptional income and expenses</b>	
Exceptional income	-
Exceptional expenses	-
<b>Net profit</b>	<b>191 126</b>

## CONTACTS

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