

1 HALF 2006

EVENTS

FEBRUARY

The international rating agency Standard & Poor's awarded TGC-1 a corporate governance rating of "5.0" according to the international scale ("5.3" according to the Russian scale).

MARCH

The Board of Directors approved Company's Development Strategy for the period from 2006 to 2015 and the Annual procurement program of JSC "TGC-1" for 2006.

Within the framework of American Chamber of Industry and Commerce visiting session with participation of TGC-1 CEO Andrey Likhachev, USA Consul General the first presentation of TGC-1 took place in Saint Petersburg.

MAY

TGC-1 put into operation the new electric power plant in Saint-Petersburg - Pravoberezhnaya CHPP-5.

The Board of Directors of RAO UES approved the conversion ratios for RGC's shares to be converted into TGC-1 shares.

The first in JSC "TGC-1" history Annual General Meeting approved the Annual Report 2005, elected a new Revision commission and appointed "PricewaterhouseCoopers Audit" as auditor for the year 2006.

JUNE

The Board of Directors approved TGC-1 Investment Program for the period from 2006 to 2010.

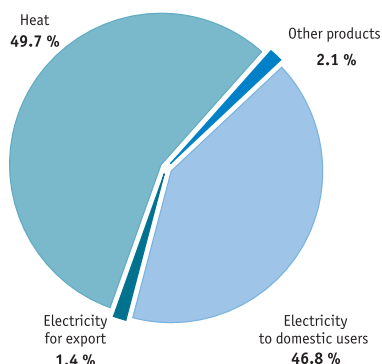
KEY OPERATIONAL FIGURES

	1 Half 2006
Installed capacity, MW	6,248.8
Electricity generation, million kWh	12,409.5
Electricity deliveries, million kWh	11,503.8
Heat deliveries, thousand GCal	13,483.4
Staff	7,453

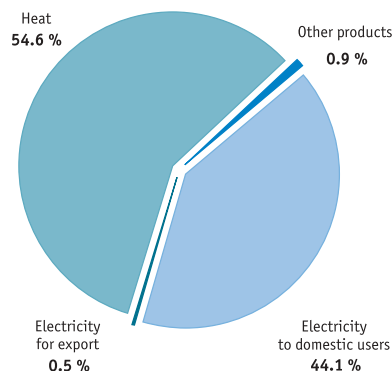
KEY FINANCIAL FIGURES (RAS)

	1 Half 2006
Sales, RUR million	11,159.6
Operating profit, RUR million	1,295.6
Earnings before taxes, RUR million	1,182.7
Net profit, RUR million	857.2
Total assets, RUR million	5,385.5
Shareholder equity, RUR million	1,204.6

Sales structure



Cost structure



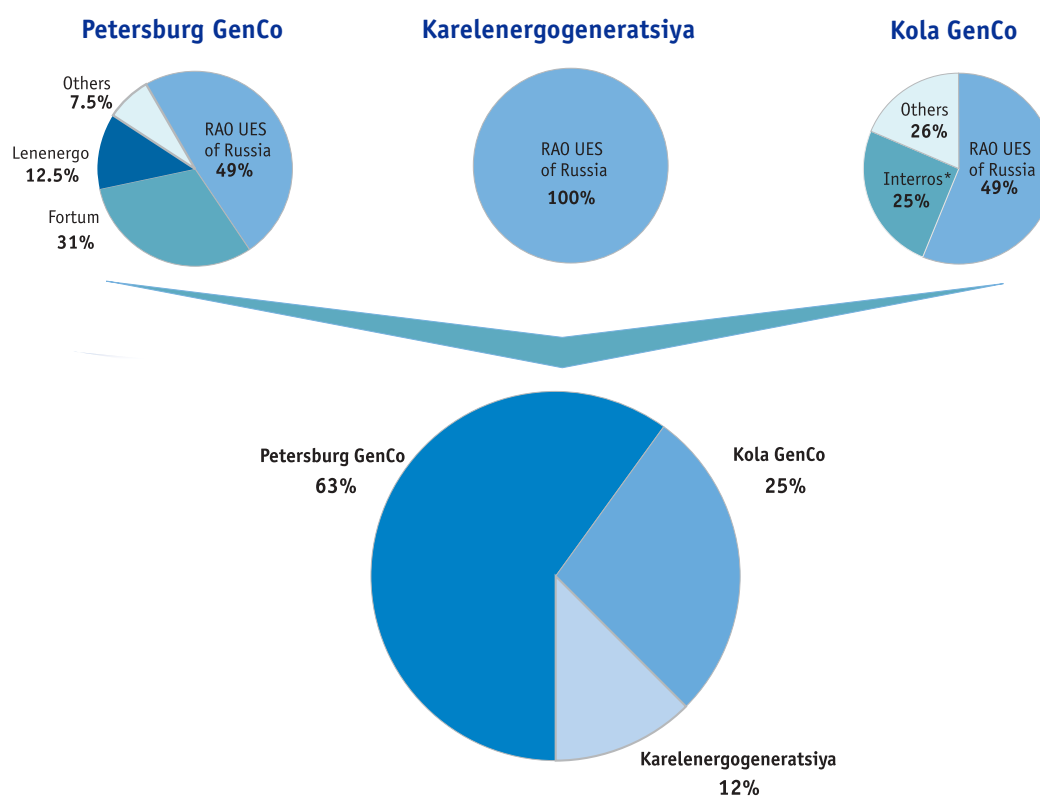
TARIFFS

Electricity
(production)

Heat (production,
transmission and sale)

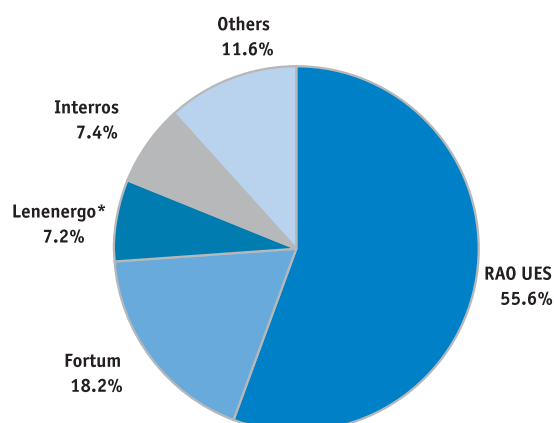
Branch	Tariff from 01.01.2006, kopeck/kW·h	Growth to 01.10.05, %	Tariff from c 01.01.2006, RUR/GCal	Growth to 01.10.05, %
Nevsky branch				
Saint Petersburg	72.150	0.8%	421.20	12.5%
Leningrad region	43.040	2.7%	577.20	17.2%
Karelia branch	37.820	15.3%	279.80	12.0%
Kola branch	19.865	13.8%	681.00	14.8%

SHARE CAPITAL STRUCTURE



* stock is subject to be sold to Fortum, but the deal has not been completed yet

PRO-FORMA TGC-1 SHARE CAPITAL STRUCTURE



* stock will be sold by auction

BALANCE SHEET (RAS)

Thousand RUR

	31.12.2005	30.06.2006
ASSETS		
NONCURRENT ASSETS		
Intangible assets	-	-
Fixed assets, including:	2,911	22,653
Buildings, machinery and equipment, facilities	2,686	20,488
Other types of fixed assets	225	2,165
Construction in progress	1,376	69,812
Deferred tax assets	-	-
TOTAL noncurrent assets	4,287	92,465
CURRENT ASSETS		
Inventories	142,071	736,506
Value added tax on purchased tangibles	285,852	88,535
Accounts receivable, payments for which are expected in more than 12 months	-	-
Accounts receivable, payments for which are expected within 12 month including:	3,927,483	4,228,683
Buyers and customers	2,899,869	2,529,971
Advances paid	10,434	1,024,946
Other receivables	1,017,180	673,766
Short-term financial investments	6,900	7,798
Cash and cash equivalents	233,218	231,542
TOTAL current assets	4,595,524	5,293,064
TOTAL ASSETS	4,599,811	5,385,529
SHAREHOLDER'S EQUITY AND LIABILITIES		
SHAREHOLDER'S EQUITY		
Authorized share capital:	10,000	10,000
In preferred shares	-	-
In ordinary shares	10,000	10,000
Capital surplus	-	-
Capital reserves	-	500
Retained profit of past years	587,314	336,814
Retained profit of the reporting period	-	857,236
TOTAL shareholder's equity	597,314	1,204,550
LONG-TERM DEBT	35	192,953
SHORT-TERM LIABILITIES		
Loans and credits, including:	300,086	-
Bank credits	300,086	-
Accounts payable, including:	3,702,376	3,799,726
Suppliers and contractors	1,448,865	1,874,548
Wages payable to staff	4,738	75,317
Payables to state and off-budget funds	31,069	38,718
Tax and fees payable	344,559	139,846
Advances received	588,113	806,234
Other payables	1,285,032	865,063
Payables to participants (founding parties)	-	188,300
TOTAL short-term liabilities	4,002,462	3,988,026
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	4,599,811	5,385,529



REFERENCE NOTE ON INVENTORIES REPORTED IN OFF-BALANCE ACCOUNTS

ASSETS	Thousand RUR	
	31.12.2005	31.06.2006
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)

Index	Thousand RUR	
	1st Quarter 2006	
I. Profit and loss from ordinary activities		
Revenues	11,159,631	
Electricity to domestic users	5,223,631	
Electricity for export	156,999	
Heat	5,545,997	
Other industrial products	227,064	
Other non-industrial products	5,940	
Cost value of goods sold	(9,863,986)	
Electricity to domestic users	(4,345,825)	
Electricity for export	(45,244)	
Heat	(5,381,211)	
Other industrial products	(88,875)	
Other non-industrial products	(2,831)	
Profit (loss) from sales	1,295,645	
II. Operating profit and expenses		
Interest income	267	
Interest expenses	(3,193)	
Other operating income	730,064	
Other operating expenses	(709,486)	
III. Non-operating income and expenses		
Other non-operating income	37,419	
Other non-operating expenses	(168,015)	
Pre-tax profit (loss)	1,182,701	
Deferred tax assets	-	
Deferred tax liability	(192,917)	
Current profit tax	(141,271)	
Other similar mandatory payments	8,723	
Profit tax and other similar mandatory payments	(325,465)	
Profit (loss) after tax	857,236	
IV. Exceptional income and expenses		
Exceptional income	-	
Exceptional expenses	-	
Net profit (loss)	857,236	

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