



## Interim report

### 1 January – 31 March 2011

- IFRS NAV at the end of the period was SEK 3,290 million (3,985) and SEK 58.06 per share (70.32)
- Loss for the period amounted to SEK -113 million (1,018) and SEK -2.00 per share (17,96).



## **EOS Russia**

EOS Russia was founded in the spring of 2007 in order to capitalize on investment opportunities arising as a result of the deregulation, restructuring and privatization of the Russian electricity sector.

EOS Russia AB is the Group's parent company and is headquartered in Stockholm, Sweden. EOS Russia (Cyprus) Ltd is a subsidiary of EOS AB and is located in Limassol, Cyprus. All investments are conducted by the subsidiary, which holds the complete investment portfolio of EOS. EOS was founded in its present form in May 2007 when the company decided to carry out a directed share issue to a number of institutional investors, paid for in kind or in cash. The company listed on First North on June 25, 2007.

## **Russian electricity industry reform**

A comprehensive reform program is gradually being implemented in the Russian electricity sector.

The reason for the reform is the considerable investment need that has emerged as a result of rapidly increasing electricity demand. The goal of the reform is to ensure an attractive climate in order to facilitate the major new investments required to satisfy the future need for power generation, as well as associated distribution and transmission grids.

## Operational and financial results

### Group

EOS recorded a net loss from investing activities of SEK -100 million (1,058). Operating expenses amounted to SEK -12.8 million (-39.8). Net financial items for the period amounted to SEK 0.0 million (-0.1). Net financial items include interest income of SEK 0.1 million (0.0) and interest expenses totaling SEK -0,1 million (-0.1).

The loss for EOS during the period was SEK -113 million (1,018). Loss per share was SEK -2.00 (17.96). Total comprehensive income for the period was SEK -378 million (1,046).

EOS' net asset value at March 31st was SEK 3,290 million (3,985). The net asset value was negatively impacted by exchange rate differences in the translation reserve of SEK -440 million (72).

## Parent Company

The parent company's income for the period amounted to SEK 3.1 million (3.1). Operating expenses amounted to SEK -5.1 (-14.8) million for the period. Net financial items amounted to SEK -376 million (1,057) for the period of which -377 (1,057) million is a write-down of shares in subsidiaries. The loss for the period was SEK -378 million (1,046).

The total number of shares outstanding at March 31, 2011 was 56,673,177 (56,673,177).

## EOS Russia's portfolio

EOS' investment strategy is to focus on companies within the power utilities sector in Russia with the best relative value as perceived by the Group.

Changes in the portfolio composition during the first quarter are shown in the table below:

Share of EOS portfolio	December 31st 2010	March 31st 2011	Change
Distribution	54,1%	55,8%	1,7
Thermal generation	22,5%	21,5%	- 1,0
Integrated	10,3%	10,9%	0,6
Hydro generation	10,2%	10,5%	0,3
Transmission	2,9%	1,3%	- 1,6
<b>Total</b>	<b>100%</b>	<b>100%</b>	

As per March 31, 2011, EOS' portfolio consisted of the assets listed in the table below:

Assets March 31, 2011	Portfolio value	
	MSEK	MUSD
Distribution	1848	293
Thermal Generation	711	113
Integrated	360	57
Hydro generation	349	55
Transmission	43	7
<b>Total</b>	<b>3310</b>	<b>525</b>

\* SEK/USD 6.303

The fair value of the portfolio of shares is estimated with a model based on quoted mid-prices, because the market (RTS) has been assessed not to be active in the sense that the quoted prices represent actual transactions.

## EOS Russia's share price development

The closing price of EOS share at March 31, 2011 was SEK 42.50 corresponding to a loss during the year of 16.3% (the OMX Stockholm 30 index lost 1.8% during the same period).

EOS share decreased 67.0% from June 25, 2007 until May 25, 2011 compared to the OMX Stockholm 30 Index that decreased 7.9% during the same period.

**Share price development June 25, 2007 – May 25, 2011  
EOS Russia AB (EOS SS) vs. OMX S30 index**



Source: Bloomberg

## Other information

### Organization

The average number of employees in the group as of March 31, 2011 was four (4), of which two (2) were employed by the parent company.

### Related party transactions

#### Group

The group company EOS Russia (Cyprus) Ltd has as of March 31 accrued a cost of SEK 3.6 million (36.1) and a debt of SEK 38.0 million (75.7), of which SEK 12.4 million (16.9) is accounted for as a liability and SEK 25.6 million (58.8) represents a provision of possible future dividends in accordance with the current agreement with the preference shareholders. The preference shares give no residual right to a part of the group's net assets or profit, but instead guarantee compensation depending on the result of (i) the company's yearly share price development, (ii) the development of the group's net asset value from 2008-2012 and (iii) the difference between a total of 0.5% per quarter of the group's net asset value less actual adjusted operating costs.

Sven Thorngren act as chairman of the board of directors in EOS Russia (Cyprus) Ltd.. Mr Thorngren has a consultancy agreement with EOS Russia (Cyprus) Ltd., whereby he continuously provides advice on matters related to trading and shareholder relations.

#### Parent company

EOS Russia AB has not granted any loans, warranties or guarantees to or for the benefit of board members or management. No agreements on benefits to board members or management following the completion of their respective assignment exist. None of the board members or management has any direct or indirect participation in business transactions with the group, which are or were unusual in nature or with regards to terms, and which occurred in the current or previous fiscal year. Seppo Remes has a consultancy agreement with EOS Russia AB, whereby he continuously provides expert advice on all matters related to the Russian electricity sector.

#### Provisions

Apart from what has already been explained under "Related party transactions", no provisions have been accounted for.

#### Risks

##### Group

Almost all the group's assets are invested in shares of Russian power utility companies with no diversification in country or sector risk. The main part of the group's assets is invested in shares on the Russian market. Russian securities trading legislation is more rudimentary than in many other countries, and there are few effective directives or requirements for disclosures about offers, sales or equity trading. The stock market is less liquid and more volatile in Russia than the United States or Western Europe. As a result, the company's investment portfolio may exhibit greater price volatility and poorer liquidity than one that focuses on securities of listed companies in more highly developed countries.

A large percentage of securities transactions are brokered outside the regulated exchanges. The legislation covering fraud and insider trading is less developed and the market's disciplinary board lacks the resources to enforce the legislation that has been passed.

##### Parent Company

The risks associated with the activities for the group may also affect the parent company indirectly via the ownership of the subsidiary. The shares in the parent company are issued and traded in SEK and the group investments are held in USD or Russian Rubles, hence the parent company is subject to currency exchange risks. EOS policy is not to hedge such currency exposure.

EOS Russia is also exposed to other risks such as legal and political. For more information about EOS' risk exposure, please see the risk section of the 2010 annual report.

## Compliance with rules and regulations

EOS Russia reports its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS). This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and relevant parts of the Annual Accounts Act.

The parent company applies the same accounting principles as the group, but taking into consideration RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. In the Company's interim reporting the Annual Accounts Act chapter 9 is applied. Apart from changes disclosed above, the same accounting principles have been applied as in the Annual Report for 2010 – in the accounts of both the Group and the Company.

For more detailed information about the principles used for the Group and the Company, please refer to the Annual Report 2010. Unless otherwise indicated, all amounts are rounded off to the nearest thousand SEK. By rounding the numbers in tables, totals may not always equal the sum of the included rounded numbers.

Stockholm May 26, 2011  
EnergyO Solutions Russia AB (publ)  
Reg nr 556694-7684

Ulf-Henrik Svensson  
CEO

## Financial calendar

- 2011-08-29 Half-year report 1 January – 31 June 2011

Reports and Press Releases in English are available on EOS' web site:

**[www.eos-russia.com](http://www.eos-russia.com)**

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# Report on Review of Interim Financial Information

## Introduction

We have reviewed the condensed interim financial information (the interim report) of EnergyO Solutions AB (publ) as of 31 March 2011 and for the three-month period then ended. The board of directors and the Chief Executive Officer are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the group and in accordance with the Annual Accounts Act for the parent company.

Stockholm May 26, 2011

KPMG AB

Anders Tagde

Authorized public accountant

## Consolidated Statement of Comprehensive Income in Summary

<i>In thousands of SEK</i>	Jan 1 - Mar 31	
	2011	2010
Net change in fair value of securities	-100 367	1 057 833
Dividends	0	71
<b>Net profit/loss - Investing activities</b>	<b>-100 367</b>	<b>1 057 905</b>
Operating expenses*	-12 793	-39 800
<b>Result from operating activities</b>	<b>-113 160</b>	<b>1 018 105</b>
Finance income	84	16
Finance expenses	-62	-85
<b>Profit/loss before income tax</b>	<b>-113 138</b>	<b>1 018 036</b>
Income tax expense	0	-11
<b>Profit/loss for the period</b>	<b>-113 138</b>	<b>1 018 025</b>
<b>Other Comprehensive Income for the period</b>		
Translation differences	-264 368	27 629
<b>Total Comprehensive Income for the period</b>	<b>-377 507</b>	<b>1 045 655</b>
<b>Attributable to equity holders of the Company</b>		
Profit/loss for the period	-113 138	1 018 025
Total Comprehensive Income for the period	-377 507	1 045 655
<b>Earnings per share</b>		
basic (SEK)	-2,00	17,96
diluted (SEK)	-2,00	17,96

\* see note 1 for detailed information



## Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Mar 31	Dec 31
	2011	2010
<b>Assets</b>		
Property, plant and equipment	5 609	6 104
<b>Total non-current assets</b>	<b>5 609</b>	<b>6 104</b>
Income tax receivables	450	0
Prepaid expenses and accrued income	1 192	786
Other receivables	16 878	6 613
Shares and participations	3 309 902	3 710 606
Cash and cash equivalents	16 621	41 988
<b>Total current assets</b>	<b>3 345 043</b>	<b>3 759 993</b>
<b>TOTAL ASSETS</b>	<b>3 350 652</b>	<b>3 766 097</b>
<b>Equity and liabilities</b>		
<b>EQUITY</b>		
Share capital	291 706	291 706
Other contributed equity	4 557 522	4 557 522
Reserves	-440 121	-175 753
Retained earnings, including profit/loss for the period	-1 118 880	-1 005 742
<b>Equity attributable to equity holders of EOS AB</b>	<b>3 290 227</b>	<b>3 667 734</b>
<b>Total Equity</b>	<b>3 290 227</b>	<b>3 667 734</b>
<b>LIABILITIES</b>		
Provisions	25 560	34 405
<b>Total non-current liabilities</b>	<b>25 560</b>	<b>34 405</b>
Trade and other payables	438	961
Other liabilities	12 636	40 795
Accrued expenses and deferred income	21 792	22 202
<b>Total current liabilities</b>	<b>34 865</b>	<b>63 958</b>
<b>Total liabilities</b>	<b>60 425</b>	<b>98 363</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 350 652</b>	<b>3 766 097</b>

## Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Mar 31	
	2011	2010
<b>Opening balance</b>	<b>3 667 734</b>	<b>2 939 632</b>
Total Comprehensive Income	-377 507	1 045 655
<b>Closing balance</b>	<b>3 290 227</b>	<b>3 985 287</b>

## Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Mar 31	
	2011	2010
<b>Cash flows from operating activities</b>		
Profit/loss before income tax	-113 138	1 018 036
Adjustment for non-cash items		
Change in fair value of securities	98 816	-1 058 598
Depreciation	91	125
Other	-50	-936
Income tax paid	-7	-72
<b>Net cash used in operating activities before changes in working capital</b>	<b>-14 288</b>	<b>-41 445</b>
<b>Cash flows from changes in working capital</b>		
Increase (-)/Decrease (+) in operating receivables	-11 801	-42 826
Increase (+)/Decrease (-) in operating liabilities	-29 839	-52 243
<b>Net cash used in operating activities</b>	<b>-55 928</b>	<b>-136 515</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	-20	0
Acquisition of shares and participations	-212 693	-571 990
Proceeds from sale of shares and participations	245 777	630 820
<b>Net cash used in investing activities</b>	<b>33 064</b>	<b>58 830</b>
<b>Cash flows from financing activities</b>		
	-	-
Net increase in cash and cash equivalents	-22 864	-77 685
Cash and cash equivalents at January 1	41 988	113 765
Effect of exchange rate fluctuations on cash held	-2 503	594
<b>Cash and cash equivalents at the end of the period</b>	<b>16 621</b>	<b>36 674</b>

## Consolidated Key Figures \*

	Jan 1 - Mar 31	
	2011	2010
Number of shares outstanding, end of period	56 673 177	56 673 177
Average number of shares outstanding	56 673 177	56 673 177
Net asset value, end of period, TSEK	3 290 227	3 985 286
Net Income per average number of shares outstanding, SEK	-2,00	17,96
Net asset value per share, end of period, SEK	58,06	70,32
<i>* before and after dilution</i>		

## Company Income Statement

Jan 1 - Mar 31

*In thousands of SEK*

	<b>2011</b>	<b>2010</b>
Other income	3 120	3 120
Other external expenses	-1 834	-1 486
Employee benefit expenses	-2 170	-1 286
Depreciation of property, plant and equipment	-47	-75
Other expenses	-1 090	-12 001
<b>Result from operating activities</b>	<b>-2 021</b>	<b>-11 728</b>
<b>Result from financial items</b>		
Result from participations in Group companies	-375 568	1 057 381
Other interest income and similar income	84	3
Interest expense and similar charges	-1	-2
<b>Profit/loss before income tax</b>	<b>-377 507</b>	<b>1 045 655</b>
Income tax expense	-	-
<b>Profit/loss for the period</b>	<b>-377 507</b>	<b>1 045 655</b>

EOS Russia AB (publ)

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## Company Balance Sheet

<i>In thousands of SEK</i>	Mar 31	Dec 31	Mar 31
	2011	2010	2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	290	317	887
Financial assets			
Participations in group companies	3 265 721	3 642 379	3 965 442
Other deposits	76	76	494
<b>Total fixed assets</b>	<b>3 266 087</b>	<b>3 642 772</b>	<b>3 966 823</b>
<b>Current assets</b>			
Current receivables			
Receivables from Group companies	24 435	21 315	11 955
Income tax receivables	450	0	33
Other receivables	397	794	352
Prepaid expenses and accrued income	528	645	851
<i>Total current receivables</i>	<i>25 811</i>	<i>22 754</i>	<i>13 191</i>
Cash and bank	1 307	7 901	15 775
<b>Total current assets</b>	<b>27 118</b>	<b>30 656</b>	<b>28 965</b>
<b>TOTAL ASSETS</b>	<b>3 293 205</b>	<b>3 673 427</b>	<b>3 995 788</b>
<b>EQUITY</b>			
<i>Restricted equity</i>			
Share capital, 56,673,177 shares at 5.15 (5.15)	291 706	291 706	291 706
<i>Unrestricted equity</i>			
Share premium reserve	4 557 524	4 557 524	4 549 551
Retained earnings	-1 181 496	-1 901 626	-1 901 626
Profit/loss for the period	-377 507	720 129	1 045 655
<b>TOTAL EQUITY</b>	<b>3 290 227</b>	<b>3 667 734</b>	<b>3 985 286</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	438	961	391
Other liabilities	206	1 558	361
Accrued expenses and prepaid income	2 334	3 175	9 750
<i>Total current liabilities</i>	<i>2 978</i>	<i>5 694</i>	<i>10 502</i>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 293 205</b>	<b>3 673 427</b>	<b>3 995 788</b>

## Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jan 1 - Mar 31	
	2011	2010
Employee remuneration expenses	-2 631	-1 723
Depreciation of property, plant and equipment	-91	-125
Other	-6 524	-1 822
Preference share remuneration		
EOS AB's yearly share price development	9 158	-19 151
Net increase in EOS Russia's net asset value from 2008-2012	-277	-127
Quarterly dividend on preference shares	-12 428	-16 852
<b>Total</b>	<b>-12 793</b>	<b>-39 800</b>