



Interim report

1 January – 30 September 2008

- IFRS NAV at the end of the period was SEK 2,170 million (SEK 38.29 per share)
- Loss for the period amounted to SEK -2,794 million (SEK -3,856 million for the third quarter)
- Main contributor to the loss was the downturn in global stock markets in general and Russian stock markets in particular which has negatively impacted EOS IFRS NAV during the third quarter.
- Total number of shares outstanding at the end of the period was 56,673,177
- EOS has paid down USD 164 million of a USD 165 million leverage facility during the period
- Investment portfolio significantly rebalanced towards distribution sector



Significant events after the end of the reporting period

- The downturn in global stock markets has continued to negatively impact EOS IFRS NAV and share price.
- EOS has subsequently paid down the remainder of the 165 million leverage facility

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 25th, 2007. The financial year is 1 January – 31 December.

The founders of EOS believe that the assets in the Russian electricity industry are currently undervalued due to the complex restructuring that is underway, as well as the still relatively underdeveloped equity market in Russia.

Russian electricity industry reform

A comprehensive reform program is gradually being implemented in the Russian electricity sector until 2011¹. 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 need for power generation, as well as associated distribution and transmission grids.

¹ Source: <http://www.rao-ees.ru>

Operational and financial results for the first nine months

Group

EOS recorded a net loss from investing activities of SEK -2,720 million (-83), whereof unrealized losses amounted to SEK -2,316 million, during the first nine months. Operating expenses amounted to SEK -46.0 million (-33.3). Net financial items for the period amounted to SEK -27.2 million (-14.6). Net financial items include interest income of SEK 0.6 million (0.8) and interest expenses totaling SEK -27.9 million (-3.3).

The net loss for EOS during the period was SEK -2,794 million (-131). Net loss per share was SEK -63.09 (-7.45).

EOS net asset value at September 30th was SEK 2,170 million (2,081). The net asset value was positively impacted by exchange rate translation differences of SEK 16 million (-98).

Parent Company

The parent company's income for the period amounted to SEK 13.0 million (5.0). Operating expenses amounted to SEK -26.5 (-5.4) million for the period. Net financial items amounted to SEK 9.7 million (0.4) for the period. The net loss for the period was SEK -3.8 million (0).

The total number of shares outstanding at September 30th, 2008 was 56,673,177.

EOS Russia's portfolio

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

During the third quarter the portfolio was reweighted from generation into distribution resulting in the main part of the portfolio being comprised of distribution assets as can be seen from the table below:

Share of EOS portfolio	June 30th	Sept. 30th	Change
Federal generation	23,5%	9,2%	-14,3
Regional generation	22,3%	19,5%	-2,8
Hydro generation	19,3%	6,5%	-12,8
Distribution	13,9%	50,6%	36,7
Transmission	15,6%	12,7%	-2,9
Integrated	5,4%	1,5%	-3,9
Total	100%	100%	

As per September 30th, 2008, EOS' portfolio consisted of the assets listed in the table below.

Assets September 30, 2008	Market value		Share of EOS portfolio, %
	MSEK	MUSD	
Federal generation	203	30	9,2%
Regional generation	428	63	19,5%
Hydro generation	142	21	6,5%
Distribution	1113	164	50,6%
Transmission	279	41	12,7%
Integrated	34	5	1,5%
Total	2200	324	100%

* SEK/USD 6.78

All shares are regarded as being traded on an inactive market and the portfolio is valued with a model based on mid prices.

Distribution

Distribution is the electricity sub-sector in which the government plans for external financing for the investments are the lowest. This makes us favour distribution companies, in general, compared to the other sub-sectors.

According to the plans of the Russian government, the RAB (Regulated Asset Base) regulation will be introduced from 2009. In the regulation, the distribution companies would be assigned a 6%

after-tax return on the RAB value in 2009, 9% in 2010 and 12% starting in 2011.

The RAB regulation is planned to be introduced to enable the distribution companies to meet the need of the large scale government investment plans. MRSK Holding has estimated that the investments of its subsidiaries will increase from around \$1.5bn in 2007 to more than \$7bn in 2010.

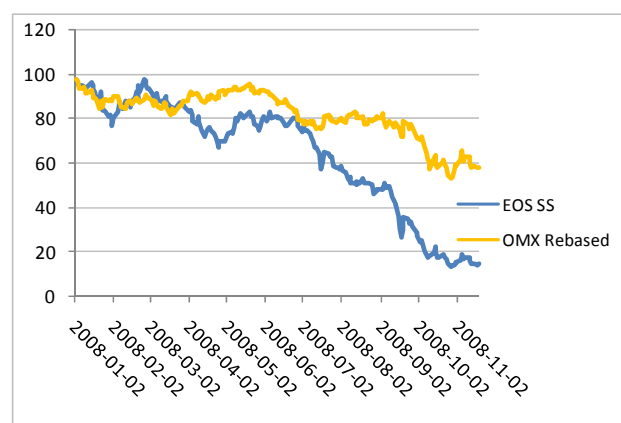
With the RAB regulation, most of the investment will be financed from profit. MRSK Holding has also estimated that the combined EBITDA of its subsidiaries would increase from less than \$2bn in 2007 to nearly \$7bn in 2010.

EOS Russia's share price development

The closing price of EOS share at September 30th, 2008 was SEK 26.90 corresponding to a decline during the first nine months of 72.5% (the OMX Stockholm 30 index lost 29% during the same period).

EOS share declined 85.2% from January 2nd, 2008 until November 18th, 2008 compared to the OMX Stockholm 30 Index that declined 40.7% during the same period.

Share price development January 2nd, 2008 – November 18th, 2008
EOS Russia AB (EOS SS) vs. OMX index



Source: Bloomberg

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Other information

Creation of the Group

EOS Russia AB is the parent company of the group and was registered in December 2005. During the first period of business the company was inactive. When the group in its present form was founded on May 8th, 2007, the parent company decided to direct a new share issue paid in cash or in kind to institutional investors. The group investments are made by the subsidiary EOS Russia (Cyprus) Ltd.

Organization

The number of employees (full time) in the group as of September 30th, 2008 was six (6), of which three (3) were employed by the parent company.

Related party transactions

Group

The group company EOS Russia (Cyprus) Ltd has as of September 30th, 2008 accrued a cost of SEK 21.3 million (26.5) and a debt of SEK 20.5 million (26.5), of which SEK 3.4 million is accounted for as a liability and SEK 17.1 million 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.

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 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 related to uncertainties 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 rudimentary and has been only partially accepted by market players. 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 a subsidiary. Also, as the shares in the parent company are issued and traded in SEK and the group investments are held in USD or Russian Rubles, the company is subject to currency exchange fluctuations.

For more information about EOS' risk exposure, please see the risk section of the 2007 annual report.

Compliance with rules and regulations

EOS Russia draws up its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS). This interim report was drawn up in accordance with IAS 34, Interim Financial Reporting. The new and revised standards adopted and interpretive announcements made by IASB/IFRIC and approved by the EU, which came into force on January 1st, 2008, have not been deemed to affect EOS Russia's financial reports. New or revised standards that are to be implemented from 2009 or later will not be applied before those dates. The same accounting and valuation principles have been applied as in the Annual Report for 2007.

The parent company applies the same accounting principles as the group, but taking into consideration RFR 2, Accounting for Legal Entities, the recommendations from the Swedish Financial Reporting Board. The same accounting and valuation principles have been applied as in the Annual Report for 2007.

For more detailed information about the principles used for the Group and the Company, please refer to the Annual Report 2007. 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 November 19th, 2008
EOS Russia AB (publ)
Reg nr 556694-7684

Sven Thorngren
CEO

Financial calendar

- 2009-02-27, Year End report
- 2009-04-24, Annual General Meeting

Reports and Press Releases in English are available on the EOS' web site:
www.eos-russia.com

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Report on Review of Interim Financial Information

Introduction

We have reviewed the interim report of EnergyO Solutions AB (publ), reg. no 556694-7684, as of 30 September 2008 and the nine-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 the Standards on Auditing in Sweden RS 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 November 19, 2008

KPMG AB

Anders Tagde
Authorized public accountant

Consolidated Income Statement in Summary

<i>In thousands of SEK</i>	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Apr 17 - Sep 30
	2008	2007	2008	2007
Net change in fair value of securities	-3 859 451	-125 801	-2 720 566	-83 448
Dividends	102	143	102	143
Net profit - Investing activities	-3 859 349	-125 657	-2 720 464	-83 304
Operating expenses*	16 433	-20 871	-46 003	-33 280
Result from operating activities	-3 842 917	-146 528	-2 766 467	-116 584
Finance income	452	274	628	843
Finance expenses	-13 561	-1 916	-27 857	-15 418
Profit before income tax	-3 856 026	-148 170	-2 793 697	-131 159
Income tax expense	-30	-14	-30	-27
Profit for the period	-3 856 056	-148 184	-2 793 727	-131 186
Attributable to:				
Equity holders of the Company	-3 856 056	-148 184	-2 793 727	-131 186
Earnings per share				
basic (SEK)	-68,04	-6,46	-63,09	-7,45
diluted (SEK)	-68,04	-6,46	-63,09	-7,45

* see note 1 for detailed information

Consolidated Balance Sheet

<i>In thousands of SEK</i>	Sep 30	Dec 31
	2008	2007
Assets		
Property, plant and equipment	7 611	4 665
Total non-current assets	7 611	4 665
Income tax receivables	-	25
Prepaid expenses and accrued income	4 082	2 756
Other receivables	2 764	2 173
Shares and participations	2 199 916	2 967 710
Cash and cash equivalents	14 591	19 376
Total current assets	2 221 354	2 992 040
TOTAL ASSETS	2 228 965	2 996 705
Equity and liabilities		
EQUITY		
Share capital	566 732	281 627
Other contributed equity	4 274 672	2 533 105
Reserves	15 592	-114 122
Retained earnings, including profit for the period	-2 687 050	106 676
Equity attributable to equity holders of EOS AB	2 169 946	2 807 287
Total Equity	2 169 946	2 807 287
LIABILITIES		
Provisions	17 124	27 402
Total non-current liabilities	17 124	27 402
Loans and borrowings	8 654	121 227
Income tax liabilities	337	-
Trade and other payables	1 338	2 883
Other liabilities	19 999	21 900
Accrued expenses and deferred income	11 567	16 005
Total current liabilities	41 895	162 016
Total liabilities	59 019	189 418
TOTAL EQUITY AND LIABILITIES	2 228 965	2 996 705

Consolidated Statement of Changes in Equity

<i>In thousands of SEK</i>	Jan 1 - Sep 30	Apr 17 - Sep 30
	2008	2007
Opening balance as per balance sheet	2 807 287	100
Translation losses on consolidation	129 714	-97 832
Total change in equity not recognised in the Income Statement, excl. transactions with and distributions to owners	129 714	-97 832
Profit for the period	-2 793 727	-131 186
Total change in equity, excl. transactions with and distributions to equity owners	-2 664 013	-229 018
Issue of shares	2 026 672	2 343 782
Closing balance	2 169 946	2 114 865

Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Sep 30	Apr 17 - Sep 30
	2008	2007
Cash flows from operating activities		
Profit before income tax	-2 793 697	-131 159
Adjustment for non-cash items		
Net change in fair value of securities	2 720 566	59 946
Depreciation	264	6
Other	1 777	223
Income tax paid	131	-
Net cash used in operating activities before changes in working capital	-70 959	-70 984
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	8 188	-9 657
Increase (+)/Decrease (-) in operating liabilities	-30 017	40 389
Net cash used in operating activities	-92 787	-40 252
Cash flows from investing activities		
Acquisition of property, plant and equipment	-3 397	-121
Acquisition of shares and participations *	-3 747 291	-1 759 865
Proceeds from sale of shares and participations	2 841 297	-
Net cash used in investing activities	-909 391	-1 759 986
Cash flows from financing activities		
Borrowings	-111 585	146 081
Proceeds from issue of new shares *	1 108 808	1 660 466
Net cash from financing activities	997 223	1 806 547
Net increase in cash and cash equivalents	-4 955	6 308
Cash and cash equivalents at January 1	19 376	100
Effect of exchange rate fluctuations on cash held	170	-6
Cash and cash equivalents at the end of the period	14 591	6 403

* Total share issues in 2008 amounted to SEK 2,026,672 thousand (2,343,782), including issues in kind of SEK 917,864 thousand (683,316), net of SEK 91,249 thousand (54,687) share issue cost.

Consolidated Key Figures *

	Jan 1 - Sep 30	Apr 17 - Sep 30
	2008	2007
Number of shares outstanding, end of period	56 673 177	23 104 283
Average number of shares outstanding	44 279 359	17 601 564
Net asset value, end of period, TSEK	2 169 946	2 114 865
Net Income per average number of shares outstanding, SEK	-63,09	-7,45
Net asset value per share, end of period, SEK	38,29	91,54

* before and after dilution

Company Income Statement

<i>In thousands of SEK</i>	Jul 1 - Sep 30		Jan 1 - Sep 30	
	2008	2007	2008	2007
Other income	4 320	2 900	12 960	5 000
Other external expenses	-2 724	-1 532	-10 668	-2 958
Employee benefit expenses	-2 390	-1 613	-5 947	-2 396
Depreciation of property, plant and equipment	-57	-6	-165	-6
Other expenses	3 083	-	-9 680	-
Result from operating activities	2 232	-251	-13 499	-360
Result from financial items				
Result from participations in Group companies	-3 083	-	9 680	-
Other interest income and similar income	10	225	142	382
Interest expense and similar charges	-66	-3	-114	-3
Profit/loss before income tax	-907	-29	-3 792	19
Income tax expense	-	8	-	-5
Profit/loss for the period	-907	-20	-3 792	14

Company Balance Sheet

<i>In thousands of SEK</i>	Sep 30, 2008	Sep 30, 2007
ASSETS		
Non-current assets		
Property, plant and equipment	1 398	115
Financial assets		
Participations in group companies	4 821 126	2 339 089
Other deposits	491	-
Total fixed assets	4 823 015	2 339 204
Current assets		
Current receivables		
Receivables from Group companies	12 960	5 000
Other receivables	759	1 208
Prepaid expenses and accrued income	1 083	319
<i>Total current receivables</i>	<i>14 802</i>	<i>6 527</i>
Cash and bank	12 630	6 271
Total current assets	27 432	12 798
TOTAL ASSETS	4 850 446	2 352 003
EQUITY		
<i>Restricted equity</i>		
Share capital, 56,673,177 shares at 10	566 732	231 043
<i>Unrestricted equity</i>		
Share premium reserve	4 274 674	2 112 812
Retained earnings	68	-
Profit for the period	-3 792	14
TOTAL EQUITY	4 837 682	2 343 869
LIABILITIES		
Current liabilities		
Accounts payable	1 338	3 339
Current tax liabilities	168	-
Other liabilities	545	2 710
Accrued expenses and prepaid income	10 713	2 085
<i>Total current liabilities</i>	<i>12 764</i>	<i>8 134</i>
TOTAL EQUITY AND LIABILITIES	4 850 446	2 352 003

Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Apr 17 - Sep 30
	2008	2007	2008	2007
Employee remuneration expenses	-4 967	-2 166	-9 449	-2 831
Depreciation of property, plant and equipment	-109	-6	-264	-6
Other	-735	-541	-14 781	-3 969
Preference share remuneration				
EOS AB's yearly share price development	12 634	-8 132	2 573	-12 817
Net increase in EOS Russia's net asset value from 2008-2012	12 995	-2 395	7 531	-2 395
Quarterly dividend on preference shares	-3 386	-7 631	-31 613	-11 262
Total	16 433	-20 871	-46 003	-33 280