Interim report

January – September 2007

Interim period January – September 2007

- Net asset value increased by MSEK 34 compared to June 30 to a total of MSEK 2,115 at the end of the period, with a net asset value per share of SEK 91.54
- Exchange rate differences in the third quarter affected the net asset value negatively by MSEK -98
- Consolidated net income amounted to MSEK -148 for the third quarter and MSEK -131 for the first nine months
- Approximately MSEK 300 was raised through a share issue in kind and a share issue in cash

After end of period

- EOS Russia announced a directed share issue in kind and a share issue in cash of MSEK 486 at the end of September, aimed at clients of Troika Dialog, which was completed after the period ended on October 8

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EOS Russia

EOS Russia (EOS) was formed in the spring of 2007 and consists of the parent company, EOS Russia AB (publ), and the subsidiary, EOS Russia (Cyprus) Ltd. The overall objective of EOS is to offer its shareholders favorable total returns by investing primarily in listed Russian power companies during the ongoing reform of the sector.

The founders of EOS believe that the assets in the Russian power sector are currently undervalued due to the complex restructuring that is underway, as well as the still relatively underdeveloped equity market in Russia. EOS in its current form emerged when the company decided to carry out a directed share issue to a number of institutional investors and investors of institutional character, paid for in kind or in cash on May 8, 2007.

Market development

The Russian power sector is currently undergoing a structural reform with the purpose of creating a competitive, liberalized market. The goal of the reform is to ensure an attractive climate for private capital in order to facilitate financing of the major new investments required to satisfy current and future needs for power generation, as well as associated distribution and transmission grids.

The reform is bringing with it a complete transition to market pricing of electricity in Russia. As this change in price will most likely involve a significant increase from the current regulated price levels, EOS Russia believes that the current valuation of existing Russian power assets does not sufficiently take into account their ability to generate profits in a future liberalized market.

Operational and financial results

Group

EOS recorded a net loss from investing activities of MSEK -126 during the third quarter compared to a net loss of MSEK -83 during the first nine months. Operating costs were MSEK 20.9 for the third quarter and MSEK 33.3 for the first nine months. Net financial items for the quarter amounted to MSEK -1,6 and MSEK -14,6 for the first nine months. Net financial items for the first nine months include interest income of MSEK 0.8 and interest expenses totaling MSEK -3.3. The remaining part is made up of results from hedging activities. Net loss was heavily impacted by the changes in value of shares in the portfolio, arising from the generally difficult environment on the financial markets during the last quarter. The net loss for EOS during the third quarter was MSEK -148 (SEK -7.45 per share) compared to MSEK -131 during the first nine months.

EOS net asset value at September 30 was MSEK 2,115, representing an increase of MSEK 34 since June 30. Net asset value was negatively impacted by exchange rate differences of MSEK -98, driven by weakening dollar exchange rates.

Parent Company

The parent company's operating result was MSEK 5.0. Operating costs amounted to MSEK -5.4 and net financial items amounted to MSEK 0.4. The net income for the period was MSEK 0. During the period, the number of shares outstanding increased by 2,742,728 via two new share issues. The total number of shares outstanding at September 30 was 23,104,283.

Approximately MSEK 300 was raised through a share issue in kind and a share issue in cash.

Group investments

During the third quarter 2007, EOS carried out two new share issues, adding in total about MSEK 300 (MUSD 46) to the portfolio. The first share issue in kind, consisting of 582,522 shares, was carried out on July 6, 2007, and was aimed at an institutional investor. This issue provided the investor with a portfolio of EOS shares worth MSEK 63.5 (MUSD 9.8) and EOS was provided with a portfolio of attractive Russian utility stocks. The second share issue was also carried out on July 6, aimed at FIM Securities. This issue covered 2,160,206 shares and raised MSEK 235 (MUSD 36) for EOS. Up to September 30, most of the proceeds from the new share issues have been invested in Russian utilities shares. As per September 30, EOS's portfolio consisted of the assets listed in the table below.

EOS Russia's portfolio

Asset	Market value MSEK	Market value MUSD	Share of EOS portfolio, %
UES	1.763	271	77.3%
Thermal generation	212	33	9.4%
Distribution	178	28	8.0%
Hydro generation	55	8	2.3%
Other	70	11	3.0%
Total	**2.278**	**351**	**100.0%**

EOS's investment strategy is such that the Group initially will have substantial exposure to UES. UES will be broken up into more than 20 individual companies during the privatization process, hence EOS already today has a substantial indirect diversification through the investment in UES. In addition to UES, EOS has also invested in companies active in transmission, distribution and hydropower.

UES

UES is the major power holding company in Russia, and accounted for 70 per cent of Russia's total electricity production and 33 per cent of heat production[1] as of September 30, 2007. The export of power is conducted primarily to former Soviet states and the Nordic region. The largest shareholders as of September 30, 2007 in UES are the Russian state (53 per cent) and Gazprom (14 per cent)[2]. The government currently dominates the power sector through its controlling interest in the UES Holding company. After the completion of the reform, mentioned earlier, power production based on gas, coal and oil will be privately owned.

[1] Source: http://www.rao-ees.ru
[2] Source: http://www.rao-ees.ru

EOS Russia's share price development

The closing price of EOS share at September 30 was SEK 98.5, corresponding to a decline during the third quarter of -4.4% (compared to the OMX Stockholm 30 index with a decline of -2,66% during the same period) and of -7.5% since the listing on June 25 (OMX Stockholm 30 index declined -2.3% during the same time period).

Share price development of EOS Russia AB (EOS SS)

Source: SIX AB

Other information

Creation of the Group

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

Organization

The number of employees (full time) in the group as of September 30 was three (3), of which two (2) were employed by the parent company.

Related party transactions

Group
The group company EOS (Cyprus) Ltd has accrued a cost and a corresponding debt of MSEK 26.5 as of which MSEK 11.3 is an actual dividend to the holders of the preference shares in accordance with the current agreement and MSEK 15.2 represents a provision of possible future dividends for which one should make provisions in accordance with IFRS 2 and IAS 19. 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 operating costs.

Parent company
EOS Russia AB has not granted any loans, warranties or guarantees to or for the benefit of board members, management or group auditors. 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.

Provisions
Apart from what has already been explained under *"Related party transactions*", no provisions related to uncertainties have been accounted for.

Risks

Group
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.

Besides being smaller, less liquid and more volatile, the Russian market is less developed and more limited in its ability to generate historical data. A large percentage of securities transactions are brokered by private institutions outside the equity and OTC markets and regulated by local 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 financial resources to enforce the legislation that has been passed.

Parent Company
The risks associated with the activities for the group could 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 in USD, investors are subject to financial effects from currency exchange fluctuations.

Significant events after the end of the reporting period

The company has raised MSEK 486 in a directed new share issue in kind and a cash issue. The share issue in kind consisted of 1,712,906 shares and MSEK 164.

The cash issue consisted of 3,345,545 shares and MSEK 322.

Stockholm November 21, 2007
EOS Russia AB (publ)

Sven Thorngren
CEO

Financial calendar

- 2008-02-27, Year-end report 2007
- 2008-04-24, Annual General Meeting

Reports and Press Releases in Swedish and English are available on the EOS's home page:

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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 September 30, 2007 and for the nine-month period then ended. The board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information 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 into persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially narrower 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 21, 2007
KPMG Bohlins AB

Anders Tagde
Authorized public accountant

Consolidated Income Statement in summary

Amounts in TSEK	Consolidated 2007 1/7-30/9	Consolidated 2007 1/1-30/9	Parent Company 2007 1/1-30/9	Parent Company 2006 1/1-30/9
Change in value in shares in active portfolio management	-125 801	-83 448	-	-
Other operating income	143	143	5 000	-
Net profit/loss - Investing activities	**-125 657**	**-83 304**	**5 000**	**0**
Operating costs	-20 871	-33 280	-5 360	-
Operating profit/loss	**-146 528**	**-116 584**	**-360**	**0**
Financial income	274	843	382	-
Financial expenses	-1 916	-15 418	-3	-
Operating profit/loss after net financial items	**-148 170**	**-131 159**	**19**	**0**
Taxes	-14	-27	-5	-
Net Income	**-148 184**	**-131 186**	**14**	**0**

Consolidated Balance Sheet in summary

Amounts in TSEK	Consolidated 2007 30/9	Consolidated 2006 31/12	Parent Company 2007 30/9	Parent Company 2006 31/12
Assets				
Property, plant and equipment	115	-	115	-
Shares in subsidiaries	-	-	2 339 089	-
Prepaid expenses and accrued income	319	-	319	-
Other receivables	1 623	-	6 208	-
Shares and participations in active portfolio management	2 277 923	-	-	-
Cash and cash equivalents	6 403	100	6 271	100
TOTAL ASSETS	**2 286 384**	**100**	**2 352 003**	**100**
EQUITY				
Share capital	231 043	100	231 043	100
Other contributed equity	2 112 840	-	2 112 812	-
Translation reserve	-97 832	-	-	-
Retained earnings, including net income for the year	-131 186	-	14	-
Total Equity	**2 114 865**	**100**	**2 343 869**	**100**
LIABILITIES				
Accrued expenses and deferred income	2 859	-	2 085	-
Other liabilities	168 660	-	6 049	-
Total Liabilities	**171 519**	**0**	**8 134**	**0**
TOTAL EQUITY AND LIABILITIES	**2 286 384**	**100**	**2 352 003**	**100**

Changes in Shareholder's Equity

Amounts in TSEK	Consolidated 2007 30/9	Consolidated 2006 30/9	Parent Company 2007 30/9	Parent Company 2006 30/9
Opening balance as per balance sheet	**100**	**100**	**100**	**100**
Issue of shares	2 343 782	-	2 343 755	-
Translation reserve	-97 832	-	-	-
Net Income	-131 186	-	14	-
Closing balance	**2 114 865**	**100**	**2 343 869**	**100**

Statement of Cash Flows

Amounts in TSEK	Consolidated 2007 1/1-30/9	Consolidated 2006 1/1-30/9	Parent Company 2007 1/1-30/9	Parent Company 2006 1/1-30/9
Operating activities				
Operating Income after net financial items	-131 159	-	19	-
Unrealised gain	59 946	-	-	-
Adjustment for non-influential cash items	229	-	6	-
Change in working capital	30 732	-	1 602	-
Cash flows from operating activities	**-40 252**	**0**	**1 627**	**0**
Investing activities				
Net changes, short-term investments	-2 443 181	-	-2 339 089	-
Net changes, equipment	-121	-	-121	-
Cash flows from investing activities	**-2 443 303**	**0**	**-2 339 210**	**0**
Financing activities				
Loans raised	146 081	-	-	-
Issue of shares	2 343 782	-	2 343 755	-
Cash flows from financing activities	**2 489 864**	**0**	**2 343 755**	**0**
Cash flow for the period	6 308	-	6 171	-
Cash and cash equivalents at beginning of the year	100	100	100	100
Exchange difference in cash	-6	-	-	-
Cash and cash equivalents at the end of the period	**6 403**	**100**	**6 271**	**100**

Consolidated Key Figures *

	2007 1/1-30/9	2006 1/1-30/9
Number of shares outstanding, end of period	23 104 283	1000
Average number of shares outstanding	17 601 564	1000
Net asset value, end of period, TSEK	2 114 865	100
Net Income per average number of shares outstanding, SEK	-7.45	-
Net asset value per share, end of period, SEK	91.54	100

** before and after dilution*

Note 1 Main accounting principles

Accordance with accounting standards and legal requirements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations announced by the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the EC Commission for application within the EU. In addition, the Swedish Financial Accounting Standards Council's standard RR 30:06, Supplementary Accounting Regulations for Groups is applied.

The parent company applies the same accounting principles as the group, except in the cases stated below in the section "Parent Company accounting principles".

The conditions for establishing the financial reports for the parent company and the group.
The parent company's functional currency is Swedish kronor, which is also the reporting currency of the parent company and the group. This means that the financial statements are presented in Swedish kronor.

Assets and liabilities are accounted for at historical cost, except for some financial assets and liabilities accounted for at fair value. Financial assets and liabilities carried at fair value are derivatives, financial assets classified as financial assets at fair value through profit or loss or available-for-sale financial assets.

Critical judgments when applying accounting polices and key sources of estimation uncertainty

The preparation of financial reports does always involve a degree of judgment and estimations. The main areas for EOS are assessed to be the following:

Management has assessed that the remunerations that are linked to the net asset value of the company are not derivatives. The investment portfolio of the company will in some part consist of shares where management has assessed that the instruments do not have prices quoted on an active market. In these situations, management will establish fair values based on valuation techniques. In relation to fair values established based on price quotations from active markets, the fair values based on valuation techniques will be more uncertain.

When valuing share-related compensations (see below), future share-related compensations based on future share issues are not considered due to uncertainties on how to apply IFRS 2 in this respect. The valuations only take into consideration share issues carried out per the date of delivering the interim report.

An area characterized by uncertainty in the calculations the company makes in relation to future actual outcome, is the calculation of the debt and cost for share-related compensations. This uncertainty is predominantly characterized by (a) uncertainty in assumptions about volatility dependant on the future mix of the asset portfolio, (b) unknown future strike prices and (c) time to maturity. The corresponding uncertainty regarding employee remuneration is predominantly in unknown future strike prices.

Basis of consolidation
The consolidated financial statements comprise the parent company and its subsidiaries. A subsidiary is a company over which the parent company has a controlling influence. Controlling influence means to, directly or indirectly, have the power to govern the financial and operating policies of an entity as to obtain benefits from its activities.

Subsidiaries are included in the consolidated financial statements using the purchase method. According to the purchase method, the acquisition is considered a transaction by which the group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The cost of acquisition is determined by means of an acquisition analysis in connection with the acquisition. The analysis establishes both the cost of acquisition and the fair value of acquired identifiable assets plus the liabilities and contingent liabilities assumed. The cost of acquisition consists of the fair value of assets paid, liabilities incurred or assumed and for equity instruments issued as consideration for acquired net assets, plus any transaction costs directly attributable to the acquisition.

Where the cost exceeds the net fair value of acquired assets and liabilities and contingent liabilities assumed, the difference is accounted for as goodwill. When the difference is negative, it is directly recognized in the income statement. A subsidiary is included in the consolidated financial statements as of the time of acquisition until the date on which the controlling influence ceases. Inter-company assets, liabilities, income, costs and unrealized profit or loss arising from inter-company transactions between group companies are eliminated in their entirety.

Foreign currency translation

Transactions in foreign currency are translated to the functional currency at the rate of exchange on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the balance sheet date. Foreign currency differences that arise from translations are recognized in profit or loss. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate on the transaction date

Foreign operations

Assets and liabilities in foreign operations are translated from their functional currency to the reporting currency of the group (Swedish kronor), at the exchange rate on the balance sheet date. Income and expenses in a foreign operation are translated to Swedish kronor at an average exchange rate comprising of an approximation of exchange rates prevailing at each transaction date. Translation differences that arise from currency translation of foreign operations are recognized directly in equity as translation reserve.

Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and any expenditure directly attributable to bringing the asset to a working condition for its intended use.

Depreciation is made on a straight-line basis over the estimated useful life. The estimated useful life is assessed annually.

Pensions

There will only be defined contribution pension plans in the group. Pension plans are classified as defined contribution plans when the company's obligation is limited to the amounts it is obliged to pay. The company's obligations regarding contributions to defined contribution plans are recognized as an expense in profit or loss when the employees have rendered services to the company during a period.

Provisions

A provision is recognized in the balance sheet when the group has a present legal or constructive obligation as a consequence of an event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Taxes

Income tax is comprised of current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity in which case it is recognized in equity. Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized.

Financial instruments

Financial instruments will be classified in accordance with IAS 32 and recognized and measured in accordance with IAS 39.

Categories of financial instruments and measurement

When a financial asset or financial liability is recognized initially, the company measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. For financial instrument measured at fair value through profit and loss, transaction costs are recognized directly as expenses when they are incurred.

Financial instruments held for trading
The investments in equity instruments will be classified as held for trading. The investments will consequently be measured at fair value (without any deductions for future transaction costs) with changes in fair values recognized in the income statement

Stand-alone and any potential embedded derivatives that are not closely related to the host contract do also belong to the category financial instruments held for trading and will be measured at fair value through the income statement.

Financial assets available for sale
In cases when the company is temporarily over-funded awaiting the appropriate moment for additional investments, the liquidity surplus will be invested in interest rate bearing financial instruments and the investments will for measurement and recognition purposes belong to the category financial assets available for sale. The instruments will accordingly be measured at fair value with changes in fair values recognized directly in equity.

Other financial liabilities
Issued debt instruments and other financial liabilities will be measured at amortized cost

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that the company is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that the company would receive or pay in a forced transaction, involuntary liquidation or distress sale.

Financial instruments that are measured at fair value will, when possible, be measured at fair value based on prices that are quoted on active markets. According to managements judgment a major part of the investment portfolio does however not have prices quoted on an active market, and valuation techniques will instead be used. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. The valuation techniques used by the company incorporates the factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing similar financial instruments. The valuation techniques used by the company build as far as possible on objective market data and as little as possible on entity specific data and judgment. The entity will regularly validate its valuation techniques by comparisons to actual transactions that take place in the market.

Equity
Financial liabilities and equity instruments will be classified and presented in accordance with the substance of the transactions rather than the legal form, in cases where substance and form diverge. Also payments from these instruments will be classified in accordance with the economical substance of the contract. Treasury shares (reacquired own equity instruments) will be presented as deduction of own equity. A purchase of own shares will be accounted for as a deduction of equity and a sale as an increase in equity with no gain or loss recognized in the income statement. Any transaction cost arising from the purchase or sale of own shares will also be recognized directly in equity.

Share-based payments
Currently only contracts on cash-settled share-based payments exist. The entity accounts for the services received in a share-based transaction when the services are rendered. The entity measures the services acquired and the liability incurred at the fair value of the liability, in accordance with IFRS 2 rules for share-related compensations settled with equity instruments. The size of the accrual is calculated using a Monte Carlo simulation and Black-Scholes model for option valuation. Until the liability is settled, the fair value of the liability is re-measured at

fair value at each balance sheet date and at settlement date, where changes in fair values are recognized in the profit or loss statement.

The Parent Company's accounting principles

The financial statements of the Parent Company are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Financial Accounting Standards Council's standard RR 32:06, Accounting for legal entities. In addition, all interpretations issued by the Swedish Accounting Standard Council's emerging issues task force, are applied. RR 32:06 means that the parent company, in its own financial statements, applies all of the EU-approved IFRS and interpretations as far as it is possible within the framework of the Swedish Annual Accounts Act and with due regard to the relationship between accounting and taxation. This standard specifies which exceptions and additions must be applied with regard to IFRS.

Subsidiaries

Holdings in subsidiaries are carried at cost less any impairment losses.