



Year-end report

1 January – 31 December 2008

- IFRS NAV at the end of the period was SEK 1,330 million (2,807) and SEK 23.46 per share (99.68)
- Loss for the period amounted to SEK -3,858 million (107) and SEK -1,065 million for the fourth quarter (238)
- 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
- Several directed share issues completed in April and May, totaling gross SEK 2,118 million out of which SEK 918 million was issues in kind. More than 120 institutions participated
- Leverage on equity portfolio fully paid down
- Portfolio rebalanced into distribution and transmission during 2H 2008
- Total number of shares outstanding at the end of the period was 56,673,177 (28,162,734)



Significant events after the end of the reporting period

- The downturn in global stock markets has continued to negatively impact EOS' IFRS NAV.

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 was 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.

¹ Source: <http://www.rao-ees.ru>

Operational and financial results for the full year

Group

EOS recorded a net loss from investing activities of SEK -3,776 million (186). Operating expenses amounted to SEK -46.1 million (-61.2). Net financial items for the period amounted to SEK -36.3 million (-18.4). Net financial items include interest income of SEK 2.1 million (1.0) and interest expenses totaling SEK -34.8 million (-9.9). The remaining part is made up of results from hedging activities.

The net loss for EOS during the period was SEK -3,858 million (107). Net loss per share was SEK -81.38 (4.97).

For the fourth quarter, EOS recorded a loss from investing activities of SEK -1,056 million (270). The net loss was SEK -1,065 million (238). Operating expenses amounted to SEK -0.1 million (-27.9) due to reversals of prior periods accounted expenses for preference shareholders.

EOS' net asset value at December 31st was SEK 1,330 million (2,807). The net asset value was positively impacted by exchange rate translation differences of SEK 240 million (-114).

Parent Company

The parent company's income for the period amounted to SEK 17.3 million (9.8) Operating expenses amounted to SEK -29.2 (-23.7) million for the period. Net financial items amounted to SEK -3,500 million (14.0) for the period due to write-down of shares in subsidiary of SEK 3,510 million. The net loss for the period was SEK -3,512 million (0.1).

The total number of shares outstanding at December 31st, 2008 was 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 fourth quarter are shown in the table below:

Share of EOS portfolio	Sept. 30th	Dec. 31st	Change
Thermal Generation	28,7%	17,7%	- 11,0
Hydro Generation	6,5%	0,2%	- 6,3
Distribution	50,6%	53,0%	2,4
Transmission	12,7%	17,8%	5,1
Integrated	1,5%	1,3%	- 0,2
Shares Tendered*	0,0%	10,0%	10,0
Total	100%	100%	

As per December 31st, 2008, EOS' portfolio consisted of the assets listed in the table below.

Assets December 31, 2008	Market value		Share of EOS portfolio, %
	MSEK**	MUSD	
Thermal Generation	230	30	17,7%
Hydro Generation	2	0,3	0,2%
Distribution	689	89	53,0%
Transmission	232	30	17,8%
Integrated	17	2	1,3%
Shares Tendered*	131	17	10,0%
Total	1302	168	100%

* Shares in TGK-2 and TGK-4 have been tendered in share buyouts and are accounted for as other receivables.

** SEK/USD 7.7525

All shares are regarded as being traded on an inactive market and the fair value of the portfolio is estimated with a model based on quoted mid prices, except for TGK-2 and TGK-4 which are valued at buyout prices.

Shares tendered in TGK-2 and TGK-4

TGK-2

In August 2008 RWE/Sintez through Kores Invest tendered a buyout offer of RUB 0.0025 per share to minority shareholders of TGK-2. This buyout offer was compulsory since Kores Invest had consolidated 43.3% of TGK-2 earlier in 2008 thereby crossing the 30% threshold which by Russian Federation law triggers a mandatory offer. The buyout offer was supported by a banking guarantee by Sberbank, which would ensure fulfilment of the

buyout in the event of insolvency on the part of Kores Invest.

EOS Russia tendered all shares owned in TGK-2 in the buyout offer in October 2008 and payment was to be received by the end of that month.

Payment for the buyout was not received by EOS at the October deadline. The buyout offer and the banking guarantee are currently challenged in courts by Kores Invest.

TGK-4

In July 2008 Onexim tendered a buyout offer of RUB 0.0027 per share to minority shareholders of TGK-4. This buyout offer was compulsory since Onexim had consolidated more than 50% of TGK-4 earlier in 2008 thereby crossing the 30% threshold which by Russian Federation law triggers a mandatory offer. The buyout offer was supported by a banking guarantee by Rosbank, which would ensure fulfillment of the buyout in the event of insolvency on the part of Onexim.

EOS Russia tendered all shares owned in TGK-4 in the buyout offer in October 2008 and payment was to be received by the end of that month.

Payment for the buyout was not received by EOS at the October deadline and the buyout offer is currently challenged in courts by Onexim. Further, the bank guarantee issued by Rosbank has been declared invalid by a lower court.

Legal opinion received by EOS Russia support our view that the buyouts are still valid according to Russian Federation law.

EOS Russia's share price development

The closing price of EOS share at December 31st, 2008 was SEK 16 corresponding to a decline during the full year of 83.6% (the OMX Stockholm 30 index lost 37.4% during the same period).

EOS share declined 84.3% from January 2nd, 2008 until February 25th, 2009 compared to the OMX Stockholm 30 Index that declined 41.7% during the same period.

**Share price development January 2nd, 2008 – February 25th, 2009
EOS Russia AB (EOS SS) vs. OMX index**



Source: Bloomberg

Other information

Organization

The number of employees in the group as of December 31st, 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 December 31st, 2008 accrued a cost of SEK 19.9 million (48.3) and a debt of SEK 15.7 million (48.3), of which SEK 3.9 million (20.9) is accounted for as a liability and SEK 11.8 million (27.4) 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.

Preferred shares

The board of EOS Russia AB decided at the board meeting 2009-02-25 to suggest the following changes to the shareholders agreement (described in the 2007 Annual Report) with preferred shareholders in EOS Cyprus Ltd.:

- To exclude from "operational expenses" board remuneration to other board members than the Founders and legal costs associated with the work of the board of directors.
- To replace cash payments with liabilities in case of negative Quarterly Interim dividends.
- If one, or several shareholders acting jointly implement significant changes to the investment strategy or the cost structure of the Group or successfully support a resolution to liquidate the Parent Company prior to 2013 the Preference Shareholders have a right to request that the Parent Company purchases the Preference Shares

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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 company is subject to currency exchange risks.

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 2007 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. 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.

Annual general meeting

The annual general meeting (AGM) will be held in Stockholm on 24 April 2009. Summons to the AGM will be sent out in March 2009.

Annual report

EOS's annual report will be made available on the company web site at the latest two weeks before the AGM.

Dividend

EOS's main objective is to generate shareholder value by investing in Russian power company shares until 2012. EOS plans to reinvest capital gains. The board of directors has not made a proposal for a dividend for the financial year 2008.

Stockholm February 27th, 2009
EOS Russia AB (publ)
Reg nr 556694-7684

Sven Thorngren
CEO

Financial calendar

- 2009-04-24, Annual General Meeting
- 2009-05-20 Interim report 1 January – 31 March 2009

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

www.eos-russia.com

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Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim financial information (the interim report) of EnergyO Solutions AB (publ), reg. no 556694-7684, as of 31 December 2008 and the full year 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 February 27, 2009

KPMG AB

Anders Tagde
Authorized public accountant

Consolidated Income Statement in Summary

<i>In thousands of SEK</i>	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Apr 17 - Dec 31
	2008	2007	2008	2007
Net change in fair value of securities	-1 055 529	269 321	-3 776 095	185 873
Dividends	4	364	106	507
Net profit/loss - Investing activities	-1 055 525	269 685	-3 775 989	186 381
Operating expenses*	-109	-27 886	-46 112	-61 166
Result from operating activities	-1 055 634	241 799	-3 822 101	125 215
Finance income	1 521	179	2 149	1 022
Finance expenses	-10 547	-4 039	-38 404	-19 457
Profit/loss before income tax	-1 064 660	237 939	-3 858 356	106 779
Income tax expense	34	-76	4	-103
Profit/loss for the period	-1 064 626	237 863	-3 858 352	106 676
Attributable to:				
Equity holders of the Company	-1 064 626	237 863	-3 858 352	106 676
Earnings per share				
basic (SEK)	-18,79	8,46	-81,38	4,97
diluted (SEK)	-18,79	8,46	-81,38	4,97

* see note 1 for detailed information

Consolidated Balance Sheet

<i>In thousands of SEK</i>	Dec 31	Dec 31
	2008	2007
Assets		
Property, plant and equipment	8 330	4 665
Total non-current assets	8 330	4 665
Income tax receivables	27	25
Prepaid expenses and accrued income	1 028	2 756
Other receivables	133 446	2 173
Shares and participations	1 171 364	2 967 710
Cash and cash equivalents	45 427	19 376
Total current assets	1 351 292	2 992 040
TOTAL ASSETS	1 359 622	2 996 705
Equity and liabilities		
EQUITY		
Share capital	566 732	281 627
Other contributed equity	4 274 524	2 533 105
Reserves	240 209	-114 122
Retained earnings, including profit for the period	-3 751 676	106 676
Equity attributable to equity holders of EOS AB	1 329 789	2 807 287
Total Equity	1 329 789	2 807 287
LIABILITIES		
Provisions	11 794	27 402
Total non-current liabilities	11 794	27 402
Loans and borrowings	0	121 227
Trade and other payables	1 325	2 883
Other liabilities	4 724	21 900
Accrued expenses and deferred income	11 990	16 005
Total current liabilities	18 039	162 016
Total liabilities	29 834	189 418
TOTAL EQUITY AND LIABILITIES	1 359 622	2 996 705

Consolidated Statement of Changes in Equity

<i>In thousands of SEK</i>	Jan 1 - Dec 31	Apr 17 - Dec 31
	2008	2007
Opening balance as per balance sheet	2 807 287	100
Translation gains/losses on consolidation	354 331	-114 122
Total change in equity not recognised in the Income Statement, excl. transactions with and distributions to owners	354 331	-114 122
Profit/loss for the period	-3 858 352	106 676
Total change in equity, excl. transactions with and distributions to equity owners	-3 504 022	-7 446
Issue of shares	2 026 523	2 814 632
Closing balance	1 329 789	2 807 287

Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Dec 31	Apr 17 - Dec 31
	2008	2007
Cash flows from operating activities		
Profit before income tax	-3 858 356	106 779
Adjustment for non-cash items		
Net change in fair value of securities	3 776 650	-201 619
Depreciation	426	12
Other	4 981	27 402
Income tax paid	-35	-100
Net cash used in operating activities before changes in working capital	-76 334	-67 525
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	-97 281	-5 051
Increase (+)/Decrease (-) in operating liabilities	-51 760	41 065
Net cash used in operating activities	-225 375	-31 510
Cash flows from investing activities		
Acquisition of property, plant and equipment	-3 492	-4 798
Acquisition of shares and participations *	-3 820 477	-3 597 818
Proceeds from sale of shares and participations	3 083 720	1 509 901
Net cash used in investing activities	-740 249	-2 092 715
Cash flows from financing activities		
Borrowings	-120 661	124 799
Proceeds from issue of new shares *	1 108 659	2 018 740
Net cash from financing activities	987 998	2 143 539
Net increase in cash and cash equivalents	22 375	19 314
Cash and cash equivalents at January 1	19 376	100
Effect of exchange rate fluctuations on cash held	3 676	-38
Cash and cash equivalents at the end of the period	45 427	19 376

* Total share issues in 2008 amounted to SEK 2,026,523 thousand (2,814,632), including issues in kind of SEK 917,864 thousand (795,892), net of SEK 91,397 thousand (69,530) share issue cost.

Consolidated Key Figures *

	Jan 1 - Dec 31	Apr 17 - Dec 31
	2008	2007
Number of shares outstanding, end of period	56 673 177	28 162 734
Average number of shares outstanding	47 412 241	21 464 951
Net asset value, end of period, TSEK	1 329 789	2 807 287
Net Income per average number of shares outstanding, SEK	-81,38	4,97
Net asset value per share, end of period, SEK	23,46	99,68

* before and after dilution

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Company Income Statement

<i>In thousands of SEK</i>	Oct 1 - Dec 31		Jan 1 - Dec 31	
	2008	2007	2008	2007
Other income	4 320	4 750	17 280	9 750
Other external expenses	-1 813	-3 609	-12 481	-6 567
Employee benefit expenses	-1 312	-1 180	-7 259	-3 576
Depreciation of property, plant and equipment	-90	-6	-255	-12
Other expenses	471	-13 535	-9 209	-13 535
Result from operating activities	1 575	-13 580	-11 924	-13 940
Result from financial items				
Result from participations in Group companies	-3 510 726	13 522	-3 501 046	13 522
Other interest income and similar income	1 498	177	1 640	559
Interest expense and similar charges	-128	-44	-242	-47
Profit/loss before income tax	-3 507 780	75	-3 511 572	95
Income tax expense	36	-22	36	-27
Profit/loss for the period	-3 507 745	53	-3 511 537	68

Company Balance Sheet

<i>In thousands of SEK</i>	Dec 31, 2008	Dec 31, 2007
ASSETS		
Non-current assets		
Property, plant and equipment	1 308	583
Financial assets		
Participations in group companies	1 310 871	2 803 205
Other deposits	491	481
Total fixed assets	1 312 670	2 804 269
Current assets		
Current receivables		
Receivables from Group companies	4 320	9 750
Income tax receivables	27	25
Other receivables	647	911
Prepaid expenses and accrued income	982	351
<i>Total current receivables</i>	<i>5 976</i>	<i>11 037</i>
Cash and bank	23 757	18 026
Total current assets	29 733	29 063
TOTAL ASSETS	1 342 402	2 833 331
EQUITY		
<i>Restricted equity</i>		
Share capital, 56,673,177 shares at 10	566 732	281 627
<i>Unrestricted equity</i>		
Share premium reserve	4 274 526	2 533 107
Retained earnings	68	-
Profit for the period	-3 511 537	68
TOTAL EQUITY	1 329 789	2 814 802
LIABILITIES		
Current liabilities		
Accounts payable	1 325	2 883
Other liabilities	609	562
Accrued expenses and prepaid income	10 679	15 084
<i>Total current liabilities</i>	<i>12 613</i>	<i>18 529</i>
TOTAL EQUITY AND LIABILITIES	1 342 402	2 833 331

Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Oct 1 - Dec 31 2008	Oct 1 - Dec 31 2007	Jan 1 - Dec 31 2008	Apr 17 - Dec 31 2007
Employee remuneration expenses	-1 629	-1 538	-11 078	-4 369
Depreciation of property, plant and equipment	-162	-6	-426	-12
Other	269	-4 545	-14 513	-8 514
Preference share remuneration				
EOS AB's yearly share price development	5 330	-6 880	7 903	-19 697
Net increase in EOS Russia's net asset value from 2008-2012	0	-5 311	7 531	-7 705
Quarterly dividend on preference shares	-3 916	-9 607	-35 529	-20 869
Total	-109	-27 886	-46 112	-61 166

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