Interim Report
Q1 2009

EAST CAPITAL
EXPLORER

Interim Report 1 January – 31 March 2009

- Net asset value per share on 31 March 2009 amounted to EUR 7.25 (EUR 10.20) which is a change of -2.2% (-6.2%) during the quarter
- For the reporting period 1 January – 31 March 2009, the net loss amounted to EUR -4.1m (EUR -28.2m), including EUR -3.9m (EUR -31.0m) in unrealised change in value of investments. Earnings per share amounted to EUR -0.118 (EUR -0.672)
- Cash and deposits on 31 March 2009 amounted to EUR 175.9m (EUR 202.6m), corresponding to EUR 4.92 (EUR 5.59) per share
- In March 2009, East Capital Explorer made a commitment to invest EUR 35m in the new East Capital Special Opportunities Fund
- During the quarter, the Board utilised the buy-back mandate and repurchased 485,000 shares for a total value of EUR 1.5m. After the close of the quarter, between 1 and 9 April, an additional 286,000 shares were repurchased, bringing the total number of shares repurchased to 771,000 for a total value of EUR 3.3m. These shares were resolved to be cancelled at the AGM on 27 April 2009
- Net asset value per share on 30 April 2009 amounted to EUR 7.62 (SEK 81.23). Cash and deposits per the same date amounted to EUR 174.4m (SEK 1,859.1m) corresponding to EUR 4.91 (SEK 52.34) per share

PORTFOLIO ON 31 MARCH 2009

	Number of units	Acquisition value tEUR	Fair value 31 Dec 2008 tEUR	Fair value 31 March 2009 tEUR	Fair value change, % 1 Jan - 31 March	NAV/ share EUR	% of NAV
Semi-public Equity Fund Investments							
East Capital Bering Russia Fund	537,844	23,590	7,377	6,057	-17.9	0.17	2.3
East Capital Bering Ukraine Fund	1,212,296	24,411	7,630	6,086	-20.2	0.17	2.3
East Capital Bering Balkan Fund	4,538,686	34,938	17,631	16,982	-3.7	0.47	6.5
East Capital Bering Central Asia Fund	2,486,454	19,528	7,389	5,613	-24.0	0.16	2.2
East Capital Bering New Europe Fund	1,560,000	9,997	6,842	6,960	1.7	0.19	2.7
East Capital Power Utilities Fund[1]	162,000	81,000	26,515	26,664	0.6	0.75	10.3
		193,465	**73,383**	**68,362**	**-6.8**	**1.91**	**26.4**
Direct investments							
MFG (OAO Melon Fashion Group)	4,996	9,941	9,941	9,941	0	0.28	3.8
Private Equity Fund Investments							
East Capital Russian Property Fund[2]	400	855	513	315	-38.6	0.01	0.1
Public Equity Fund Investments							
East Capital (Lux) Eastern European Fund (EUR)	182,500	18,250	5,814	5,846	0.6	0.16	2.3
Short-term Investments							
Cash and deposits[3]				175,857		4.92	67.8
Total Portfolio				**260,321**		**7.28**	**100.4**
Other assets and liabilities net				-1,007		-0.03	-0.4
Net Asset Value (NAV)				**259,314**	**-2.2**	**7.25**	**100.0**

1 The investment in the East Capital Power Utilities Fund is reported as an investment in the portfolio report above but is consolidated in the financial statements.
2 Of the total committed EUR 40m to the East Capital Russian Property Fund, an initial draw-down of EUR 0.9m was made in the fourth quarter 2008 to cover costs in the fund. The total commitment of EUR 40m is for the total amount of 400 shares.
3 Includes also EUR 39.1m that has been committed to the East Capital Russian Property Fund and EUR 35m that has been committed to the East Capital Special Opportunities Fund but that has not yet been drawn-down.

An indicative net asset value is calculated monthly and published through a press release and on the website www.eastcapitalexplorer.com on the fifth working day after the end of each month.

Comparable figures for the first quarter 2008 are stated in parentheses. The income statement for the first quarter 2008 has been restated following the amended IAS 1, see Accounting Principles on page 10. No separate YTD figures are presented for the first quarter as the first quarter equals YTD. Note that certain numerical information may not sum due to rounding.

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CEO COMMENTS ON THE FIRST QUARTER

2009 started in a fairly bleak mood, as industrial production, trade and the financial markets around the world plunged to new lows. Eastern Europe was equally hard hit and much of the press commentary on our region was overwhelmingly negative. Further into the quarter, however, risk appetite started to return, resulting in a partial recovery of the markets starting in mid-March and continuing throughout April. In particular Russia, the market in our universe with the strongest financial position, has benefited, and has seen its index rally by 80% from its low earlier this year as of this date.

Although a great deal has been made of the "green shoots" that have popped up in certain contexts and that the speed of contraction has started to slow, significant uncertainty remains. Certain sectors have benefited from renewed competitiveness: for example, steel producers in Ukraine and Russia are now more competitive due to lower levels of the hryvnia and rouble. Also, the constructive response from the IMF, as well as the decision to beef up its resources as determined at the recent G-20 summit, has contributed to confidence in the fact that Eastern European countries will not be left out in the cold to fend for themselves. Russia has clearly benefited from the strengthening of the oil price. Thus far it appears that the Eastern European currencies that came under pressure and were devalued have stabilised, although further depreciation cannot be ruled out. Many countries with substantial current account imbalances are experiencing a quick re-balancing. So overall, this has meant that the crisis in Eastern Europe has not grown to dramatic proportions. We can however expect further difficulties in many of these countries in terms of growing NPLs in the banking system, restricted access to financing, more companies that need restructuring and growing unemployment.

East Capital Explorer's NAV decreased by 2.2% during the first quarter, taking the total NAV decrease since the start of our Company to minus 34%. Our substantial cash position continues to be a valuable buffer.

The Russian fashion retailer Melon Fashion Group, which is our first direct investment, continues to perform well. Sales in rouble terms were up 43% (16% in EUR) during first quarter and like-for-like sales grew by 4%. Given that the economy is contracting and many retailers are facing serious difficulties, MFG's solid performance is proof of their strong business model and management. The number of new stores which the management expects to open this year has been sensibly reduced from 100 to 50, which is still an ambitious target in this economic environment. We continue to monitor MFG's journey with excitement.

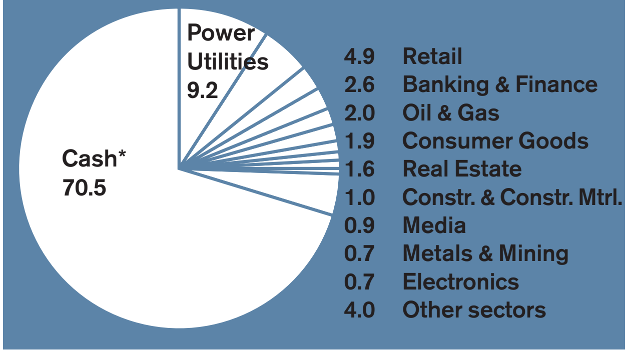
In March, we announced our decision to commit EUR 35m to the East Capital Special Opportunities Fund. No, this is not a distressed fund, as restructuring and turnarounds are not our forte. This fund aims to invest in good companies that find themselves in a special situation, for instance, due to the owners being pressed for cash. With this fund investment we are well positioned to make the most of the special opportunities offered by the current market situation. The fund looks primarily at listed small and mid-caps with a clear exit path within 3-4 years and where the value growth of the company can be positively impacted through more active ownership, for example, board representation. The investment manager has been working diligently on a pipeline of investments and is now ready to start investing.

One indication of the extent of change in sentiment in recent weeks is that we now receive questions as to whether we have "missed the bottom". First of all, let me reiterate that we claim no insight as to timing the bottom. Secondly, the partial recovery which we have witnessed in March, April and May has, thus far, primarily affected the blue-chips, whereas the broader market has not really participated. As regards the private equity and real estate markets, no deals worth mentioning have taken place. Thirdly, we are confident that we have the right tools in place to take advantage of the opportunities when we consider them to be sufficiently attractive. As mentioned earlier, the investment team at the East Capital Special Opportunities Fund is actively studying potential deals. Also, remember that the East Capital Russian Property Fund, to which we committed EUR 40m in June 2008, is still fully in cash, and the deals which the fund evaluates now are becoming more and more attractive. Finally, we still have plenty of uncommitted cash that can be deployed when the time is right.

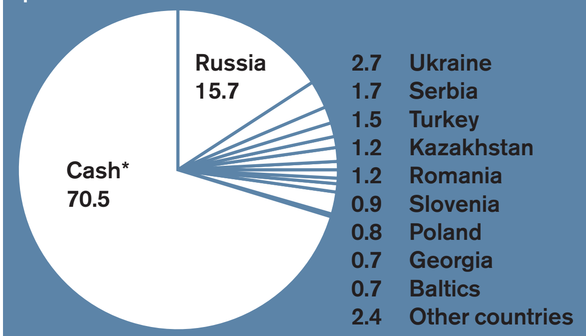
In summary, we remain patient and cautious in making new investments. At the same time, as we consider that the opportunities presented in current markets are becoming more attractive in terms of valuations, it is reasonable to expect that we will act when good deals can be done.

Gert Tiivas, CEO

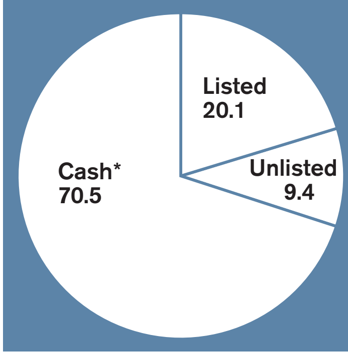
PORTFOLIO EXPOSURE BY SECTOR, %
per 31 March 2009



PORTFOLIO EXPOSURE BY COUNTRY, %
per 31 March 2009



PORTFOLIO EXPOSURE BY TYPE OF COMPANY, %
per 31 March 2009



* Includes cash and deposits of EUR 175.9m as well as any cash in the underlying funds per 31 March 2009.

NET ASSET VALUE

Net asset value on 31 March 2009 amounted to EUR 259m (EUR 370m), corresponding to EUR 7.25 (EUR 10.20) per share. This corresponds to a change of -2.2% compared to the net asset value on 31 December 2008 which was EUR 265m (EUR 7.31 per share) and a change of -29.9% compared to 31 March 2008.

On 31 March 2009, deposits, cash and cash equivalents amounted to EUR 4.92 (EUR 5.59) per share which corresponds to 67.8% (54.8%) of the total net asset value per share.

The closing price per share on 31 March 2009 was SEK 47.40 (corresponding to EUR 4.33).

Net asset value, share price and index development

(%, share price and indices in SEK)	1 Jan - 31 Mar 2009	1 Jan - 31 Mar 2008	April 2009	1 Jan - 30 April 2009
Net asset value (%, EUR)	-2.2	-6.2	4.3	2.1
East Capital Explorer share	18	-6	13	33
OMXSPI [1]	-2	-11	19	16
RTS Index [2]	17	-17	18	38
RTS 2 Index [3]	2	-13	20	22
MSCI EM Europe [4]	-2	-21	20	17

Results

The Group consists of the Parent Company, East Capital Explorer AB, and the subsidiaries East Capital Explorer Investments AB, East Capital Power Utilities Fund AB and its subsidiary Consibilink Ltd. East Capital Explorer currently holds 73% of the share of equity in East Capital Power Utilities Fund AB which therefore is regarded as a subsidiary and consolidated with the East Capital Explorer Group.

Group

Net loss for the reporting period 1 January – 31 March 2009 amounted to EUR -4.1m (EUR -28.2m), corresponding to earnings per share of EUR -0.118 (EUR -0.672).

For the reporting period, main items include EUR -3.9m (EUR -31.0m) in unrealised change in value of investments, EUR -0.6m (EUR 0m) in realised change in value of investments which in full relate to sale of shares in the portfolio of a consolidated subsidiary and EUR 1.6m (EUR 2.4m) in interest income from short-term deposits. Other items include EUR -1m (EUR -0.6m) in operating expenses and EUR -0.3m (EUR 0.5m) in income taxes.

Of the total operating expenses of EUR -1m (EUR -0.6m) during the reporting period, EUR -0.2m (EUR -0.2m) relate to ordinary operating expenses within the Parent Company. The remaining EUR -0.8m (EUR -0.4m) relate to operating expenses from a consolidated subsidiary. The expenses in the subsidiary mainly relate to fees in the East Capital Power Utilities Fund, and includes a provision of EUR 0.4m that has been made for a potential performance fee in the East Capital Power Utilities Fund for 2007.

Parent Company

The Parent Company's net loss for the reporting period amounted to EUR -4.2m (EUR -21.6m) of which EUR -4m (EUR -21.4m) refers to a write down of shares in group companies. These shares have been valued to the lower of fair value and acquisition value. Operating expenses amounted to EUR -0.2m (EUR -0.2m).

No investment activities are carried out within the Parent Company.

Tax

East Capital Explorer's consolidated tax of EUR -0.3m (EUR 0.5m) for the reporting period comprises deferred income tax within the Parent Company of EUR 0.07m (EUR 0.06m) and the net effect of deferred income tax and actual tax related to subsidiaries of EUR -0.4m (EUR 0.46m).

Financial position

Cash flow from operating activities was EUR -1.1m (EUR -7.9m) during the reporting period.

The Group's cash and cash equivalents at the end of the period amounted to EUR 180.9m (EUR 221m) of which EUR 5m is cash in the consolidated subsidiary East Capital Power Utilities Fund. Cash and EUR-deposits amounted to EUR 175.9m (EUR 202.6m). Interest income from these deposits during the reporting period amounted to EUR 1.6m (EUR 2.4m). Of the total cash and deposits, EUR 101.8m was available for future commitments and investments.

Of the EUR 40m that was committed to the East Capital Russian Property Fund in June 2008, EUR 0.9m was drawn-down during the fourth quarter 2008 to cover running costs in the fund while the remaining EUR 39.1m was still placed in cash and deposits. Of the EUR 35m that was committed to the East Capital Special Opportunities Fund, no draw-down had been made on 31 March 2009.

East Capital Explorer had no debt on 31 March 2009.

[1] OMXSPI includes all equities listed on NASDAQ OMX Stockholm.

[2] RTS Index includes the 50 largest companies traded on the Russian Trading System (RTS).

[3] RTS 2 Index includes 78 companies on the RTS that have limited trading volumes.

[4] MSCI EM Europe Index includes Russian, Polish, Hungarian, Czech and Turkish equities.

Portfolio overview

Per 31 March 2009, East Capital Explorer had investments totalling EUR 84m compared to EUR 167m on 31 March 2008.

Changes in the portfolio during the period

In March 2009, East Capital Explorer committed EUR 35m to the new East Capital Special Opportunities Fund that is expected to be launched during the second quarter 2009 (see page 8 for further information on the fund).

EAST CAPITAL BERING RUSSIA FUND

The aim of the fund is to achieve long term capital appreciation from investments in Russian equities, both listed and unlisted.

Fund performance during the period

The NAV per unit of the East Capital Bering Russia Fund decreased 17.9% in EUR terms during the reporting period. In USD terms, the NAV per unit decreased 23.1% during the reporting period compared to the RTS2 Index which posted a decline of 4.5% during the same period. During the month of March, the fund showed a positive performance of 2.7% in EUR terms on the back of the rally on the Russian equity market.

On 31 March 2009 the NAV per unit in the fund amounted to USD 14.88.

Market comments on the first quarter

The first quarter of 2009 was a tough period for the Russian economy, characterized by continued uncertainty about the rouble, worsening economic data and business activity slowing significantly. The crude oil price continued to be on low levels. During January, the rouble depreciated at an accelerated pace. At the end of January 2009, foreign exchange reserves had decreased to roughly USD 400bn from a high of almost USD 600bn in late summer 2008. Inflation accelerated in January 2009, increasing by 2.4% month-on-month, and industrial production contracted 16% year-on-year in January. Due to lack of optimism and little visibility, the Russian market continued to suffer in January 2009.

In February, however, the Russian equity market started to show signs of improvement. Metals and mining companies were among the first to rally, mainly on the back of de-stocking and a slight rebound in consumption, and were up on average 40% from February until the end of March. Oil and gas stocks started to perform better in March as the oil price returned to a level above USD 50/bbl and generally supportive global equity markets. The Russian equity market has so far this year been the third best-performing market in the world, after Brazil and Chile.

Corporate financials for the first quarter 2009 could, however, bring negative surprises for several sectors, such as metals and mining, heavy machinery and real estate. Also the companies' ability to restructure short-maturing debts will continue to be in focus.

EAST CAPITAL BERING UKRAINE FUND

The aim of the fund is to achieve long term capital appreciation from investments in Ukrainian equities, both listed and unlisted.

Fund performance during the period

The NAV per unit of the East Capital Bering Ukraine Fund decreased 20.2% in EUR terms during the reporting period. In USD terms, the NAV per unit decreased 25.3% during the reporting period compared to the PFTS Index which posted a decline of 28.1% during the same period. During the quarter, the fund conducted further impairments of unlisted holdings, which was reflected in the fund performance figures.

On 31 March 2009 the NAV per unit in the fund amounted to USD 6.63.

Market comments on the first quarter

Ukraine's economy continues to suffer from lack of credit, fears of a weakening currency and decreasing demand for exports. GDP is expected to decline by between 8% and 10%, with economic concerns further aggravated by continued political instability. Ukraine's politicians have yet to approve a comprehensive program in order to secure continued payment of the USD 16.4bn IMF loan which was approved in November 2008. After the initial payment, the second tranche was frozen as the country deviated from the conditions stipulated in the agreement. Recently, a temporary consensus was reached in order to try to secure release of the USD1.9bn second tranche, which could considerably improve investor sentiment towards Ukraine.

Prospects of another gas conflict with Russia materialised as Ukraine and the EU signed a declaration on the modernisation of Ukraine's gas transportation system without including Russia in the negotiations. This prompted a harsh reaction from Russia and led Moscow to postpone a decision on the provision of a USD 5bn stabilisation loan to Ukraine. Moreover, Moscow's earlier promise not to fine Ukraine for consuming less gas in the first quarter 2009 might be revoked.

During the first quarter there were, however, a few signs of improvement in Ukraine. These included a 27% month-on-month growth in new car sales in March, a 19% increase in coke production as domestic mills start replacing expensive gas from Russia for cheaper locally produced coke, as well as some activity in the retail sector, where German-based retailer Metro Group announced plans to enter the hypermarket segment in Ukraine. Consensus among analysts is that the majority of sectors already reached a low in January, though no quick recovery can be expected at least until the middle of this year.

Other positive factors include the stability of the hryvnia since the beginning of the year, though further devaluation cannot be ruled out. Overall, there are some slight positive signs in the Ukrainian banking system such as a slowdown in deposit outflows in March. From the financing side, the EBRD has approved aid to five Ukrainian banks and is considering assistance to eight others.

EAST CAPITAL BERING BALKAN FUND

The aim of the fund is to achieve long term capital appreciation from investments in Balkan equities, both listed and unlisted.

Fund performance during the period

The NAV per unit of the East Capital Bering Balkan Fund decreased 3.7% in EUR terms during the reporting period. In USD terms, the NAV per unit decreased 9.8%. There is currently no relevant benchmark index available for this fund. During the month of March, the fund showed a positive performance of 2% in EUR.

On 31 March 2009 the NAV per unit in the fund amounted to USD 4.94.

Market comments on the first quarter

During the first quarter, most of the markets in the region continued to decline until the beginning of March, when markets began to rebound somewhat. Nevertheless, all the markets in Southeastern Europe closed on a minus for the first quarter.

The macroeconomic picture continued to deteriorate. As opposed to year-end 2008, when expectations pointed to a modest but positive economic growth for 2009, all the Southeastern European countries are currently expected to see their economies contract in 2009. During the quarter, Romania asked for financial support and is now due to receive a total amount of EUR 19.95bn from the IMF, the EU, the World Bank, the EBRD and other multilaterals. In addition, Serbia and the IMF agreed in late March to replace a 15-month precautionary stand-by arrangement of EUR 402.5m with a new EUR 3bn standby deal over a 27-month period. Lastly, Turkey is still in talks with the IMF, and at the time of writing no deal had been made.

Romanian equities rebounded sharply in March. Expectations of the sizeable financial support package led the rally initially, and resulted in an earlier recovery compared to other markets in the region. By the end of the first quarter 2009, Romanian equities were still down 78% in local currency terms from their peak in July 2007. Being highly undervalued, the five privatisation funds (SIFs) were among the best performers during the March rally.

The municipal elections in Turkey proved to be a non-event for equities. On the other hand, the unexpectedly large rate cuts throughout the quarter (a cumulative 450 basis points), as well as expectations of an IMF deal supported the market somewhat during the period. Turkish equities declined 12.4% during the quarter.

In Slovenia, the relatively more balanced macroeconomic picture, together with a lower currency risk (given its euro zone membership), resulted in the market being the best performer in the region in the first quarter 2009, with a 9.5% decline.

Serbian equities continued to decline in the first quarter 2009, and were by the end of the quarter down 88% in local currency terms from their peak in May 2007. The very low liquidity coupled with macroeconomic imbalances are some of the main reasons behind the poor performance.

EAST CAPITAL BERING CENTRAL ASIA FUND

The aim of the fund is to achieve long term capital appreciation from investments in Central Asian equities, both listed and unlisted.

Fund performance during the period

The NAV per unit of the East Capital Bering Central Asia Fund decreased 24% in EUR terms during the reporting period. In USD terms, the NAV per unit decreased 28.8% during the reporting period compared to the KASE Index which posted a decline of 22.3% during the same period.

On 31 March 2009 the NAV per unit in the fund amounted to USD 2.98.

Market comments on the first quarter

The long-term outlook for Kazakhstan remains plagued by uncertainty surrounding the fate of its banking sector. In early 2009, Halyk Bank and KKB received government injections of USD 1bn each and the government announced their acquisition of 76% and 78% in the Alliance and BTA Bank respectively. However, this has not solved the issue of the USD 12.8bn debt to be repaid this year. The banks still lack source for new borrowing and there are indications that government support will not cover all of the banking debt. After the close of the quarter, in April, BTA defaulted on USD 550m in bilateral loans, and stopped repaying principal on its wholesale borrowings. This triggered the first-ever CDS event on an emerging market company (CDS or credit default swap offers a cash protection for a buyer of company's debt in case of default). Alliance Bank has also announced a moratorium on debt repayments and is currently discussing debt restructuring alternatives with its debt holders.

In February, the National Bank of Kazakhstan carried out an 18% currency devaluation and committed to keep the tenge within a 3% band throughout 2009. While the tenge devaluation was good news to exporters, it was clearly bad news for the banking sector, with debt repayments in foreign currencies.

GDP growth in Kazakhstan 2009 may well be negative, notwithstanding a government forecast of 1% growth. Industrial production in the first quarter declined 4.6% year-on-year, with manufacturing dropping 11.8%. Oil output increased 4.7% in the first quarter which was key in offsetting a more pronounced fall. Hopefully the FDI inflows expected in connection with the Kashagan project development up to 2013, along with the rising oil production, will at least partially offset the mounting pressure on the budget and current account. The very low public debt (below 9% of GDP) and high political stability will also help to contain the crisis.

With P/E of 2.9x, Kazakhstan is one of the cheapest markets in the emerging universe. Among the holdings in the fund, the worst performance was registered by the Kazakh banks, with BTA plummeting 93% during the quarter. A positive global commodity trend during 2009 has pushed mining and oil stocks up, indicating a revival of investor activity in the region. KazakhGold shares increased over 80% on the news of potential acquisition by PolyusGold. Other metals and mining holdings showed some positive performance. Oil stocks have also been performing well on the back of the rising oil price, with KMG and Dragon Oil gaining almost 20%. Should the positive commodity sentiment continue into the second quarter, more gains can be expected. However, significant risks in the short to medium term are resulting in high volatility on the market and a very uncertain outlook.

EAST CAPITAL BERING NEW EUROPE FUND

The aim of the fund is to achieve long term capital appreciation from investments in Central European and Baltic equities, both listed and unlisted.

Fund performance during the period

The NAV per unit of the East Capital Bering New Europe Fund had increased 1.7% in EUR terms on 31 March 2009. In USD terms, the NAV per unit had decreased 4.7% during the same period. The fund currently has no relevant benchmark index. During the month of March, the fund showed a positive performance of 4.3% in EUR.

On 31 March 2009 the NAV per unit in the fund amounted to USD 5.89 and 90.9% of the fund was invested.

Market comments on the first quarter

Central European and Baltic small and mid-cap stocks were under continued pressure during the first quarter of 2009 and the markets had hit a multiple year low by the end of February. During March, sentiment changed and markets started to strengthen. However, despite the strong performance during March, markets still remain well in negative territory since the year-end 2008.

During the first quarter 2009, the Polish mid-cap index MIDWIG lost 23.2%, OMX Baltic index decreased 14.9%, the Hungarian mid-cap index BUMIX decreased 26.6% and the Czech composite PX index lost 20.0%. Again, the Slovak SAX index was an outperformer, losing only 12.6% (all in USD terms). The Hungarian forint and Polish zloty dropped significantly, down 18.2% and 15.1% respectively. The fund outperformed all of the country indices by a good margin.

By 31 March 2009, the fund was still not fully invested, although the cash proportion had been reduced from 25% at the beginning of the year. The cash in the fund is kept in USD, which was positive as USD appreciated against Central European and Baltic currencies.

Stock picking was a positive strategy for the fund and out of the top five holdings, four performed better than the local markets. The fund's holding in the Slovak IT sector was particularly positive, gaining 48.5% during the first quarter. The fund's investments in high yielding equities with defensive characteristics also helped. Investments in the consumer staple sector in the Czech Republic and in the utility sector in Hungary outperformed local indices, with the Czech holding posting positive performance.

The exposure in the financial sector, especially in Slovakia, was a negative contributor, with the holding in the Slovak bank losing 32% during the quarter. During early March, when the market sentiment changed substantially, seven new investments were made in Polish small and mid-caps in the retail and logistics, energy and construction sectors. There are still attractive investment opportunities on the market as, despite the March rally, price levels remain low.

EAST CAPITAL POWER UTILITIES FUND

The aim of the fund is to target the many investment opportunities arising from the ongoing power sector reform in Russia. The fund invests in both listed and unlisted companies across sub-sectors of the industry including electricity generation, distribution and services.

Fund performance during the period

The NAV per fund unit in the East Capital Power Utilities Fund increased 0.6% in EUR terms during the reporting period, outperforming the Russian power utilities sector index, RTSeu, which decreased 16.3% during the same period. During the month of March, the fund showed a positive performance of 9.2% in EUR.

On 31 March 2009 the NAV per unit in the fund amounted to EUR 164.59 and 87.4% of the fund was invested.

Market comments on the first quarter

During the quarter, Russian utilities stocks started to rebound after a long period of underperformance, and the price of most generation companies doubled from a very low base. Contributing to the recovery in the sector, was an increased interest in Russia from global emerging market funds that have been underweight in Russia since early autumn of 2008 on the back of rising corporate governance risks and quick deterioration of country's economy. In order to catch up rally opportunities in March, investors once again returned to heavily oversold mid-caps, including utilities. Another positive factor was the stabilization and recovery in business activity in several sectors. Also the key risk of rapidly rising non-payments seen in the last quarter of 2008 seems to have lessened during 2009.

The power market was 30% liberalised as of 1 January 2009, and focus has returned to efficient assets. Power production statistics revealed clear leaders among generation companies, where RusHydro and OGK-4 posted positive output of 25% and 9% year-on-year respectively compared to negative production figures among the peers.

Finally, we saw adjustments to investment programs, which were approved by the Ministry of Energy for state-owned electricity companies. RusHydro, Federal Grid Company and MRSK-holding will be the beneficiaries of such a decision. Although this decision applies to only a few companies, the news was appreciated by the market. Investment commitments of privately-owned generation companies are yet to be reconsidered in upcoming months. Most likely their programs will be delayed rather than decreased.

Among stocks, which positively contributed to the fund's performance, were Bashkirenergo, InterRAO and RusHydro adding 51%, 14% and 7% respectively during the reporting period.

EAST CAPITAL RUSSIAN PROPERTY FUND

The aim of the fund is to invest in shopping centres and other types of cash flow generating retail real estate in cities with more than 1 million inhabitants in Russia.

Fund performance during the period

Per 31 March 2009, no investments had been made in the fund. An initial draw-down of EUR 0.9m was made in the fourth quarter 2008 to cover costs in the fund. The fair value of this initial draw-down was EUR 315t on 31 March 2009, following payment of costs. The remaining EUR 39.1m that East Capital Explorer has committed to the fund was still placed in cash and short-term deposits on 31 March 2009.

Market comments on the first quarter

During the first quarter of 2009, the Russian real estate market deteriorated further and the fund continues to assume a cautious approach. The office market was impacted the most as rents fell by over 50% and vacancies rose sharply to 18% as demand collapsed. Retail real estate also deteriorated during the quarter, although less pronounced than the office segment. Rent levels have come down by 20-30% since the autumn 2008, as an effect of the devaluation of the rouble. Retail sales were still positive in January, but started to decline in February as consumption began to slow.

Despite the expected continued decline in the retail rents during 2009, the current market presents interesting opportunities. With retail market being undersupplied and virtually all new developments being frozen, the mid-term outlook looks quite favourable for retail real estate. Lacking financing, an increasing number of quality properties at yield levels exceeding 14-15% are currently being put on the market by landlords and developers.

EAST CAPITAL SPECIAL OPPORTUNITIES FUND

The fund will target investments in companies with a solid business model and outlook which due to market or owner specific reasons can be acquired at low valuation levels. These opportunities are usually sourced outside ordinary markets, thus East Capital's experience and network will be key. The fund will target investments with both a clear trigger for revaluation and an exit opportunity within four years. The strategy implies that the fund manager will, when appropriate, take a more active role in the company through board representation or other means.

Investment focus will be listed, or otherwise traded, equity securities, but other financial instruments can also be utilised. Distributions to investors can be made throughout the lifetime of the fund. All proceeds on divestments after three years will be distributed to the investors.

Fund performance during the period

In March 2009, the Board of East Capital Explorer decided to commit EUR 35m to the fund. On 31 March 2009, the full EUR 35m remained placed in cash and deposits.

DIRECT INVESTMENTS

Melon Fashion Group

MFG is an unlisted Russian fashion retailer with brands in the low- and mid-market segment. It has an ambitious management team and a strong shareholder base that contributes with both entrepreneurial skills and solid financial backing. MFG has stable cash flows and no financial debt.

Comment on performance during the first quarter

MFG's turnover for the first quarter 2009 amounted to RUR 634m (EUR 14.2m), an increase of 43% in RUR and 16% in EUR compared to the first quarter 2008. Sales in comparable number of stores for the first quarter 2009 for the two original store concepts befree and Zarina increased by 4% compared to the first quarter 2008 in RUR, and decreased by 15% in EUR.

During the first quarter, the total number of stores increased from 192 to 197. The number of own stores increased from 135 to 147, while the number of franchise stores decreased from 57 to 50. During the quarter, MFG opened the first three stores under the new concept “Love Republic”. Throughout 2009, the TAXI chain with 20 stores that were acquired in the fourth quarter 2008, will be re-branded into Love Republic stores.

The value of East Capital Explorer's investment in MFG on 31 March 2009 is equal to the acquisition cost.

PUBLIC EQUITY FUND INVESTMENTS

East Capital (Lux) Eastern European Fund

The fair value of East Capital Explorer's investment in the East Capital (Lux) Eastern European Fund increased 0.6% during the quarter while the MSCI EM Europe Index decreased 1.9% during the same period.

SHORT-TERM INVESTMENTS

Cash and deposits

EUR 175.9m (EUR 202.6m) that have not yet been invested or drawn-down, are placed in cash and EUR-deposits. Interest income from deposits during the first quarter amounted to EUR 1.6m (EUR 2.4m). Interest rates have come down significantly in the last twelve months. On 31 March 2009, deposits had an average duration of 6.6 months (3 months) and an average interest rate of 2.73% (4.35%).

OTHER INFORMATION

Risks and uncertainty factors

The dominant risk in East Capital Explorer's operations is commercial risk in the form of exposure to certain sectors, geographic regions or individual holdings. The current volatile financial markets may increase the risks associated with our investments. A detailed description of the risks associated with East Capital Explorer's operations is presented on pages 50-52 and 76-77 in the 2008 annual report.

Related party transactions

For information on related party transactions please see pages 52 and 78 in the 2008 annual report. No changes or transactions have occurred during the quarter.

Organisational and investment structure

East Capital Explorer is a public limited liability company that invests in Russia and other countries within the Commonwealth of Independent States (CIS), the Balkans, the Baltic States, Central Asia and Central Eastern Europe, mainly indirectly through a selection of East Capital's current and future funds. In addition, the Company may also invest directly in unlisted companies in this region.

The investment activities of the Company are governed by an Investment Policy agreed between the Company and East Capital PCV Management AB, a company within the East Capital group (the "Investment Manager"), under an Investment Management Agreement.

For further information about the organisation and investment structure of the Company, please see the corporate governance report for 2008 that has been included in the annual report or our web site www.eastcapitalexplorer.com in the section About East Capital Explorer/Corporate Governance.

Utilisation of share buy-back mandate

The Annual General Meeting 2008 authorised the Board to decide on acquiring the Company's own shares. On 12 March 2009, East Capital Explorer announced that the Company's Board had decided to utilise the authorisation for the purpose of giving the Board wider freedom of action in the work with the Company's capital structure and thus creating more value for the shareholders.

The utilisation of the authorisation allowed the Company to repurchase own shares from 12 March 2009 up to and including 9 April 2009. On 31 March 2009, East Capital Explorer had repurchased 485,000 shares. All calculations in this report are based on 35,785,160 shares which was the number of shares outstanding on 31 March 2009.

Between 1 and 9 April, the Company repurchased an additional 286,000 shares, bringing the total number of shares repurchased to 771,000 own shares, corresponding to 2.1% of the shares in the Company. Average price per share paid was SEK 46.17 (SEK 46.24 including commission). At the Annual General Meeting held in Stockholm on 27 April 2009, the 771,000 repurchased shares were resolved to be cancelled and that the new total number of shares in the Company should be 35,499,160.

EVENTS OCCURRING AFTER THE END OF QUARTER

Annual General Meeting 2009

The Annual General Meeting was held on Monday, 27 April 2009 at Konserthuset in Stockholm. The Meeting approved the Board's proposal that no dividends are distributed in accordance with dividend policy of the company and that the result is carried forward.

The Meeting granted the members of the Board and the CEO discharge from liability for the reporting period. All current members of the Board were re-elected: Paul Bergqvist, Anders Ek, Lars Emilson, Alexander Ikonnikov, Kestutis Sasnauskas and Justas Pipinis. The meeting re-elected Paul Bergqvist as Chairman of the Board.

The Meeting resolved that the compensation to the Board of Directors until the next Annual General Meeting remains unchanged SEK 700,000 to the Chairman of the Board of Directors and SEK 300,000 to each member of the Board of Directors that is not employed in the East Capital group. Members of the Board that are employed in the East Capital group have waived remuneration. The Meeting resolved that compensation for work in the Audit Committee remains unchanged with SEK 50,000 to the chairman of the Audit Committee and SEK 30,000 to each of the other members. Furthermore, it was resolved that fees to the auditor be paid according to approved invoices under a given offer.

The Meeting approved the Board's proposal for guidelines for remuneration of senior management.

The Meeting resolved to make a conditional amendment of the articles of association so that notice of a general meeting shall be given through announcement in Post- och Inrikes Tidningar and on the Company's website together with an advertisement in Svenska Dagbladet indicating that notice has been given.

The Meeting authorized the Board to decide on acquiring the Company's own shares in accordance with the proposed resolution. The Meeting approved the proposal to reduce the share capital by way of redemption of repurchased shares and to increase the share capital by way of a bonus issue.

The Meeting approved the proposal for the Nomination Committee.

For information on the full proposals, the resolutions as well as the presentations made at the AGM, see www.eastcapitalexplorer.com.

NAV on 30 April 2009

NAV per share per 30 April 2009 amounted to EUR 7.62 (corresponding to SEK 81.23), compared to EUR 7.25 (corresponding to SEK 79.39) on 31 March 2009. The share price on 30 April 2009 was SEK 53.50 (corresponding to EUR 5.02). Cash and deposits on 30 April 2009 amounted to EUR 174.4m (SEK 1,859.1m) which corresponds to EUR 4.91 (SEK 52.34) per share.

PORTFOLIO ON 30 APRIL 2009

	Fair value change 2009, %	Fair value change April, %	Nav/ share EUR	% of NAV
Semi-Public Equity Fund Investments				
East Capital Bering Russia	-14.7	3.9	0.18	2.3
East Capital Bering Ukraine	-14.5	7.2	0.18	2.4
East Capital Bering Balkan	5.9	9.9	0.53	6.9
East Capital Bering Central Asia	-12.8	14.8	0.18	2.4
East Capital Bering New Europe	14.1	12.2	0.22	2.9
East Capital Power Utilities Fund	35.9	35.1	1.01	13.3
	11.4	**19.6**	**2.30**	**30.2**
Direct Investments				
MFG (OAO Melon Fashion Group)	0.0	0.0	0.28	3.7
Private Equity Fund Investments				
East Capital Russian Property Fund			0.01	0.1
Public Equity Fund Investments				
East Capital (Lux) Eastern European Fund (EUR)	21.8	21.1	0.20	2.6
Short-term Investments				
Cash and deposits			4.91	64.5
Total Portfolio			**7.70**	**101.1**
Other assets and liabilities net			-0.08	-1.1
Net Asset Value (NAV)	**2.1**	**4.3**	**7.62**	**100.0**

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles that have been applied for the Group and Parent Company are in agreement with the accounting principles used in the 2008 annual report.

In the amended IAS 1 Presentation of Financial Statements: A Revised Presentation, changes are made in the presentation of the financial statements and new non-mandatory changes to the titles of the statements are proposed. East Capital Explorer has decided to keep the old titles of the financial statements. In East Capital Explorer, the result for the reporting period corresponds to the total comprehensive income as the Revised IAS 1 Presentation of financial statements entails, and therefore, East Capital Explorer does not present a separate statement over total comprehensive income.

Other new or revised IFRS principles and interpretations of the IFRIC have not had any material effect on the financial position or results of the Group or Parent Company.

Stockholm, 14 May 2009

Gert Tiivas
Chief Executive Officer

CONTACT INFORMATION

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Louise Hedberg, Head of Communications/IR, +46 8 505 977 20

FINANCIAL CALENDAR

- Monthly net asset value report on the fifth working day after the end of each month
- Interim Report 1 January – 30 June 2009 on 20 August 2009
- Interim Report 1 January – 30 September 2009 on 12 November 2009

The information in this interim report is that which East Capital Explorer AB is required to disclose under Sweden's Securities Market Act. It was released for publication at 08:20 a.m. CET on 14 May 2009.

Review Report

To the Board of East Capital Explorer AB (publ)

Corp id 556693-7404

Introduction
We have reviewed the interim report for East Capital Explorer AB (publ) as of March 31, 2009, and the three-month reporting period ending on that date. The Board of Directors and the President are responsible for the preparation and 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.

Focus and Scope of the Review
We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *"Review of Interim Financial Information Performed by the Independent Auditors of the Entity"*. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. 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 on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

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

Stockholm, 14 May 2009
KPMG AB

Carl Lindgren
Authorised Public Accountant

This review report is a translation of the original review report in Swedish.

Income Statement – Group

EUR thousands	1 Jan – 31 Mar 2009	1 Jan – 31 Mar 2008[1]
Result from financial assets at fair value through profit or loss	-4,539	-31,048
Dividends	105	-
Total operating income	**-4,434**	**-31,048**
Staff expenses	-124	-121
Other operating expenses	-868	-442
Operating profit/loss	**-5,427**	**-31,611**
Financial income	1,617	2,869
Financial expense	-	-12
Profit/loss after financial items	**-3,809**	**-28,754**
Income tax	-326	524
NET PROFIT/LOSS FOR THE PERIOD/TOTAL COMPREHENSIVE INCOME[1]	**-4,136**	**-28,230**
Profit/loss distribution:		
Shareholders of the Parent Company	-4,214	-24,385
Minority interest	78	-3,845
	-4,136	-28,230
Earnings per share, EUR - shareholders of the Parent Company No dilution effects	-0.118	-0.672

[1] In East Capital Explorer, the result for the reporting period corresponds to the total comprehensive income as the Revised IAS 1 Presentation of financial statements entails, and therefore, East Capital Explorer does not present a separate statement over total comprehensive income. Q1 2008 figures have been restated based on the revised IAS 1, see Accounting Principles on page 10.

Segment reporting

East Capital Explorer has chosen to classify the company's segments based on the nature of its investments. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Group EUR thousands	Semi-public Equity Funds 1 Jan – 31 Mar 2009	Direct Investments 1 Jan – 31 Mar 2009	Private Equity Funds 1 Jan – 31 Mar 2009	Short-term Investments 1 Jan – 31 Mar 2009	Other & unallocated 1 Jan – 31 Mar 2009	Total consolidated 1 Jan – 31 Mar 2009
Result from financial assets at fair value through profit or loss	-5,021	-	-198	-	785	-4,434
Other expenses	-	-	-	-	-992	-992
Operating profit/loss	**-5,021**	**-**	**-198**	**-**	**-207**	**-5,427**
Financial income	-	-	-	1,558	59	1,617
Profit/loss after financial items	**-5,021**	**-**	**-198**	**1,558**	**-148**	**-3,809**
Income tax for the period	-	-	-	-	-326	-326
Net profit/loss for the period	**-5,021**	**-**	**-198**	**1,558**	**-474**	**-4,136**
Assets	68,362	9,941	315	180,896	14,355	273,869
Liabilities	-	-	-	-	4,053	4,053

The above table provides information about allocating revenues to segments for the group. Expenses are not allocated to segments, since a majority of these expenses can not be attributed to one certain segment.

Balance Sheet – Group

EUR thousands	31 Mar 2009	31 Dec 2008
Shares and participations in investing activities	90,666	95,092
Deferred tax assets	68	-
Total non-current assets	**90,734**	**95,092**
Other short-term receivables	175	20
Accrued income and prepaid expenses	2,064	2,617
Deposits	144,140	175,190
Cash and cash equivalents	36,756	8,453
Total current assets	**183,135**	**186,280**
Total assets	**273,870**	**281,372**
Share capital	3,627	3,627
Other contributed capital	386,155	387,652
Reserves	-316	-316
Profit brought forward	-125,938	3,298
Net profit/loss for the period	-4,214	-129,236
Equity attributable to shareholders of the Parent Company	259,314	265,025
Minority interest	10,503	10,425
Total equity	**269,817**	**275,450**
Deferred tax liabilities	589	589
Total long-term liabilities	**589**	**589**
Tax liabilities	2,114	1,953
Other liabilities	806	2,482
Accrued expenses and prepaid income	544	898
Total current liabilities	**3,464**	**5,333**
Total equity and liabilities	**273,870**	**281,372**

Changes in equity – Group

EUR thousands 2009	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit /loss for the period	Total equity shareholders in Parent Company	Minority	Total equity
Opening equity 1 Jan 2009	**3,627**	**387,652**	**-316**	**-125,938**	**265,025**	**10,425**	**275,450**
Share buy-back	-	-1,497	-	-	-1,497	-	-1,497
Net profit/loss for the period/ Total comprehensive income	-	-	-	-	-4,214	78	-4,136
Per 31 Mar 2009	**3,627**	**386,155**	**-316**	**-125,938**	**259,314**	**10,503**	**269,817**

EUR thousands 2008	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit/loss for the period	Total equity shareholders in Parent Company	Minority	Total equity
Opening equity 1 Jan 2008	**3,627**	**387,652**	**-316**	**3,298**	**394,261**	**32,313**	**426,574**
Total comprehensive income	-	-	-	-24,385	-24,385	-3,845	-28,230
Per 31 Mar 2008	**3,627**	**387,652**	**-316**	**-21,087**	**369,876**	**28,468**	**398,344**

Cash Flow Statement – Group

EUR thousands	1 Jan – 31 Mar 2009	1 Jan – 31 Mar 2008
Operating activities		
Operating profit/loss	**-5,427**	-31,611
Adjusted for unrealised change in value	3,916	30,967
Capital gain/loss from divestment	623	-
Exchange rate differences	-	-4,437
Interest received	2,179	2,496
Interest paid	-	-12
Tax paid	-233	-
Cash flow from current operations before changes in working capital	**1,058**	**-2,597**
Cash flow from changes in working capital		
Increase (-)/decrease (+) in other current receivables	-165	-106
Increase (+)/decrease (-) in other current payables	-2,030	-5,380
Cash flow from operating activities	**-1,137**	**-7,871**
Investing activities		
Investment in shares and participations	-1,608	-28,793
Proceeds from sale of shares and participations	1,495	-
Cash flow from investing activities	**-113**	**-28,793**
Financing activities		
Share buy-back	-1,497	-
Cash flow from financing activities	**-1,497**	**-**
Cash flow for the period	**-2,747**	**-36,664**
Cash and cash equivalents at beginning of the year[1]	183,643	260,701
Exchange rate differences in cash and cash equivalents	-	-2,690
Cash and cash equivalents at end of the period	**180,895**	**221,347**

[1] Cash equivalents comprise deposits and cash.

Income statement – Parent Company

EUR thousands	1 Jan – 31 Mar 2009	1 Jan – 31 Mar 2008
Staff expenses	-124	-121
Other operating expenses	-124	-114
Operating profit/loss	**-248**	**-235**
Financial income	7	16
Financial expense[1]	-4,040	-21,405
Profit/loss after financial items	**-4,281**	**-21,624**
Income tax	68	61
NET PROFIT/LOSS FOR THE PERIOD	**-4,214**	**-21,563**

[1] Financial expense in Parent Company comprises writedown of shares in group companies.

Balance Sheet – Parent Company

EUR thousands	31 Mar 2009	31 Dec 2008
Shares and participations in investing activities	256,096	263,764
Deferred tax assets	68	-
Total non-current assets	**256,164**	**263,764**
Other short-term receivables	1,399	1,399
Accrued income and prepaid expenses	33	23
Cash and cash equivalents	2,061	286
Total current assets	**3,493**	**1,708**
Total assets	**259,657**	**265,472**
Share capital	3,627	3,627
Other contributed capital	386,155	387,652
Profit brought forward	-126,254	1,168
Net profit/loss for the period	-4,214	-127,422
Total equity	**259,314**	**265,025**
Tax liabilities	37	63
Other liabilities	82	128
Accrued expenses and prepaid income	224	256
Total current liabilities	**343**	**447**
Total equity and liabilities	**259,657**	**265,472**

Consolidated key figures

Value at the end of the period	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Net asset value, EURt	259,314	265,025	318,231	368,235	369,876
Change in NAV during the period	-2.2%	-16.7%	-13.6%	-0.5%	-6.2%
Equity ratio	99.9%	97.9%	99.1%	99.4%	99.5%
Market capitalisation, SEKm	1,696	1,458	2,167	2,974	3,409
Market capitalisation, EURt[1]	154,950	134,013	221,363	314,393	363,433
Number of employees	4	4	4	4	3

Key figures/share	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Earnings, EUR	-0.118	-1.48	-1.51	-0.046	-0.672
NAV, SEK[1]	79.39	79.53	85.86	96.02	95.68
NAV, EUR	7.25	7.31	8.77	10.15	10.20
Share price, SEK	47.40	40.20	59.75	82	94
Share price, EUR[1]	4.33	3.69	6.10	8.67	10.02

[1] Some currency translations are made for informational purposes. 1 EUR = SEK 10.95 on 31 March 2009, SEK 10.88 on 31 December 2008, SEK 9.79 on 30 September 2008, SEK 9.46 on 30 June 2008 and SEK 9.38 on 31 March 2008. Source: Reuters.

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