

Interim Report

1 January - 30 June 2014



In May, the acquisition of Vilnius Business Harbour, an A Class office building in Lithuania's capital city, was completed, further increasing the exposure towards commercial properties in the Baltic Region. Photo: Gediminas Mažeika

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Key events during the second quarter

- In June, a pay-out was received of EUR 17.7m from the ongoing liquidation of East Capital Special Opportunities Fund II, which corresponds to 89 percent of the investment's value and gives an average annual return of -14.1 percent. The remaining part is expected to be paid out during the autumn of 2014
- In June, 1,481,049 shares were tendered for redemption under the redemption program, corresponding to an acceptance level of 94 percent. A total of EUR 13.6m (SEK 123m) was thereby transferred to the company's shareholders. All redeemed shares have been cancelled
- In May, the acquisition of Vilnius Business Harbour and neighboring land plot was completed for a total purchase price of EUR 61.6m, of which East Capital Explorer's equity commitment, paid in cash, was EUR 22.3m. The current yield level of the A class office building is 7 percent
- In April, a number of changes were made to the fee structure agreement with East Capital Explorer's investment manager East Capital, resulting in a positive earnings effect of EUR 9.0m from reversed performance fee provisions

Financial results for the second quarter

- The Group's net result for the second quarter was EUR 23.7m (-12.1m), including EUR 23.8m (-12.0m) related to changes in value of investments. Earnings per share amounted to EUR 0.77 (-0.39) for the quarter
- Net asset value (NAV) per share on 30 June 2014 amounted to EUR 9.95 (8.92)¹. The total NAV, after payment of EUR 13.6m to shareholders under the redemption program, amounted to EUR 298m (280m), an increase of 6.3 percent compared to the corresponding period 2013 and 3.3 percent compared to the previous quarter
- Cash, cash equivalents and other short term investments on 30 June amounted to EUR 16.4m (7.1m)

Financial results for the first half year

- The Group's net result for the first half year was EUR 2.6m (-6.0m) and earnings per share amounted to EUR 0.08 (-0.19)
- Net asset (NAV) per share increased by 1.0 percent, from EUR 9.85 to EUR 9.95 during the first half of 2014. Total NAV decreased by 3.7 percent, after payment of EUR 13.6m to shareholders under the redemption program
- The closing price of the East Capital Explorer share as of 30 June 2014 was SEK 57.75 (EUR 6.31), a decrease of 7.2 percent from year-end 2013

Events after the end of the second quarter

- At the Extraordinary General Meeting in August, Liselotte Hjorth was elected as a new Board Member. Liselotte has broad experience from banking, finance and real estate as well as from the Russian and Baltic markets, mainly through a number of positions within the SEB Group
- In July, East Capital Deep Value Fund gained 1.7 percent, East Capital New Markets Fund gained 0.4 percent and East Capital Bering Ukraine Fund R gained 1.7 percent. East Capital Baltic Property Fund II was unchanged in July, while East Capital Russia Domestic Growth Fund declined by 9.0 percent
- On 8 July, EUR 2.3m was invested in East Capital Baltic Property Fund II, corresponding to the remaining committed capital

Net asset value and share price development

	30 Jun 2014		30 Jun 2013	
	EUR	SEK	EUR	SEK
NAV per share	9.95	91	8.92	78
Total NAV	298m	2.7bn	280m	2.4bn
NAV per share, % change in Q2	8.4	11.4	-4.1	-0.1
NAV per share, % change YTD	1.0	4.0	-2.0	-0.5
Closing price per share	6.31	57.75	5.25	45.80
Total market capitalisation	189m	1.7bn	165m	1.4bn
Share price % change in Q2	11.3	14.4	-15.4	-11.9
Share price % change YTD	-9.9	-7.2	-7.9	-6.5

¹ Comparable figures in brackets refer to the corresponding period 2013

Portfolio on 30 June 2014

East Capital Explorer's portfolio is actively managed and comprises Direct Investments 43% (30%), Fund Investments 52% (69%) and Short-term Investments. The largest geographical exposures are towards Russia with a weight of 44% (44%), the Baltic countries 29% (19%) and the Balkan countries 17% (23%). The exposure to Ukraine is 4% (5%). 84% of the portfolio is invested in the Company's targeted sectors: Retail, Consumer Goods, Financials and Real Estate.

Portfolio on 30 June 2014

	Value 30 Jun 2014 EURm	NAV/share EUR	% of NAV	Value 31 Mar 2014 EURm	Value 31 Dec 2013 EURm ⁴	Value change Jan-Jun 2014, % ¹	Value change Apr-Jun 2014, % ¹
Direct Investments							
Melon Fashion Group	62.0	2.07	20.8	62.0	70.5	-12.0	-
Starman	25.0	0.84	8.4	25.0	23.6	6.1 ⁴	-
Vilnius Business Harbour	22.3	0.75	7.5	-	-	-	-
Trev-2 Group	9.8	0.33	3.3	9.8	9.8	-	-
Komercijalna Banka Skopje	7.8	0.26	2.6	6.3	6.6	18.0	23.5
Total Direct Investments	127.0	4.24	42.6	103.2	110.5	-4.4	1.2
Fund Investments							
East Capital Deep Value Fund	49.6	1.66	16.7	46.2	-	7.6	7.4
East Capital New Markets Fund	47.4	1.58	15.9	41.7	-	7.4	13.5
East Capital Russia Domestic Growth Fund	35.1	1.17	11.8	30.2	42.3	-17.1	16.4
East Capital Baltic Property Fund II	20.9	0.70	7.0	20.6	20.7	0.9	1.3
East Capital Bering Ukraine Fund Class R	2.1	0.07	0.7	2.1	2.5	-17.4	-0.3
<i>Funds fully divested in 2014³</i>	-	-	-	-	105.6	-1.1	-
Total Fund Investments	155.1	5.18	52.1	140.8	171.1	-0.7	10.2
Short-term Investments							
Short-term Investments ⁵	2.3	0.08	0.8	19.5	17.9		
Cash and cash equivalents	14.1	0.47	4.7	34.3	20.3		
Total Short-term Investments	16.4	0.55	5.5	53.8	38.2		
Total Portfolio	298.5	9.97	100.2	297.8	319.8		
Other assets and liabilities net	-0.7	-0.02	-0.2	-9.5	-10.4		
Net Asset Value (NAV)	297.8	9.95	100.0	288.3	309.4	1.0⁴	8.4²

¹ The value change calculation is adjusted for investments, divestments and distributions during the relevant period. i.e. it is the percentage change between: the ending value plus any proceeds from dividends or divestments during the period, divided by the starting value plus any added investment during the period

² NAV per share development. The value change takes overhead costs and fees for direct investments into account

³ As of January 1, 2014 East Capital has restructured four of its Bering funds; East Capital Bering Russia Fund, East Capital Bering Balkan Fund, East Capital Bering Central Asia Fund and East Capital Bering Ukraine Fund A. The funds have been transformed into two new funds; East Capital New Markets Fund and East Capital Deep Value Fund. Of the fair value change of -1.1% for the period Jan-Jun 2014, -0.2% relates to transaction costs that were attributed to the funds in connection with the transfer on 1 January 2014. For more information, please refer to page 34 in the Year-end Report 2013. The remaining fair value change relating to fully divested funds refer to the final redemption in East Capital Special Opportunities Fund, which was finalised in March 2014.

⁴ As from 1 January 2014, amendments to IFRS 10 and IAS 27 regarding accounting by Investment entities have been applied. Comparables have been restated. The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m

⁵ Due to the ongoing liquidation of East Capital Special Opportunities Fund II, this holding is no longer separately reported but included in short-term investments, as the remaining assets are limited and expected to be divested before year-end 2014

1 EUR = 9.15 SEK on 30 June 2014. Source: Bloomberg

Note that certain numerical information may not sum up due to rounding

CEO Comment Q2 2014

- The total NAV, after shareholder distribution of EUR 13.6m, increased by 3.3%, driven by a strong portfolio performance

East Capital Explorer's Net Asset Value (NAV) per share amounted to EUR 9.95 (SEK 91) at the end of the quarter and the total NAV amounted to EUR 298m (280m). During the quarter, East Capital Explorer distributed a total of EUR 13.6m to its shareholders while, at the same time, the total NAV increased by 3.3 percent. This positive development is explained by a strong portfolio performance as well as reversed performance fee provisions of EUR 9.0m, a consequence of the new fee structure as described below. The share price gained 14.4 percent to SEK 57.75 during the quarter.

Portfolio development

The Moscow stock exchange rose by 11.7 percent in the second quarter. The driving forces behind this were the successive defusing of the situation in Ukraine during the period, and Russia's long-term gas agreement with China. In addition, other markets in East Capital Explorer's investment universe were strong, not the least the Balkans where the markets in Slovenia and Romania increased 14.7 percent and 12.8 percent respectively in EUR during the quarter. The general recovery was reflected in East Capital Explorer's fund investments including listed holdings. East Capital Deep Value Fund, East Capital New Markets Fund and East Capital Russia Domestic Growth Fund were the prime contributors to the strong development of the NAV. The direct investment in the listed Macedonian bank, Komercijalna Bank Skopje (KBS), also had a strong quarter; the share rose 23.5 percent, even if the share price fell somewhat during June.

Melon Fashion Group's (MFG) sales increased by 32 percent and comparable sales by 5 percent year-on-year. The gross margin, however, decreased 1.9 percentage points, affected by deeper discounting and higher purchasing costs due to the ruble depreciation. Current geopolitical worries and the recent sanctions on Russia by the EU and US, imply both risks and opportunities for MFG. On one hand, Russian GDP growth and consumption are expected to slow down, but on the other hand, so is MFG's international competitors' expansion pace in Russia, which creates opportunities to strengthen the company's market position. Starman and Trev-Group, East Capital Explorer's Estonian direct private equity investments, developed according to plan in the second quarter. Starman is growing steadily with strong profitability and the Trev-2 Group will begin to make shareholder distributions later this year, corresponding to a dividend yield of 2 percent. All unlisted investments are continuously reviewed and fair values are assessed. No changes in fair value were made in the unlisted direct investments during the quarter.

East Capital Baltic Property Fund II continued to develop well. Tånassilma Logistics now has, as it has terminated amortisation payments, a cash flow of 22 percent in relation to the invested amount. The Vilnius based shopping center GO9 is seeing increased footfall and turnover and negotiations are ongoing with a high-end fashion brand, not yet established in Vilnius.

Portfolio activity

During the second quarter we continued to concentrate the portfolio and increase the portion of direct investments. In May, the acquisition of Vilnius Business Harbour, an A Class office building in Lithuania's capital city, was completed. The acquisition further increased the exposure towards commercial properties in the Baltic Region, which has been an overall and prioritised theme during the last two years, and after the acquisition, 15 percent of the NAV is exposed to this sector.

In June, East Capital Explorer received EUR 17.7m from East Capital Special Opportunities Fund II, which initiated its planned liquidation phase. A payment corresponding to 89 percent of the fund's NAV was made, and the remaining portion is expected to be distributed during the autumn of 2014. The fund's performance has not been in line with expectations, and an annual return of -14.1 percent was realized at the divestment.

Redemption program, preference shares and changes in fees

In April, East Capital Explorer held its Annual General Meeting of shareholders. The AGM granted the Board a renewed mandate to issue preference shares which provides us with financial flexibility, should the company need increased headroom when it comes to attractive investment opportunities, something which we see primarily in the consumer sector in the Baltics and Russia, as well as in the Baltic real estate sector. In addition, the AGM approved the Board's proposal for a redemption program, where five percent of the shares could be redeemed at SEK 83 (corresponding to the NAV per share as of 28 February), which is the second of a total of three redemption programs that the Board has committed to propose. As a result, at the end of June, a total of 1,481,049 ordinary shares were redeemed, equivalent to an acceptance rate of 94 percent, and a total of EUR 13.6m (SEK 123m) was consequently distributed to our shareholders.

In April, East Capital Explorer agreed with the manager, East Capital, on a number of changes in the fee structure. In brief, the changes refer to a halving of the management fees on portfolio value exceeding EUR 400m, decreased management fees for real estate investments, payment of performance fees for direct investments only when the investments have been realised, and that no performance fees are paid before the NAV per share exceeds SEK 100, equivalent to East Capital Explorer's initial issue price. We believe that the changes in the fee structure are positive, particularly as they better reflect the consensus between our shareholders and our managers' goals, that is, that the NAV is to increase in its entirety.

Events after the end of the quarter

In spite of the fact that the second quarter was characterised by a broad recovery, the economic uncertainty in East Capital Explorer's largest market, Russia, continues to be significant. The situation in Eastern Ukraine is very tense and the unrest increased in July, particularly in conjunction with the tragic plane crash on 17 July. Increased economic sanctions against Russia by both the US and EU have been decided, mainly targeting the oil and financial sectors. The sanctions will be withdrawn if Russia retracts its support of the pro-Russian separatists, but so far this has not happened. Together with our Investment Manager, we follow these developments very carefully. The Russian market declined as a consequence of the unrest in the Ukraine during the second half of July, which was reflected mainly in East Capital Russia Domestic Fund that declined by 9.0 percent in July, while both the Balkan regions and Baltic states saw a slightly positive development. East Capital Deep Value Fund, East Capital New Markets Fund and East Capital Bering Ukraine Fund R all developed slightly positively, supported by the stronger currencies.

As the portion of unlisted direct investments and real estate is increasing, representing close to 50 percent on NAV as of 30 June, the relevance of East Capital Explorer's monthly NAV reports has decreased.

To better reflect the fair value of the portfolio going forward, East Capital Explorer has decided to discontinue publishing monthly NAV reports. Instead, the company will increase the information relating to its unlisted direct investments. Starting August, these companies' P&Ls, balance sheets and cash flow statements will, on a quarterly basis, be available on our website.

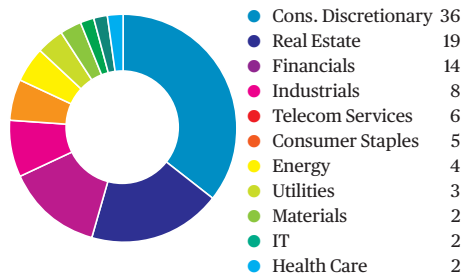
Personally, I am glad to be back in the role of CEO after one year's parental leave. I look forward to continue my work with the team, which was strengthened during the year with Lena Krauss as new CFO and Head of Investor Relations, and continue to contribute to the development of East Capital Explorer, which during the last two years has, step by step, become both clearer as regards to its strategy and increasingly focused in its investment operations. Difficult to reach assets, such as the unlisted fashion retailer Melon Fashion Group, and first class commercial properties in the Baltic capitals, comprise an increasingly large portion of the portfolio and it is the ambition of both East Capital Explorer and our Investment Manager to continue in this direction.

Mia Jurke
CEO

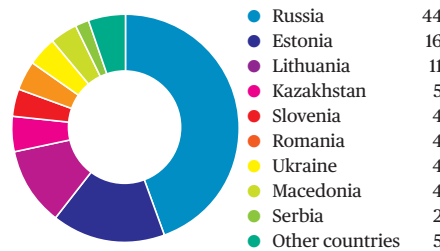


Portfolio breakdown, % per 30 June 2014

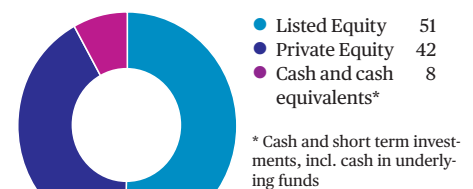
Sector breakdown



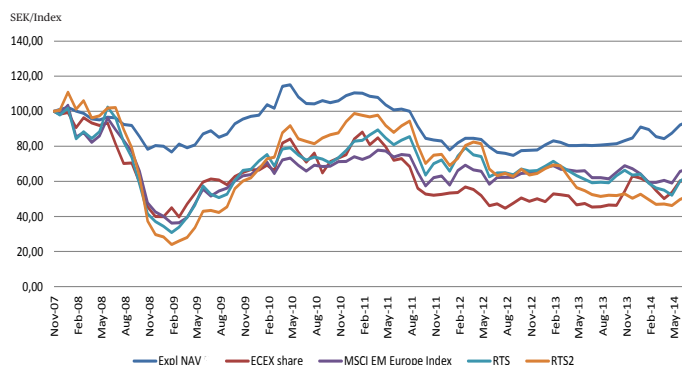
Country breakdown



Asset class



East Capital Explorer vs indices since IPO



Net asset value, share price and index development

(% change in EUR)	1 Jan - 30 Jun 2014	1 Jan - 30 Jun 2013
NAV per share	1.0	-2.0
East Capital Explorer share	-9.9	-7.9
RTS Index ¹	-4.6	-15.1
RTS 2 Index ²	-5.3	-23.1
MSCI EM Europe ³	1.1	-10.2

¹ 50 largest companies traded on the Russian Trading System

² 78 companies on the RTS that have limited trading volumes

³ Russian, Polish, Hungarian, Czech and Turkish equities

Investment Manager Comment Q2 2014

- The portfolio has seen major changes over the past two years - the share of direct investments and real estate has increased from 20% to 50%

During the second quarter, East Capital Explorer's portfolio recovered from the declines experienced in the first quarter, when both listed and unlisted holdings in Russia were negatively impacted by the weakening of the ruble and the escalation of the crisis in Ukraine. The Russian stock market made a one hundred and eighty degree turn as the crisis in Ukraine temporarily de-escalated and Russia entered into a long-term gas agreement with China, while at the same time several of East Capital Explorer's investments performed well, due to various other factors. During the quarter, the portfolio's exposure vis à vis the Baltic real estate sector was increased through a direct investment of EUR 22.3m.

Market comment

The Moscow stock exchange recovered during the quarter against the background of President Putin's softened rhetorics applied in terms of the situation in Ukraine, as well as the gas agreement worth more than USD 400 billion, signed between Gazprom and China National Petroleum Corp, which will deepen the relationship between Moscow and Beijing. The Moscow stock exchange rose 11.7 percent in EUR during the quarter and was at the end of the quarter back at the levels we saw prior to the start of the Ukraine crisis. The Kiev stock exchange, which also recovered, rose 17.5 percent in EUR. After the end of the quarter, however, the situation in Ukraine worsened. At the end of July, the EU and the US increased their

sanctions towards Russia and in response, Russia imposed an import ban on Western food.

During the quarter, the Ukrainians saw a new President, Petro Poroshenko, take over and the country signed a historic trade agreement with the EU. The strategic focus that Ukraine has chosen is clear and has strong domestic support, but the situation in the eastern part of Ukraine is still tense with an ongoing civil war. The geopolitical uncertainties concerning Ukraine have increased economic concerns in Russia, East Capital Explorer's single largest market. At an early stage we downgraded our growth forecast for the country's economy when the situation escalated in March, which was not due to the sanctions implemented at that time, but due to the atmosphere of uncertainty that had been created. Until just recently it appeared that the relatively robust consumption and the accelerated industrial production could imply that the Russian economy would grow 1-2 percent instead of standing still, but the new sanctions introduced at end-July are expected to have a negative impact.

During the second quarter, the stock markets in the Balkan countries were strong, particularly in Slovenia and Romania, while Kazakhstan also showed positive development. In Slovenia, the country's largest retail chain was sold to a strategic investor, something that had been long awaited and that boosted the entire stock market and several of East Capital Explorer's holdings. The Slovenian stock market rose 14.7 percent in EUR during the quarter.

10 largest holdings in East Capital Explorer's portfolio on a see-through basis (sum of direct and indirect holdings)¹

On 30 June 2014						
Company	Value in portfolio, EURm	% of NAV	Perf. Q2, %	Country	Sector	East Capital Explorer's investment vehicle
Melon Fashion Group	62.0	20.8	0.0	Russia	Consumer Discretionary	Direct Investment
Starman	25.0	8.4	0.0	Estonia	Consumer Discretionary	Direct Investment
Vilnius Business Harbour	22.3	7.5	-	Lithuania	Real Estate	Direct Investment
Trev-2 Group	9.8	3.3	0.0	Estonia	Industrials	Direct Investment
Komercijalna Banka Skopje	9.6	3.2	23.5	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Gedimino 9	8.4	2.8	1.0	Lithuania	Real Estate	East Capital Baltic Property Fund II
Tanassilma Logistics	8.0	2.7	2.7	Estonia	Real Estate	East Capital Baltic Property Fund II
Fondul Proprietatea	7.1	2.4	11.3	Romania	Financials	East Capital New Markets Fund
Aeroflot Russian Airlines	6.7	2.3	6.1	Russia	Industrials	East Capital Russia Domestic Growth Fund East Capital Deep Value Fund
KCell	5.5	1.8	23.4	Kazakhstan	Telecom	East Capital New Markets Fund
Total	164.4	55.2				

¹ As if East Capital Explorer had owned its pro-rata share of all the underlying securities in the different funds it has invested in

Portfolio comment

The largest changes in the portfolio during the quarter were East Capital Explorer's direct investment of EUR 22.3m in Vilnius Business Harbour (VBH), an A class office property of two skyscrapers in Vilnius' central business district, and the receipt of EUR 17.7m from East Capital Special Opportunities Fund II in conjunction with the planned liquidation of the fund. At the end of the quarter, after having distributed EUR 13.6m to East Capital Explorer's shareholders, EUR 14.1m of the portfolio comprised cash and cash equivalents.

At the end of May, a direct investment in VBH was finalised, a transaction

of EUR 61.6m, providing a direct yield of approximately 7 percent. East Capital Explorer's equity commitment amounted to EUR 22.3m, and the remaining remaining portion was financed with bank loans. At the point of acquisition, the property had a leasable area of 28,400 square meters and a vacancy rate of 3 percent. The transaction also included a neighbouring land plot where there is a possibility of constructing another office building of 13,000 square meters. The ambition is to have the existing building entirely rented out at the end of the year. VBH is East Capital Explorer's first direct investment in real estate, and represented 7 percent of East Capital Explorer's total portfolio at the end of the quarter. In addition to VBH, the portfolio has exposure to three other Baltic properties through its investment in the East Capital Baltic Property Fund II, all of which showed positive development during the quarter. The logistics center Tănassilma

Logistics in Tallinn is now fully let with a yield of 22 percent on equity, while the shopping center GO9 in Vilnius as of 30 June had signed agreements for 75 percent of its leasable area. Since then, one further agreement has been signed, giving an occupancy rate of 81 percent, compared with an occupancy rate of 53 percent at the time of acquisition.

Starman and Trev-2, East Capital Explorer's two private equity holdings in Estonia, developed well during the quarter. Starman, which accounted for 8 percent of the total NAV at the end of the quarter, increased its sales by 10.8 percent to EUR 12.0m and EBITDA by 12.7 percent to EUR 8.2m during the first six months of the year, compared to the equivalent period last year. It is particularly pleasing to note that during the quarter the number of Starman's cable TV customers increased on an annual basis for the first time in six years. The trend has been negative during a long period, while Starman's customer addition within DTT services has been positive. During the past year, the number of cable tv customers has nevertheless increased steadily each month, signalling that customers are satisfied with Starman's product offering. As expected, the construction and maintenance company Trev-2 Group, which accounts for 3 percent of total NAV, reported lower volumes compared with the previous year. Its pipeline of projects is, however, positive at the same time as the company is focusing on profitability and efficiency. Later this year Trev-2 will execute its first shareholder distribution since 2008, equivalent to a dividend yield of 2 percent.

Melon Fashion Group (MFG), East Capital Explorer's largest private equity holding that represents 21 percent of NAV, improved its sales dynamics in the quarter while higher purchasing costs and discounting weighed on gross margins that contracted 1.9 percentage points to 61.5 percent compared to the first quarter. Sales, on the other hand, grew by 32 percent year on year and 29 percent quarter on quarter. MFG opened 26 new stores (net), bringing the total number of stores to 635. Despite the challenging Russian market, MFG sees opportunities to strengthen its market position as international competitors slow down their Russian expansion plans.

Although the value of East Capital Explorer's unlisted direct investments was unchanged during the quarter, the listed holdings showed significant value increase which contributed to the recovery. Komercijalna Banka Skopje (KBS) which is a direct investment and represented 3 percent of the portfolio at the end of the quarter, had a very strong second quarter and rose 23.5 percent as a consequence of increased investor interest. Since the end of last year, the share price has increased 18 percent. The company, that during the last years have been affected by the weak Macedonian economy, has started to stabilise and we expect a slightly higher profit for 2014 compared to the previous year, even if the first six months showed a loss.

The fund investments in East Capital Deep Value Fund, East Capital Russia Domestic Growth Fund and East Capital New Markets Fund, which altogether represented 45 percent of East Capital Explorer's portfolio as at the end of June, increased in value by 7.4 percent, 13.5 percent and 16.4 percent respectively during the second quarter, where the de-escalating of the situation in the Ukraine during the quarter was the primary underlying driving force.

In Russia, domestic focused shares developed particularly well during the period after a weak first quarter, partly as many of the companies have costs in foreign currency and were negatively impacted by a weaker ruble. The food store chain, Dixy, and the real estate developer, LSR, held in both East Capital Deep Value Fund and East Capital Russia Domestic Growth Fund, rose 54 percent and 51 percent respectively during the quarter, while larger holdings such as M. Video, the leading electronic goods chain, and Sistema, the telecom conglomerate, gained over 30 percent. In recent months we have met with the management of both M. Video and Sistema to discuss the prospects for the remainder of the year. Well managed and entrepreneur led M.Video is growing at a stable rate and pays frequent dividends, while Sistema's core holdings, Bashneft and MTS, are in good shape and we see potential in the smaller holdings, for example the children's toy chain, Detskiy Mir. In addition, East Capital New Markets Fund's investments in Slovenia increased in value when investors saw a long-awaited strategic acquisition of the country's largest retail chain finally take place. Amongst the fund's Slovenian holdings that performed strongly were the insurance company Sava Re that gained 32 percent, and Telecom Slovenia that gained 19 percent. Zavarovalnica Triglav, another insurance company

in Slovenia, increased 15 percent and here East Capital succeeded, as a major owner and after months of negotiations, in also achieving a significant dividend that was 50 percent higher than the initially proposed level, equivalent to a yield of 7.3 percent.

We are experiencing the Ukrainian crisis up close through East Capital Bering Ukraine Fund R. The real estate company Cantik has, for example, difficulties in transporting goods to and from their shopping centers in Crimea, while sales on the other hand are increasing dramatically as the Crimean residents are spending their last hryvnia before the Russian ruble will be introduced as their single currency. Food producer Chumak has experienced positive sales growth as people have stored up provisions, but profitability has suffered from the devaluation of the hryvnia. However, the fund, which is comprised of these two unlisted companies, represents not more than 1 percent of East Capital Explorer's NAV.

Outlook

The economic uncertainty and increased volatility in the Russian stock and currency markets continue against the background of the geopolitical unrest in Ukraine and the sanctions imposed on Russia by the EU and US. Other Eastern European markets, with the obvious exception of Ukraine, are relatively unaffected by the crisis.

The increased uncertainty and slowdown in Russia is manifested through falling investments. The cost of capital has also increased but there are no real signs that Russian companies would have difficulties in re-financing themselves. Russia's GDP growth is expected to be around zero for 2014, but the Russian economy is backed by its vast reserves, low debt, a balanced budget and a current account surplus. Low unemployment, limited household debt and real wage increases lend support to consumption that remains positive, albeit affected by higher inflation and interest rates in the short term. We believe that the best way forward is through compromise and dialogue rather than through continued sanctions. Looking beyond the expected continued market volatility in the short term, we see attractive investment opportunities in Russia for the next 2-3 years when the situation normalises. Baltic properties, which now account for around 15 percent of the NAV, in turn provide a good yield in combination with an upside as regards rental levels.

During the second quarter's AGM season, the Boards in a number of East Capital Explorer's private equity holdings were strengthened. Johnny Svedberg, previously Head of Tele2 in Russia and the Baltics, is a new Board Member in Starman while Erkki Raasuke, previous CFO within the Swedbank Group and Managing Director for Swedbank in the Baltics, is a new Board Member in Trev-2 Group. In MFG, there are new Board Members, namely, Mathias Pedersen, CFO of East Capital, and Mikhail Urzhumtsev, previously long-term CEO of MFG. The management groups have also been strengthened in a number of companies: Starman recently welcomed a new COO and, in the spring, a new Deputy CEO for MFG was recruited, with many years of experience within the Inditex Group. All in all, we see positive possibilities for the companies to continue to develop and create value for East Capital Explorer's shareholders.

East Capital Explorer's portfolio has seen major changes during the last two years. Since June 2012, the number of individual investments has been reduced from 16 to 10, and the portion of direct investments and real estate has increased from 20 to 50 percent of the total NAV. The ambition is to continue to increase this portion, creating a unique and focused portfolio of attractive and value generating companies.

Peter Elam Håkansson
Chairman, East Capital



Portfolio Investments

Income statements, balance sheet summaries and cash flow statements for East Capital Explorer's unlisted direct investments will be made available on www.eastcapitalexplorer.com shortly after publication of the Interim Report. Please note that Melon Fashion Group's statements will be available slightly later due to its internal reporting calendar.

Direct Investments

Melon Fashion Group

- One of the fastest growing Russian fashion retail companies

East Capital Explorer's holding in the company:	36%
% of NAV:	20.8%

- For the second quarter, total sales from continuing operations of Melon Fashion Group (MFG) reached RUB 2.7bn (EUR 60m), corresponding to an increase of approximately 32 percent compared to the same period last year, and 29 percent compared to the first quarter. After a disappointing first quarter, sales in comparable stores showed a positive trend by growing 5 percent (Zarina +7, Love Republic +6 and befree +2 percent) compared to Q2 2013. Sales dynamics generally improved compared to the first three months of the year, backed by higher average checks and better conversion ratio despite dwindling traffic. Gross margin contracted by 1.9 percentage points to 61.5 percent from 63.4 percent in Q2 2013 on the back of higher purchasing costs and deeper discounting reflecting general market trends

- Based on preliminary management accounts for the second quarter, sales dynamics generally improved but profitability remains weak on the back of continuing expansion in the recent periods, resulting in increased leverage of related distribution and SG&A (Selling, General and Administrative) costs that are not always offset by expected higher sales volumes. Without changing its attitude to the regional expansion as the driver of future sales, amidst the pressures of weaker local currencies as well as rising production and SG&A costs, the company puts additional efforts into reviewing its expansion strategy to ensure that targets for profitability and payback period can be met. In addition to above mentioned factors, one-offs related to negative impact of hedging contracts and hryvnia depreciation have also negatively affected profitability in Q2

- Macro environment remains tough, with low visibility and high uncertainty regarding consumer trends in Russia amidst slower economic growth, rising inflation as well as more specific issues such as MFG's operations in Ukraine. Though the share of Ukrainian sales in the total MFG sales volumes has been insignificant and did not exceed 3 percent in 2013, foreign exchange and other related losses had negative effect on Q2 profitability and may continue to have a negative impact on earnings in the coming quarters

- Despite challenging environment, we also see opportunities in terms of easing competition from the international apparel players putting on hold or cutting their expansion plans in Russia. It provides MFG with better bargaining power in competition for attractive locations and with an opportunity to partially shift management focus from expansion to operations and processes. A number of key recruitments have been done to strengthen the company's HR function and store operations, as a part of continuous efforts to improve efficiency of internal operating processes

- During the quarter, 26 new stores (net) were opened, bringing the total number of stores to 635

Learn more about Melon Fashion Group on: www.melonfashion.ru

Starman

- The leading cable TV, broadband internet and voice cable services provider in Estonia

East Capital Explorer's holding in the company:	51%
% of NAV:	8.4%

- Starman has had a strong performance for the first half of the year. Sales for the first six months reached EUR 16.6m, 10.8 percent higher than the same period last year. EBITDA amounted to EUR 8.2m, up 12.7 percent on the same period in 2013. The EBITDA margin was 49.3 percent compared to 48.5 percent a year earlier

- In May, Starman successfully pre-launched its TV Everywhere product, which will be rolled out to customers after summer

- The growth in the number of cable customers has now turned positive on a year-on-year basis, demonstrating the attractiveness of the product offering and the service mix

- Toomas Tiivel was formally appointed CEO in May. The management team was further strengthened by the recruitment of Hanno Hussar as new Head of Operations and Customer Service

- Johnny Svedberg, formerly responsible for Tele2's operations in Russia and the Baltics, was elected as a new Board Member at the company's AGM in May

Learn more about Starman on: www.starman.ee

Vilnius Business Harbour

- One of Vilnius' most modern and well located A Class office buildings

East Capital Explorer's holding in the company:	100%
% of NAV:	7.5%

- On 27 May, East Capital Explorer acquired, as a direct investment, Vilnius Business Harbour (VBH) and a neighboring land plot. The total purchase price was EUR 61.6m, of which East Capital Explorer's equity commitment, paid in cash, was EUR 22.3m

- The current yield level of VBH is 7 percent and the vacancy rate is approximately 3 percent

- During the quarter, VBH signed a new lease agreement, effective as of October, with pharmaceutical company Teva. Renegotiations are ongoing of a number of ending lease agreements with a combined area of 2,820 sqm, corresponding to approximately 10 percent of the leasable area, on improved terms

- To improve service quality, all the business center's services such as concierge, conference center, restaurant, art gallery and car wash are reviewed, while new services are planned, including taxi, cafeteria and lounge area

- There is a strong pipeline of potential new tenants and expansion needs of existing ones, which implies a further reduced vacancy in the second half of the year

Learn more about Vilnius Business Harbour on: www.vvu.lt

Trev-2 Group

- One of the largest infrastructure construction and maintenance companies in Estonia

East Capital Explorer's holding in the company:	40%
% of NAV:	3.3%

• As expected, on the back of exited Latvian and Russian operations as well as decreased EU funding, business volumes in 2014 have been lower than in previous years. For the first six months, which are normally seasonally slower than the second half of the year, revenues amounted to EUR 22.7m, compared to EUR 35.2m in the same period of 2013. EBITDA was EUR 2.1m (3.3m), corresponding to an EBITDA margin of 9.3 (9.4) percent, and the net result was EUR -0.6m (0.4m)

• The company's project pipeline is strong; by the end of the quarter, 90 percent of the budgeted volumes for 2014 were covered by tenders won. Trev-2 Group continues to focus on efficiency and profitability in the domestic Estonian market

• The AGM was held in June, where it was decided to pay a dividend of 1 cent per share, equivalent to a dividend yield of 2 percent, later this year. It is the first time the company pays a dividend since 2008 and under the current management

• Erkki Raasuke, formerly CFO of Swedbank Group and CEO of Swedbank in the Baltics, was elected as a new Board Member at the June AGM and Gert Tiivas, representing East Capital, was elected Chairman

Learn more about Trev-2 Group on: www.trev2.ee

Fund Investments

East Capital Deep Value Fund

The East Capital Deep Value Fund provides exposure to conservative market valuations, companies with significant revenue generation and high potential for revaluation. This includes public as well as private equity holdings, small and medium sized companies with proven business models with attractive valuations and deep value holdings. No particular consideration is made to sector - return potential above market is the main guiding feature.

East Capital looks for turnaround cases in which they can take an active shareholder role in the portfolio companies. This allows East Capital to participate in board member nominations and shareholder actions that help to ensure that minority rights and proper corporate governance standards are prioritised, as well as the promotion of trade sales, repurchase of shares and/or other value realization measures. The fund's returns are less likely to be linked to general market returns as the portfolio companies are normally not part of the main indices.

At the end of the period East Capital Explorer's share of the Fund was 72 percent.

Fund performance	Q2 2014	6m 2014	Since Jan 14
East Capital Deep Value Fund, EUR	7%	8%	8%

Portfolio highlights during the quarter

• The fund gained 7.4 percent during the second quarter, bringing the total gain to 7.6 percent for the first six months

• Some of the best-performing shares were Russian mid-caps that were added to the portfolio in March; real estate developer LSR gained 51.0 percent while steel and mining company Evraz gained 18.8 percent

• An official buyout offer was launched for construction company Bamtonnelstroy, after 19 court cases won by East Capital against the main owner in Russian courts over three years. The price was 157 percent above the valuation at the beginning of the year and the stock gained 127 percent in the quarter

• A buyout was also launched for the fund's largest holding, Russian oil field services company Integra, at a 33 percent premium to the market

Komercijalna Banka Skopje

- The largest bank in Macedonia by assets and capital

East Capital Explorer's holding in the company:	10%
% of NAV:	2.6%

• Komercijalna Banka Skopje (KBS) reported a net loss of EUR 2.3m for the first half of 2014, which represents an improvement from the EUR 6.5m loss in the corresponding period last year. The main contributor to the negative result was an impairment provision on executed collateral, taken in compliance with local Central Bank regulations. Profit before taxes and provisions was up 2 percent year on year. KBS finished 2013 with a small profit, and despite the loss for the first six months of 2014, slightly higher profits are expected for this year

• KBS grew its net interest income by 5 percent year on year, with a healthy net interest margin of 3.7 percent, while commission income was almost flat

• Management has kept good control over operating expenses, which were flat year on year. The Cost/Income ratio is once again slightly below 50 percent, which is satisfactory given the bank's large branch network and the fact that most transactions are still not done electronically

• Balance sheet growth has been slow at 1.5 percent year to date, but the slower pace is largely intentional, as the Bank sees continuing weak credit demand in the corporate sector and therefore is resisting deposit growth, as it already has ample liquidity

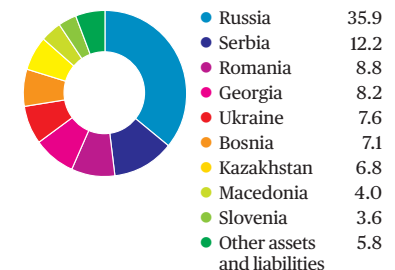
Learn more about Komercijalna Banka Skopje on: www.kb.com.mk

Portfolio breakdown, % per 30 June 2014

Sector weighting % of the fund

Financials	29.5
Industrials	13.8
Consumer Discretionary	12.0
Materials	11.9
Energy	9.9
Consumer Staples	7.2
Utilities	6.5
Telecom	3.8
Health Care	0.4
Other assets and liabilities	5.2

Asset allocation by country % of the fund



Largest holdings in the Fund on 30 June 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Integra	7.0	19.8	1.1	Russia	Energy
Impact	6.7	16.9	1.1	Romania	Financials
B92	5.9	-4.6	-0.3	Serbia	Cons. Discr.
Aeroflot Russian Airlines	5.3	6.1	0.3	Russia	Industrials
Caucasus Energy & Infrastructure	4.6	-2.5	-0.2	Georgia	Utilities
Evraz	4.2	18.8	0.8	Russia	Materials
Aerodrom Ljubljana	3.6	33.5	1.0	Slovenia	Industrials
Komercijalna Banka Skopje	3.6	23.6	0.7	Macedonia	Financials
LSR Group	3.6	51.0	1.4	Russia	Financials
Steppe Cement	3.4	9.5	0.3	Kazakhstan	Materials

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
48	19	102

East Capital New Markets Fund

The East Capital New Markets Fund provides exposure to some of the fastest growing markets in Eastern Europe. The fund is a concentrated European frontier fund focusing on companies with significant growth and long term value potential. The main guiding principle is return potential above market and no particular consideration is made to sector or country. The investment region includes but is not limited to Bulgaria, Croatia, Estonia, Lithuania, Kazakhstan, Romania, Serbia, Slovenia and Ukraine.

East Capital works actively with the investments and selects companies based on valuations, revenue generation and operational performance but also on their position in the present market environment. East Capital may also take an active shareholder role to ensure good value realisation. This includes participating in board member nominations and shareholder actions that enable East Capital to ensure that minority rights and proper corporate governance standards are prioritised.

At the end of the period East Capital Explorer's share of the Fund was 70 percent.

Fund performance	Q2 2014	6m 2014	Since Jan 14
East Capital New Markets Fund, EUR	14%	7%	7%

Portfolio highlights during the quarter

- The fund gained 13.5 percent during the second quarter, while its benchmark index¹ was up 17.1 percent. Kazakh oil company Kazmunaigaz, which is the index's largest component, gained 33.2 percent. The fund's large underweight in this stock explained most of the underperformance
- Slovenia did well on the back of the long-awaited sale of the country's largest food retailer Mercator, which triggered a broad market rally. Insurance company Sava Reinsurance, for example, gained 32.2 percent
- The fund's Ukrainian holdings were increased, most notably through one of the world's largest chicken producers, MHP. The stock gained 20.2 percent during the quarter
- A number of smaller holdings were also added in Romania, Lithuania and Slovenia

East Capital Russia Domestic Growth Fund

The aim of the Fund is to exploit the potential of the domestic growth in the Russian economy. The target is to create a concentrated portfolio of between 10 and 20 listed companies which generate at least half of their revenue in Russia and have a market capitalisation of above USD 500m. The Fund operates across all sectors and invests in securities that are believed to be undervalued and have a significant performance potential.

At the end of the period East Capital Explorer's share of the Fund was 96 percent.

Fund performance	Q2 2014	6m 2014	Since Aug 12
East Capital Russia Domestic Growth Fund, EUR	16%	-17%	-13%

Portfolio highlights during the quarter

- In the second quarter, the market saw a substantial turnaround in Russia and the fund gained 16.4 percent while the Russian RTS index was up 11.7 percent
- The fund's largest holding, conglomerate Sistema, was the best contributor after a 34.2 percent hike. Not only its core businesses (Bashneft and MTS) are doing well, but other consumer investments as well
- Electronic retailer M.Video has had a good recovery since mid-March when the market reached its low. It continues to cement a leading position on the market and plans to add 30 new stores this year. The stock gained 31.5 percent in the quarter
- The fund has increased its exposure to E.ON Russia, which gained 22.0 percent in the quarter, as the stock was offering a 16 percent dividend yield
- The fund sold its holding in Tinkoff Credit Systems. During the quarter, it was the only stock in negative territory with a 17.9 percent decline, and remains under cyclical pressure, as the credit card market continues to slow and non-performing loans are rising

Portfolio breakdown, % per 30 June 2014

Sector weighting % of the fund

Financials	38.2
Telecom	16.7
Energy	13.3
Consumer Staples	11.9
Health Care	9.3
Consumer Discretionary	0.4
Other assets and liabilities	10.2

Asset allocation by country % of the fund



Largest holdings in the Fund on 30 June 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Fondul Proprietatea	14.9	11.3	1.6	Romania	Financials
KCell	11.5	23.4	2.7	Kazakhstan	Telecom
Sava Reinsurance	10.4	32.2	2.8	Slovenia	Financials
Kazmunaigaz	9.4	33.2	2.4	Kazakhstan	Energy
Myronivsky Hliboproduct	7.4	20.2	1.3	Ukraine	Cons. Staples
Bank Sankt-Peterburg	5.7	17.2	0.9	Russia	Financials
KRKA	4.7	9.2	0.3	Slovenia	Health Care
Protek	4.6	-1.5	-0.1	Russia	Health Care
Zavarovalnica Triglav	4.4	14.9	0.7	Slovenia	Financials
Montenegro Telekom	3.2	-6.3	-0.3	Montenegro	Telecom

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
76	0	20

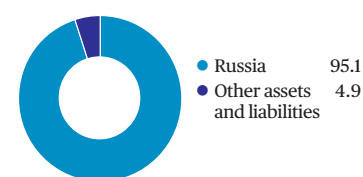
¹ MSCI FM Central and Eastern Europe + CIS Total Return Net

Portfolio breakdown, % per 30 June 2014

Sector weighting % of the fund

Consumer Discretionary	15.7
Financials	15.5
Information Technology	15.2
Telecom	15.0
Industrials	14.4
Utilities	11.9
Consumer Staples	7.4
Other assets and liabilities	4.9

Asset allocation by country % of the fund



Largest holdings in the Fund on 30 June 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Sistema	12.1	34.2	3.5	Russia	Telecom
Aeroflot Russian Airlines	11.6	6.1	0.9	Russia	Industrials
M.Video	10.8	31.5	2.6	Russia	Cons. Discr.
E.ON Russia	10.2	22.0	1.4	Russia	Utilities
Yandex	9.7	15.2	2.1	Russia	IT
Magnit	7.4	15.5	1.0	Russia	Consumer Staples
Sberbank	6.0	9.8	0.6	Russia	Financials
Mail.Ru Group	5.5	0.5	0.0	Russia	IT
Bank Sankt-Petersburg	4.9	17.2	0.8	Russia	Financials
Sollers	4.9	34.2	1.1	Russia	Cons. Discr.

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
83	0	14

East Capital Baltic Property Fund II

The aim of the Fund is to invest in commercial properties in the Baltic region, primarily in shopping centres and retail properties, as well as logistics and office properties. The goal is to acquire properties in prime locations with stable income and enhancement potential.

The main focus is properties with well-established tenants and sustainable rental terms in and around Tallinn, Riga and Vilnius. Value is added through improvements in tenant mix, refurbishment, extension or redevelopment.

At the end of the period East Capital Explorer's share of the Fund was 64 percent.

Fund performance	Q2 2014	6m 2014	Since May 12
East Capital Baltic Property Fund II	1%	1%	22%

Portfolio highlights during the quarter

- Tānassilma Logistics in Tallinn is now fully occupied. Following the termination of amortisation payments since January 2014, cash flow return has improved further to 22 percent on invested equity
- After the grand opening of Vilnius shopping center GO9 on 29 March, footfall and tenant turnover are increasing. Negotiations are ongoing with a high-end fashion brand, which would be a newcomer to Vilnius. GO9 had signed leases corresponding to 75 percent of new leasable area. After the end of the quarter, another agreement was signed, bringing the occupancy rate to 81 percent

East Capital Bering Ukraine Fund R

The aim of the Fund is to achieve long term capital appreciation from investments in Ukrainian equities. The Fund may also invest in companies that have significant trade with, or active investments in, Ukraine.

At the end of the period East Capital Explorer's share of the Fund was 11 percent.

Fund performance	Q2 2014	6m 2014	Since Jan 08
East Capital Bering Ukraine Fund R, EUR	0%	-17%	-92%

Portfolio highlights during the quarter

- The continued political and economic instability in Ukraine is affecting consumers and the country's economy to a large extent. For the fund's two holdings, the market conditions during the second quarter were similar to that of the first quarter and the fund performance was flat
- Real estate company Cantik's business was stable, but revenues were down in EUR terms due to the large UAH devaluation
- While food producer Chumak saw increased demand for its products, interest payments on USD denominated loans consumed an increasing amount of the company's profits

Short-term investments

Short-term investments

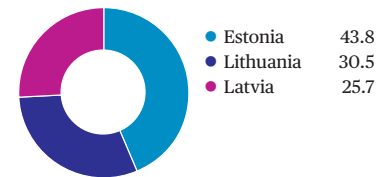
On 30 June 2014, East Capital Explorer had one investments under liquidation, East Capital Special Opportunities Fund II, of EUR 2.3m (EUR 17.9m) included in short-term investments in the portfolio report on page 3 in this report.

Portfolio breakdown, % per 30 June 2014

Sector weighting
% of the fund

Logistics	43.8
Retail	56.2

Asset allocation by country
% of the fund



Portfolio breakdown, % per 30 June 2014

Sector weighting
% of the fund

Financials	65.0
Consumer Staples	35.0

Asset allocation by country
% of the fund



Largest holdings in the Fund on 30 June 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Cantik	65.1	0.6	0.4	Ukraine	Financials
Chumak	35.6	-0.9	-0.3	Ukraine	Consumer Staples

All figures in EUR

* Contribution to the portfolio performance

Cash and cash equivalents

Cash and cash equivalents amount to EUR 14.1m (EUR 20.3m), not yet invested or drawn-down. Interest income from cash and cash equivalents during the reporting period amounted to EUR 0.0m (EUR 0.0m). The decrease in cash during the first six months is attributable to investments undertaken in the period and distribution to shareholders in connection with the share redemption program. Cash and cash equivalents in the Balance Sheet amounted to EUR 1.8m as of 30 June, due to that it only includes cash in the Parent company.

Results

In accordance with the changes in foremost IFRS 10 and IAS 27 imposed on investment entities, East Capital Explorer AB (publ) (the Company) reports all investments at fair value and does not consolidate any of its subsidiaries starting from 1 January 2014. Comparatives for 2013 have been restated. The only notable difference is attributable to the holding in Starman, which was acquired in 2013. Please refer to page 20 for more information. After implementing the new principles, the financial reports of the Parent company correspond to the Separate Financial Statement according to IFRS.

In accordance with the Investment Policy, the investment activities of East Capital Explorer AB (publ) are managed by the operating subsidiary East Capital Explorer Investments AB which manages the investment portfolio. Transactions in the operating subsidiary East Capital Explorer Investments AB are referred to as the investment activities in this report.

Presentation currency is euro (EUR).

Results for the second quarter 2014

The net result for the second quarter was EUR 23.7m (EUR -12.1m), including changes in values of shares in subsidiaries of EUR 23.8m (-12.0m), corresponding to earnings per share of EUR 0.77 (EUR -0.39).

In the investment activities, East Capital Explorer acquired Vilnius Business Harbour, an A Class office complex in the central business district in Vilnius for a cash consideration of EUR 22.3m, and received EUR 17.7m from the divestment of 89 percent of the holding in East Capital Special Opportunities Fund II. As a result of changes in the fee structure relating to the investment agreement with East Capital, the remaining part of the performance fee provision from year-end was reversed by EUR 9.0m. Together with the fair value adjustments in East Capital Deep Value Fund of EUR 3.4m, East Capital New Markets Fund of EUR 5.7m and East Capital Russia Domestic Growth Fund of EUR 4.9m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

The result of the period includes other expenses of EUR -0.2m (EUR -0.2m) and tax of EUR 0.0m (EUR 0.0m), all of which refer to the Parent company.

Financial income for the period amounted to EUR 0.4m (EUR 0.4m) and is attributable to interest income from the loan to East Capital Explorer Investments AB.

Financial expenses amounted to EUR -0.0m (EUR -0.0m).

Results for the period January-June 2014

The net result for the first six month was EUR 2.6m (EUR -6.0m), including changes in values of shares in subsidiaries of EUR 2.8m (-6.0m), corresponding to earnings per share of EUR 0.08 (EUR -0.19).

In the investment activities, East Capital Explorer received a final consideration of EUR 14.1 m relating to the holding in East Capital Special Opportunities Fund and EUR 17.7m from the divestment of shares in East Capital Special Opportunities Fund II. An A Class office complex in the central business district in Vilnius, Vilnius Business Harbour, was acquired for a cash consideration of EUR 22.3m. The value of the holding in Melon Fashion Group (MFG) was depreciated by EUR 8.5m, or 12 percent in the first quarter, equivalent to the decline of the ruble against the euro between December 2013 and February 2014. Part of the performance fee provision was consequently reversed by EUR 2.1m. Together with the fair value adjustments in East Capital

Deep Value Fund of EUR 3.5m, East Capital New Markets Fund of EUR 3.3m, East Capital Russia Domestic Growth Fund of EUR -7.2m, East Capital Special Opportunities Fund II of EUR 2.2m and the additional reversal of performance fee provisions noted below, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

The result of the period includes other expenses of EUR -0.6m (EUR -0.4m) and tax of EUR 0.0m (EUR 0.0m), all of which refer to the Parent company.

On 22 April 2014, it was announced that East Capital Explorer AB and East Capital has agreed to change a number of terms in their current fee structure. The changes mean that, inter alia, no performance fees are to be paid out until the net asset value per ordinary share is above SEK 100, and that the management fees will be halved on portfolio values exceeding EUR 400m and lowered on real estate investments. As a consequence of the reversed performance fee provisions, the changes have a positive effect of EUR 9.0m on the reported results for the first six months of 2014. Please refer to the Company's web site for more information.

To calculate all fees related to East Capital Explorer, fees originated in funds should be added to the fees in the investment activities. The total fees accrued to the Investment Manager, generated by the fund investments and direct investments held by East Capital Explorer AB, amounted to (plus) EUR 8.1m (EUR -2.3m) including VAT. Of this, (plus) EUR 11.2m (EUR 0.0m) was performance fees. Due to the reversal of earlier provided performance fees noted above, the amount was positive for the period. For more details about fees, please see the latest annual report available on the Company's website.

Financial income for the period amounted to EUR 0.8m (EUR 0.9m) and is attributable to interest income from the loan to East Capital Explorer Investments AB.

Financial expenses amounted to EUR -0.0m (EUR -0.0m).

Financial Position and Cash Flow

The Company's equity ratio was 99.9 percent (99.9 percent). Compared to the key figures published in the annual report of 2013 of 77.2 percent, the ratio has increased as a result of the changes in accounting policies noted above. The main contribution to the increase is the fact that Starman is no longer consolidated.

The cash flow presented below only relates to transactions in the Parent Company. In the second quarter, the Parent Company received repayment of shareholder's contributions of EUR 15.6m (EUR 14.0m) from East Capital Explorer Investments AB and EUR 13.6m (EUR 14.3m) was paid out to the shareholders in connection with the redemption program that ended in June 2014 (January 2013).

The cash, cash equivalents/cash and bank at the end of the period amounted to EUR 1.8m (EUR 0.8m), all of which refer to the Parent Company. Interest income from cash, cash equivalents/cash and bank for the reporting period amounted to EUR 0.0m (EUR 0.0m).

The main cash outflow from the investment activities during the quarter refers to the acquisition of Vilnius Business Harbour.

The main cash inflow from the investment activities during the first six month refers to the final redemption from East Capital Special Opportunities Fund of EUR 14.1m, which was received in March 2014 and the first redemption in East Capital Special Opportunities Fund II of EUR 17.7 m, received in June 2014. At the end of the period, cash,

cash equivalents and other short-term investments in the investment activities amounted to EUR 16.4m (EUR 38.2m). Please refer to the breakdown of values in East Capital Explorer Investments AB on pages 21-23 for more details regarding the investment activities.

Commitments and draw-downs

East Capital Explorer has committed to invest EUR 20m in total in the East Capital Baltic Property Fund II. A total of EUR 17m was drawn down by the Fund in 2012 and EUR 0.7m in 2013. At the end of the period, EUR 2.3m remained to be invested. The final draw down was paid in July 2014.

Parent Company

Following amendments to IFRS 10 and IAS 27 regarding accounting by Investment entities, as noted above, the result of the Parent company corresponds to the result prepared according to IFRS. Please refer to comments on the result, financial position and cash flow above.

Business Environment and Market

The world's emerging markets, including East Capital Explorer's largest investment market Russia, enjoyed an improved sentiment during the second quarter 2014 on the back of global economic recovery, monetary stimulus and, as regards Russia, the perception of decreased risk of an escalation of the crisis in Ukraine. The recovery is, however, uneven and remains subject to significant uncertainties. These uncertainties could have an adverse effect on the markets in our region, and may lead to continued volatility in the financial equity and currency markets. The assets held by East Capital Explorer, both public and private, could thereby become associated with increased risks, which may also impact the possibilities for divestments, while on the other hand creating opportunities for new investments.

Our investment region saw a slowdown in GDP growth in 2013. However, there are significant differences between countries. In Russia, the economic uncertainty has increased significantly after Russia's annexation of Crimea and the subsequent geopolitical unrest, as well as the sanctions imposed on Russia by EU and the US in late July. The intensified geopolitical turmoil in Russia is expected to lead to a slowdown in the economy, with growth predicted to stay much below potential in 2014, and the Russian ruble is expected to stabilise at lower levels. The rest of Eastern Europe is predicted to experience an overall moderate macroeconomic recovery during 2014.

Other information

Risks and factors of uncertainty

The dominant risk in East Capital Explorer's operations is commercial risk in the form of exposure to specific sectors, geographic regions or individual holdings and financial risk in the form of market risk, equity price risk, foreign exchange risk and interest rate risk. A more detailed description of East Capital Explorer's and the Group's material risks and uncertainties is provided in the Company's Annual Report 2013 on pages 47-48. An assessment for the coming months is provided in the Business Environment and Market section above.

The fund investments and direct investments in the Investment activities are also exposed to commercial risks, financial risks, and market risks. In addition, through the business activities of their holdings, i.e. their offerings of products and services, within the respective sectors, the funds and direct investments are also exposed to legal/regulatory risk and political risk, for example political decisions on public sector expenditures and industry regulations.

Related party transactions year-to-date 2014

There have been no related party transactions during the first six months, other than fee payments according to the agreements in place. East Capital Explorer AB has a related party relationship with its

subsidiaries, with companies in the East Capital Group, as well as with management and employees.

East Capital Explorer Investments AB has a licensing agreement with East Capital Explorer Licensing AB, pursuant to which East Capital Explorer Licensing AB has granted a non-exclusive, royalty-free license to use the trade name and trademark "East Capital Explorer".

East Capital PCV Management AB (the "Investment Manager"), a subsidiary of East Capital Holding AB, implements investments according to the investment policy and provides investment management services pursuant to the Investment Agreement. East Capital Explorer AB has an Investment Agreement with the Investment Manager and East Capital Explorer Investments AB. During the first six months of 2014, the fees to the Investment Manager was positive, (plus) EUR 8.1m (EUR -2.3m), due to reversed performance fees relating to earlier years.

The Company has a service agreement with East Capital International AB, a service company within East Capital, pursuant to which the Company buys certain administrative and other services. The Company has a sub rent premises agreement with East Capital International AB. During the quarter, the Group purchased services for EUR 0.1m (EUR 0.1m), all through the Parent Company.

East Capital Explorer AB's management, Board members and their close relatives and related companies control 22 percent of voting rights in the Company.

The CEO of East Capital Explorer AB is a Board member of East Capital Explorer Investments AB.

Organisational and investment structure

East Capital Explorer is a Swedish investment company listed on NASDAQ OMX Stockholm. East Capital Explorer's business concept is to maximise risk-adjusted shareholder return by offering shareholders a liquid exposure to a unique investment portfolio of unlisted and listed companies in Eastern Europe. Value is added through active ownership made possible by the investment manager East Capital's local presence, extensive network and long experience in the Eastern European markets.

East Capital Explorer's strategy is to invest in sectors and companies that have the most to gain from the long-term trends in its investment universe. Strong domestic demand is a key driver for growth in Eastern Europe and this is the main investment theme. East Capital Explorer targets fast growing sectors such as retail, consumer goods, financials and real estate. The investment portfolio is actively managed to optimize the long-term value. All investments are considered carefully from a risk-reward perspective. Risks are managed on the basis of a number of methods and tools, among others, through emphasis on corporate governance, including material and relevant environmental and social factors. Active ownership also involves board representation and close relations with the companies in which East Capital Explorer invests.

For further information about the organizational and investment structure of the Company, please see the Corporate Governance Report for 2013, included in the Annual Report and on the Company's web site www.eastcapitalexplorer.com under the section, 'Corporate Governance'.

Redemption program and preference shares

At the Annual General Meeting on 22 April 2014, it was resolved that East Capital Explorer would offer its shareholders to redeem 5 percent of the Company's outstanding shares at a price of SEK 83 (corresponding to EUR 9.38) for each redeemed share. The redemption price was equivalent to the Company's net asset value per share on 28 February 2014. A total of 1,481,049 ordinary shares were tendered for redemption during the period 6 May to 4 June 2014, corresponding to an acceptance level of approximately 94 percent. Consequently, a total of SEK 122,927,067, EUR 13.6m, was paid out in June 2014 to the shareholders participating in the redemption program.

At the end of June 2014, East Capital Explorer cancelled the shares redeemed through the redemption program. The Company does not hold any own shares following the cancellation. The total number of shares in East Capital Explorer as of 30 June 2014 amounted to 29,943,260. The average number of shares outstanding for the reporting period was 32,354,001, adjusted for the redemption program.

The Board has committed to propose a similar redemption program to the Annual General Meeting (AGM) in 2015 if the discount to net asset value exceeds 10 percent of the six months average net asset value preceding the approval of the notice to the AGM.

At the Extraordinary General Meeting on 24 March, it was decided to introduce a new class of shares, preference shares, and to authorise the Board to issue such preference shares in order to take advantage of attractive investment opportunities with strong cash flow and good growth. The AGM on 22 April resolved to renew this authorization.

Dividend

The redemption program has replaced the Company's dividend policy and, therefore, no dividend will be paid out on the ordinary shares in 2014.

Events occurring after the end of the quarter

On 8 July, a final drawdown of EUR 2.3m was made for previously committed capital in East Capital Baltic Property Fund II.

At the EGM on 19 August, Liselotte Hjorth was elected as new member of the Board. Liselotte, has broad and extensive experience from banking, finance and real estate, mainly through a number of positions within the SEB Group, and most recently as Global Head of Commercial Real Estate and Member of the Management Board of SEB AG in Frankfurt, Germany. Liselotte Hjorth is a Member of the Board of the Swedish National Debt Office, Kungsleden AB and White arkitekter AB. Liselotte Hjorth has a Bachelor of Science degree in Business Administration and Economics from the University of Lund.

As the portion of direct investments and real estate is increasing, equivalent to 50 percent of the portfolio as at the end of June, the relevance of monthly NAV reports from East Capital Explorer has decreased. Consequently, it was decided to no longer produce the complete monthly NAV reports. Information on value changes in the fund investments will continue to be reported on a monthly basis. Further, starting in August 2014, information regarding the portfolio's unlisted direct investments will increase; their P&Ls, balance sheets and cash flow statements will, on a quarterly basis, be available on our website.

In July, East Capital Deep Value Fund increased by 1.7 percent, East Capital New Markets Fund by 0.4 percent and East Capital Bering Ukraine Fund R by 1.7 percent while East Capital Russia Domestic Growth Fund declined by 9.0 percent. The total effect on the East Capital Explorer NAV in July from fair value adjustments was -0.6 percent.

The Board of Directors and CEO give their assurance that the six-month report presents a true and fair view of the Group's and Parent Company's operations, financial position and profits and describes the significant risks and uncertainties facing the Parent Company and companies included in the Group.

Stockholm, 21 August 2014

Paul Bergqvist
Chairman of the Board

Mia Jurke
Chief Executive Officer

Peter Elam Håkansson
Board member

Lars O Grönstedt
Board member

Louise Hedberg
Board member

Liselotte Hjorth
Board member

Alexander Ikonnikov
Board member

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Financial calendar

- Interim Report, 1 January - 30 September 2014 on 7 November 2014
- Year-end Report 1 January - 31 December 2014 on 12 February 2015

Subscribe to financial reports and press releases directly to your e-mail on: www.eastcapitalexplorer.com or by sending an email to ir@eastcapitalexplorer.com.

The information in this interim report is the information which East Capital Explorer AB is required to disclose under Sweden's Securities Market Act. It was released for publication at 08:00 a.m. CET on 21 August 2014.

Review Report

To the Board of East Capital Explorer AB (publ)
Corporate identity number 556693-7404

Introduction

We have reviewed the summary interim financial information (interim report) of East Capital Explorer AB (publ) as of 30 June 2014 and the six-month period then ended except for the portfolio reporting on pages 5-11. The Board of Directors and the Managing Director 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.

Scope of the Review

We conducted our review in accordance with the Standard on review engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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, 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, 21 August 2014
KPMG AB

Mårten Asplund
Authorized Public Accountant

Anders Malmeby
Authorized Public Accountant

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

As East Capital Explorer AB, in accordance with IFRS, is classified as an investment company, consolidated accounts are no longer produced, but instead separate financial statements in accordance with IFRS are presented below. Furthermore, as before, the separate financial statements of the Parent company are produced in accordance with RFR 2. As there are currently no differences between the requirements in accordance with RFR 2 and the reports according to IFRS - both sets of accounts are presented in one common set of financial statements below.

Income Statement

EUR thousands		2014	Restated ¹	2014	Restated ¹
	Note	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun
Changes in value of subsidiaries	2	2,830	-5,962	23,806	-11,956
Staff expenses		-404	-583	-201	-368
Other operating expenses		-578	-435	-298	-229
Operating profit/loss		1,847	-6,980	23,306	-12,555
Financial income		751	944	367	380
Financial expenses		-5	-	-3	-
Profit/loss before tax		2,593	-6,036	23,670	-12,175
Tax		-	15	-	47
NET PROFIT/LOSS FOR THE PERIOD²		2,593	-6,022	23,670	-12,129
Earnings per share, EUR		0,08	-0,19	0,73	-0,37
- Shareholders of the Parent Company					
No accumulated dilution effects during the period					

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found on page 18 "Accounting principles" and in note 6, "Restatement of Financial Statements in respect of the application of IFRS 10, investment entities"

² There is no other comprehensive income relating to the Parent company. Net Profit/Loss for the period agrees to Total Comprehensive income

Balance Sheet

EUR thousands	30 Jun	Restated ¹	Restated ¹
	2014	31 Dec	30 Jun
	2014	2013	2013
Assets			
Shares in subsidiaries	266,908	279,678	249,842
Deferred tax assets	-	-	355
Total non-current assets	266,908	279,678	250,197
Loans group companies	29,315	29,315	29,315
Other short-term receivables	-	1	1
Accrued income and prepaid expenses	16	21	13
Cash and cash equivalent/cash and bank	1,811	776	1,029
Total current assets	31,143	30,113	30,358
Total assets	298,051	309,791	280,555
Equity			
Share capital ²	3,650	3,640	3,640
Other contributed capital/Share premium reserve ³	334,564	348,183	348,183
Retained earnings including other reserves ³	-42,972	-65,579	-65,579
Net profit/loss for the period ³	2,593	23,143	-6,022
Total equity	297,836	309,387	280,222
Current liabilities			
Other liabilities	97	108	126
Accrued expenses and prepaid income	119	296	207
Total current liabilities	216	404	333
Total equity and liabilities	298,051	309,791	280,555

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found on page 18 "Accounting principles" and in note 6, "Restatement of Financial Statements in respect of the application of IFRS 10, investment entities"

² Restricted capital

³ Unrestricted capital

As East Capital Explorer AB, in accordance with IFRS, is classified as an investment entity, consolidated accounts are no longer produced, but instead separate financial statements in accordance with IFRS are presented below. Furthermore, as before, the separate financial statements of the Parent company are produced in accordance with RFR 2. As there are currently no differences in the requirements in accordance with RFR 2 and the reports according to IFRS - both sets of accounts are presented in one common set of financial statements below.

Statement of Changes in Equity

EUR thousands							
2014	Share capital	Other contributed capital/Share premium reserve	Other Reserves	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent Company	Non-controlling interest	Total equity
Opening equity 1 January 2014	3,640	348,183	-	-42,435	309,387	-	309,387
Net profit/loss for the period	-	-	-	2,593	2,593	-	2,593
Total comprehensive income	-	-	-	2,593	2,593	-	2,593
Bonus issue	10	-10	-	-	-	-	-
Redemption program	-	-13,609 ²	-62	-	-13,671	-	-13,671
Other reserves	-	-	-474	-	-474	-	-474
Closing equity 30 June 2014	3,650	334,564	-537	-39,843	297,836	-	297,836

EUR thousands Restated ¹							
2013	Share capital	Other contributed capital/Share premium reserve	Other Reserves	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent Company	Non-controlling interest	Total equity
Closing equity 31 December 2012	3,631	362,458	77	-65,653	300,513	8	300,521
Effect of changes in accounting principles	-	3	-77	74	-	-8	-8
Opening equity 1 January 2013	3,631	362,461	-	-65,579	300,513	-	300,513
Net profit/loss for the period	-	-	-	-6,022	-6,022	-	-6,022
Total comprehensive income	-	-	-	-6,022	-6,022	-	-6,022
Bonus issue	9	-9	-	-	-	-	-
Redemption program	-	-14,269	-	-	-14,269	-	-14,269
Closing equity 30 June 2013	3,640	348,183	-	-71,600	280,222	-	280,222

Statement of Cash Flow

EUR thousands				
	1 Jan - 30 Jun 2014	Restated ¹ 1 Jan - 30 Jun 2013	1 Apr - 30 Jun 2014	Restated ¹ 1 Apr - 30 Jun 2013
Operating activities				
Operating profit/loss	1,847	-6,980	23,306	-12,555
Changes in value of subsidiaries	-2,830	5,962	-23,806	11,956
Interest received	751	883	367	395
Tax paid	-	-30	-	-
Cash flow from current operations before changes in working capital	-231	-164	-132	-204
Cash flow from changes in working capital				
Increase (-)/decrease (+) in other current receivables	5	29	357	30
Increase (+)/decrease (-) in other current payables	-725	-168	-966	-36
Cash flow from operating activities	-951	-303	-741	-210
Investing activities				
Repayment of shareholder contributions	15,600	14,400	15,600	-
Cash flow from investing activities	15,600	14,400	15,600	-
Financing activities				
Redemption program	-13,609	-14,269	-13,609	-
Cash flow from financing activities	-13,609	-14,269	-13,609	-
Cash flow for the period	1,040	-172	1,250	-210
Cash and cash equivalent/cash and bank at the beginning of the period	776	1,131	564	1,247
Exchange rate differences in cash and cash equivalents	-5	69	-3	-9
CASH AND CASH EQUIVALENT/CASH AND BANK AT THE END OF THE PERIOD	1,811	1,029	1,811	1,029

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found on page 18 "Accounting principles" and in note 6, "Restatement of Financial Statements in respect of the application of IFRS 10, investment entities"

² Includes an fx gain of EUR 0.3m relating to the redemption program

Note 1 Accounting Principles

This interim report has been prepared in accordance with IFRSs and IAS 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act (ÅRL). The interim report for the Parent Company has been prepared in accordance with RFR 2 and The Swedish Annual Accounts Act Chapter 9, Interim report. The parts of IFRSs and RFR 2 that are currently relevant for East Capital Explorer AB lead to the same accounting. The two sets of separate financial statements are therefore presented together above as a common single set of accounts.

New and changed accounting policies in 2014

Changes in accounting policies are due to new or amended IFRS. The following accounting policies are applied by the Group as of 1 January 2014:

In accordance with the changes of IFRS 10 "Consolidated Financial Statements" and IAS 27 "Separate Financial Statements", imposed on investment entities, as from 1 January 2014, the Company reports all investments at fair value and does not consolidate any of its subsidiaries. Comparatives for 2013 have been recalculated. The effect of the changes in the accounting principles are presented in the Statement of Changes in Equity on page 17 and in Note 6, "Restatement of Financial Statements in respect of the application of IFRS 10, investment entities" on pages 24-26.

In connection with the implementation of IFRS 10, investment entities, the financial statements have been renamed from Statement of profit and loss and other comprehensive income to Income Statement and from Statement of financial position to Balance sheet.

A number of other new standards, amendments to standards and interpretations of standards are effective for periods beginning after this report has been published. These are assessed not to have any material impact on the reports of East Capital Explorer.

As from 1 January 2014, the Parent Company applies fair value opinion in IAS 39 for accounting of financial instruments, whereas interest in subsidiaries is measured at fair value through profit and loss instead of at historical cost less impairment. There were no material effect on recognised amounts from the change. In connection with the amended principles the format of the income statement has changed, so that the change in the value of shares in subsidiaries is included in the Company's operating results.

Investment entities

As of 1 January 2014, East Capital Explorer applies the consolidation exemption in IFRS 10 with reference to Investment entities, which implies that all holdings are recognised at fair value through profit or loss and subsidiaries are no longer consolidated. In assessing East Capital Explorer AB, it has been concluded that the Company, even though it has only one investment (East Capital Explorer Investments AB), falls within the classification of an investment entity, as the investment in turn invests in several holdings (fund investments, direct investments and short term investments in the East Capital Explorer portfolio). East Capital Explorer Investments AB is deemed to fall within the classification of an investment entity even though it only receives funding from one owner, East Capital Explorer AB, as East Capital Explorer AB according to its listing agreement and under investment management agreements has undertaken to provide East Capital Explorer Investments AB with financing for its investment, from bringing several investors (the shareholders) together for the single purpose of making investments through East Capital Explorer Investments AB. East Capital Explorer AB's investment strategy is to acquire attractive assets and sell them in the foreseeable future at a profit. The management agreement between East Capital Explorer AB and East Capital, includes an agreement on the payment of performance fees. This applies both in the context of fund investments and direct investments. The incentive is designed so that East Capital essentially gets paid only if the profits are realised, which strengthens the manager's focus on the realisation of assets, i.e. the conditions for exit strategies are deemed to be fulfilled.

Note 2 Segment Reporting

East Capital Explorer AB classifies the Company's various segments based on the nature of the investments. Segment results and assets include items directly attributable to the segment, which can be allocated in a reasonable and dependable manner. Management monitors the holdings on the basis of fair value, and all holdings are reported at fair value through profit or loss in accordance with IAS 39. As the value of the holding in East Capital Explorer Investments AB, where the investment activities are managed, is directly dependable of the investment portfolio, the value change of holdings held by the subsidiary have been allocated to value changes, dividends received and other operating expenses that are directly attributable to the underlying fund investments, direct investment or short-term investments. All other revenues and expenses are classified as unallocated in the table below.

EUR thousands 1 Jan - 30 Jun 2014	Fund investments	Direct investments	Short-term investments	Unallocated	Total
Changes in value of portfolio	-1,915	-5,834	2,159	-	-5,590
Received dividends	-	-	-	-	-
Other operating expenses	-	9,305	-	-885	8,420
Changes in value of subsidiaries	-1,915	3,471	2,159	-885	2,830
Staff expenses	-	-	-	-404	-404
Other operating expenses	-	-	-	-578	-578
Operating profit/loss	-1,915	3,471	2,159	-1,867	1,847
Financial income	-	-	-	751	751
Financial expense	-	-	-	-5	-5
Profit/loss before tax	-1,915	3,471	2,159	-1,121	2,593
Assets	155,052	127,014	16,428	-443	298,051

EUR thousands, Restated ¹ 1 Jan - 30 Jun 2013	Fund investments	Direct investments	Short-term investments	Unallocated	Total
Changes in value of portfolio	-3,699	-1,270	-540	-2	-5,511
Received dividends	-	1,550	-	-	1,550
Other operating expenses	-	-809	-	-1,192	-2,001
Changes of value of subsidiaries	-3,699	-529	-540	-1,194	-5,962
Staff expenses	-	-	-	-583	-583
Other operating expenses	-	-	-	-435	-435
Operating profit/loss	-3,699	-529	-540	-2,212	-6,980
Financial income	-	-	-	944	944
Financial expense	-	-	-	-	-
Profit/loss before tax	-3,699	-529	-540	-1,268	-6,036
Assets	193,260	82,636	7,099	-2,440	280,555

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding accounting by Investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found on page 18 "Accounting principles" and in note 6, "Restatement of Financial Statements in respect of the application of IFRS 10, investment entities"

Note 3 Non consolidated entities from consolidation exception in IFRS 10

The following companies are no longer consolidated as a result of the application of the amendments to IFRS 10 and IAS 27 regarding accounting by investment entities as from 1 January 2014 and the earlier application related to lack of control of the return from fund investments applied already in 2013. The total impact of the restatement relating to investment entities is presented on page 24-26 in this report.

Non consolidated entities 30 June 2014		Country	Number of shares/shares	Book value, EUR Thousands	Ownership capital
East Capital Explorer Investments AB (ECEI)	Investment entity	Stockholm, Sweden	3,410	296,223	100%
Humarito Limited ³	Investment entity	Nicosia, Cyprus	2,000	10,765	100%
UAB Portarera ⁴	Investment entity	Vilnius, Lithuania	300	22,314	100%
UAB Solverta ⁴	Investment entity	Vilnius, Lithuania	100	-	100%
UAB Verslina ⁴	Investment entity	Vilnius, Lithuania	100	-	100%
Baltic Cable Holding OÜ ³	Investment entity	Tallinn, Estonia	2,501	-	100%
Starman AS ³	Investment entity	Tallinn, Estonia	6,657	25,038	51%
East Capital Russia Domestic Growth Fund ²	Lack of control	Russia	40,000	35,100	96%
East Capital Special Opportunities Fund IP ²	Lack of control	Eastern Europe	378,591	2,314	59%
East Capital Deep Value Fund ²	Lack of control	Emerging Europe	63,503	49,635	72%
East Capital New Markets Fund ²	Lack of control	Eastern Europe	60,718	47,394	70%
East Capital Baltic Property Fund II ^{1,2}	Lack of control	Baltic	170,688	20,851	64%

¹ East Capital Explorer has committed to invest EUR 20m in total in East Capital Baltic Property Fund II. A total of EUR 17m was drawn down by the Fund during 2012 and EUR 0.7m in 2013. At the end of the period, EUR 2.3m remained to be invested. The final draw down of EUR 2.3m was paid in July 2014.

² As from 1 January 2013, the East Capital Explorer Group does not consolidate its funds with reference to the lack of ability to affect the returns from the funds

³ In accordance with the application of the amendments to IFRS 10 and IAS 27 regarding Investment entities, as from 1 January 2014 East Capital Explorer AB reports all investments at fair value and does not consolidate any of its subsidiaries. Comparatives for 2013 have been recalculated. The effects of the changes in the accounting principles is presented in the Statement of Changes in Equity on page 17 and in Note 6 on pages 24-26. In the statement below, presenting the effect of the restatement divided by holding and type of asset/liability which has been restated, the holdings in Baltic Cable Holding OÜ and Starman AS have been added up, as there are no operations in the holding company

⁴ The operations in UAB Portarera, UAB Solverta and UAB Verslina have been aggregated as one value as the companies are consolidated as Vilnius Business Harbour (VBH)

As an effect of the restatement noted above, presented in full on pages 24-26 in this report, the above-mentioned subsidiaries are no longer consolidated. The holdings are instead valued at fair value through profit or loss. The table below specifies the impact from each subsidiary on the Balance sheet compared to the Statement of Financial position as presented in the annual report of 2013. The figures relate to 31 December 2013.

EUR thousands	ECEI	Starman	Humarito Ltd	Total
Assets				
Property, plant and equipment	-	-27,710	-	-27,710
Goodwill	-	-56,986	-	-56,986
Other intangible assets	-	-16,227	-	-16,227
Shares and participations in investing activities/shares in subsidiaries	-19,822	23,609	72	3,860
Total non-current assets	-19,822	-77,314	72	-97,063
Total current assets	8,588	-4,833	-80	3,675
Total assets	-11,234	-82,147	-8	-93,388
Equity and Liabilities				
Equity				
Equity attributable to shareholders of the Parent Company	-	-1,428	-	-1,428
Non-controlling interest	-8	-407	-	-415
Total Equity	-8	-1,835	-	-1,843
Total long-term liabilities	-	-68,911	-	-68,911
Total current liabilities	-11,227	-11,401	-8	-22,635
Total equity and liabilities	-11,234	-82,147	-8	-93,388

Note 4 Financial Instruments

Comparative figures for 2013 have been restated in accordance with IFRS 10 and IAS 27, investment entities. The main effect of the application of the consolidation exception relating to investment entities is that only one set of financial statements are presented above, whereas the accounts prepared according to IFRS agree with the accounting principles applied by the Parent company. For a better understanding of the business, the information regarding financial instruments below have been presented on a see through basis as the fair value of the holding in the subsidiary East Capital Explorer Investments AB is a result of the fair value of the holdings in the investment activities within East Capital Explorer Investments AB. Shares and participations in the investment activities as well as the parent company's holdings in subsidiaries are all valued at fair value.

Financial instruments not measured at fair value through profit and loss

For accounts receivable and accounts payable, the carrying amount is deemed to reflect fair value since the remaining maturity is generally short. This is also the case for cash and bank. East Capital Explorer AB measures its loan to group companies at amortised cost according to the effective interest method. The value has been assessed to correspond to fair value on the balance sheet date.

Calculation of fair value

The following summarises the main methods and assumptions applied in determining the fair value of the financial instruments in the balance sheet. Please refer to the Annual Report for 2013 for more details on valuation policies used by East Capital Explorer AB.

Fair value hierarchy

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs requiring significant adjustment based on unobservable inputs, such measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the financial asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The remaining equity funds are classified in the level where underlying equities to a predominant proportion have been classified.

Shares in subsidiaries/financial instruments

In the Parent company, financial instruments consist of shares in subsidiaries of EUR 266.9m, loans to group companies of EUR 29.3m and cash and cash equivalent/cash and bank of EUR 1.8m. The carrying amount of these assets correspond to the fair value on the balance sheet date.

	Country	Book value, EURt		Share of capital, %	
		30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
Shares in subsidiaries including loans to group companies					
East Capital Explorer Investments AB	Stockholm, Sweden	296,223	279,157	100	100

East Capital Explorer AB (publ) owns 100% of the preference shares in East Capital Explorer Investments AB and is entitled to all profits, assets and liabilities attributable to that company. Percentage of votes is 4.3%. East Capital Explorer Investments AB is in turn classified as an investment entity whose total holdings, including its subsidiaries, are measured at fair value through profit and loss. Reported value in East Capital Explorer Investments AB consists partly of shares and partly of a loan. The value of the holding can be found in the rows shares in subsidiaries and loans to subsidiaries in the balance sheet above.

As the holdings in East Capital Explorer Investments AB are presented on a see through basis, the tables below reflect the fair value hierarchy in the investment activities.

The value of the shares in East Capital Explorer Investments AB (including loans to group company) is made up by the following assets:

EUR thousands						
Breakdown of values in East Capital Explorer Investments AB, including loans to group companies	Fund Investments	Direct Investments	Short term Investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2014	188,892	110,535	112	19,471	-10,016	308,993
Reclassifications	-17,820	-	17,820	-	-	-
Purchase/additions	-	22,314	-	-22,314	-	-
Divestments/Reductions	-14,103	-	-17,775	31,879	-	-
Other	-	-	-	-1,135	9,556	8,420
Repaid shareholders contributions	-	-	-	-15,600	-	-15,600
Changes in fair value recognised in net profit/loss	-1,915	-5,834	2,159	-	-	-5,590
Closing balance 30 June 2014	155,052	127,014	2,316	12,301	-460	296,223

EUR thousands						
Breakdown of values in East Capital Explorer Investments AB, including loans to group companies	Fund Investments	Direct Investments	Short term Investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2013	196,046	61,586	1	45,224	-3,338	299,519
Reclassifications	-11,346	-1,289	12,635	-	-	-
Purchase/additions	25,740	23,609	-	-49,349	-	-
Divestments/reductions	-13,463	-	-9,995	23,458	-	-
Other	-18	-	-	-962	530	-450
Repaid shareholders contributions	-	-	-	-14,400	-	-14,400
Changes in fair value recognised net in profit/loss	-3,699	-1,270	-542	-	-	-5,511
Closing balance 30 June 2013	193,259	82,636	2,098	3,971	-2,808	279,157

Fund investments consist of funds managed by East Capital, a specialist in Eastern Europe and East Asian emerging and frontier markets, basing its investment strategy on thorough knowledge of the markets, fundamental analyses and frequent company visits by its investment teams. Holdings in the funds are valued at fair value according to the valuation principles described above.

Direct investments consist of the holdings in Melon Fashion Group (MFG), Starman, Vilnius Business Harbour (VBH), Trev-2 Group and Komercijalna Banka Skopje. All of these holdings, but Komercijalna Banka Skopje, which is publicly traded, are valued by external valuers on a yearly basis and valued internally when called for by indications of changes in the value of the holding which are followed up on a monthly basis.

Short-term investments consist of holdings which are expected to be divested within a year. At the beginning of the year, the holding in East European Debt Finance, which was divested in June 2014, was classified as short-term investments. As from the first quarter 2014, East Capital Special Opportunities Fund II has been reclassified as short-term investment due to the ongoing liquidation of the fund, which is expected to be finalised in 2014.

The East Capital Explorer portfolio is presented on page 3 in this report, including information on fair value changes during the period. More information on the portfolio holdings can be found on page 5 to 11 in this report.

The following table analyses, within the fair value hierarchy, the investments in the investment activities measured at fair value as at 30 June 2014:

EUR thousands				
30 June 2014				
Shares and participations in investment activities at fair value through profit or loss ¹	Level 1	Level 2	Level 3	Total balance
- Fund Investments	132,129	-	22,924	155,052
- Direct Investments	7,801	-	119,213	127,014
- Short-term Investments ²	2,314	-	1	2,316
Total assets measured at fair value	142,244	-	142,138	284,382

EUR thousands				
30 June 2013				
Shares and participations in investment activities at fair value through profit or loss ¹	Level 1	Level 2	Level 3	Total balance
- Fund Investments	169,432	-	23,829	193,260
- Direct Investments	7,426	-	75,210	82,636
- Short-term Investments ²	-	-	2,098	2,098
Total assets measured at fair value	176,859	-	101,137	277,994

¹ The following investments in the investment activities are classified in Level 1: East Capital Russia Domestic Growth Fund, East Capital New Markets Fund, East Capital Deep Value Fund and Komercijalna Banka Skopje. The following investments are classified in Level 3: East Capital Baltic Property Fund II, East Capital Bering Ukraine Fund Class R, Melon Fashion Group, Starman and Trev-2 Group in both 2014 and 2013. As from 30 June 2014, Vilnius Business Harbour (VBH) is also included in Level 3

² Due to the ongoing liquidation of East Capital Special Opportunities Fund II, this holding is no longer separately reported, but included in short-term investments as the remaining assets are limited

³ Due to the then ongoing liquidation of East European Debt Finance and East Capital Power Utilities Fund, these holdings were included in short-term investments in Q2 2013

Investments which values are based on quoted market prices in active markets are classified within Level 1, including publicly listed companies in Equity fund investments and direct investments.

Financial investments traded in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources by observable inputs, are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include mainly private equity investments. As observable prices are not available for these holdings, valuation techniques are used to derive fair value. Level 3 instruments also include investments in East Capital funds, to the extent they primarily hold unlisted investments.

EUR thousands 30 June 2014				
Changes in financial assets and liabilities in Level 3	Fund Investments	Direct Investments	Short term Investments	Total
Closing balance 2013	23,179	80,317	112	103,608
Effects of changes in accounting principles	-	23,609	-	23,609
Opening balance 2014	23,179	103,926	112	127,217
Purchase/additions	-	22,314	-	22,314
Divestments/Reductions	-	-	-58	-58
Changes in fair value recognised net in profit/loss	-255	-7,026	-53	-7,335
Closing balance 30 June 2014	22,924	119,213	1	142,138

EUR thousands 30 June 2013				
Changes in financial assets and liabilities in Level 3	Fund Investments	Direct Investments	Short term Investments	Total
Opening balance 2013	22,659	52,890	1	75,550
Reclassifications	-	-1,289	1,289	-
Purchase/additions	740	23,609	-	24,349
Divestments/Reductions	-	-	-9,995	-9,995
Movement to Level 3 ¹	-	-	11,360	11,360
Changes in fair value recognised net in profit/loss	430	-	-557	-127
Closing balance 30 June 2013	23,829	75,210	2,098	101,137

¹ There have been no movements to or from Level 3 during the period in 2014. In 2013, the holding in East Capital Power Utilities Fund was reclassified in Q2 due to that the main part of the fund was redeemed in April 2013 and the remaining holdings in the fund were classified as Level 3

EUR -7,282 thousands (EUR -127 thousands) of changes in fair value recognised net in profit/loss relate to investments still held at the end of the period.

Sensitivity analysis

For information on risks and uncertainties, as well as information about the business environment and market in which East Capital Explorer invest, please refer to the Directors' Report on page 12. For a summary of the methods and assumptions used to determine fair value of the portfolio holdings please see Note 4 and in more detail on page 71 in the Annual Report for 2013. The effect of fluctuations in the major parameters on the value of the portfolio holdings is presented in the table below:

Sensitivity analysis for market risks (EUR thousands)

30 June 2014			
Risk factors	Change	Effect on net profit/loss for the period	
Fx EUR/RUB	+/- 10%	6,201	
Fx EUR/USD	+/- 5%	4,956	
Equity price	+/- 10%	28,438	

Note 5 Key Figures

Key figures	6m 2014	3m 2014	12m 2013	9m 2013	6m 2013	3m 2013	12m 2012	9m 2012
Net asset value, EURm	298	288	309 ¹	284 ¹	280 ¹	292 ¹	301 ¹	301
Change in NAV during the quarter, %	3.3	-6.8	8.9 ¹	1.4 ¹	-4.2 ¹	-2.7 ¹	-0.1 ¹	3.7
Equity ratio, %	99.9	99.8	99.9 ¹	99.9 ¹	99.9 ¹	99.9 ¹	99.8 ¹	97.9
Market capitalisation, SEKm	1,729	1,587	1,956	1,468	1,439	1,634	1,618	1,691
Market capitalisation, EURm	189	178	225	169	165	195	188	200
Outstanding number of shares, m	29.9	31.4	31.4	31.4	31.4	31.4	33.0	33.2
Weighted average number of shares, m ²	32.4	32.4	32.4	32.4	32.4	32.4	35.4	35.6
Number of employees	3	3	4 ¹	5 ¹	5 ¹	5	5	4

Key figures per share	6m 2014	3m 2014	12m 2013	9m 2013	6m 2013	3m 2013	12m 2012	9m 2012
Earnings per share, EUR ²	0.08	-0.65	0.72 ¹	-0.07 ¹	-0.19 ¹	0.19 ¹	0.41 ¹	0.39
NAV, SEK	91	82	87 ¹	79 ¹	78 ¹	78 ¹	78 ¹	77
NAV, EUR	9.95	9.17	9.85 ¹	9.04 ¹	8.92 ¹	9.30 ¹	9.10 ¹	9.07
Share price, SEK	57.75	50.50	62.25	46.70	45.80	52.00	49.00	51.00
Share price, EUR	6.31	5.67	7.00	5.38	5.25	6.21	5.70	6.04
SEK/EUR	9.15	8.91	8.89	8.69	8.72	8.37	8.59	8.44

¹ Recalculated due to amendments to IFRS 10 and IAS 27 regarding accounting by Investment entities

² Retroactively restated data for periods prior to the redemptions at a value exceeding the share price, in June 2014 and January 2013.

Note 6 Restatement of Financial Statements in respect of the application of IFRS 10, Investment entities

The initial effect is recognized against retained earnings per 1 January 2013

Statement of Profit or Loss and Other Comprehensive Income/Income statement

EUR thousands	2013 Jan- Mar	Adj. IFRS 10	Re- stated 2013 Jan-Mar	2013 Apr- Jun	Adj. IFRS 10	Re- stated 2013 Apr-Jun	2013 Jan-Jun	Adj. IFRS 10	Re- stated 2013 Jan-Jun	2013 Jul-Sep	Adj. IFRS 10	Re- stated 2013 Jul-Sep	2013 Jan- Sep	Adj. IFRS 10	Re- stated 2013 Jan-Sep	2013 Oct-Dec	Adj. IFRS 10	Re- stated 2013 Oct-Dec	2013 Jan- Dec	Adj. IFRS 10	Re- stated 2013 Jan-Dec	
Net sales	-	-	-	2,486	-2,486	-	2,486	-2,486	-	7,332	-7,332	-	9,818	-9,818	-	7,551	-7,551	-	17,369	-17,369	-	
Other operating income	-	-	-	51	-51	-	51	-51	-	177	-177	-	228	-228	-	155	-155	-	383	-383	-	
Changes in value of portfolio/ Changes in value of subsidiaries	6,736	-742	5,994	-12,247	291	-11,956	-5,511	-451	-5,962	4,341	-309	4,032	-1,170	-760	-1,930	32,911	-7,107	25,804	31,741	-7,867	23,874	
Received Dividend	-	-	-	1,550	-1,550	-	1,550	-1,550	-	1,154	-1,154	-	2,704	-2,704	-	1,609	-1,609	-	4,313	-4,313	-	
Total operating income	6,736	-742	5,994	-8,160	-3,796	-11,956	-1,424	-4,538	-5,962	13,004	-8,972	4,032	11,580	-13,510	-1,930	42,225	-16,422	25,804	53,805	-29,932	23,874	
Goods, raw material and services	-	-	-	-780	780	-	-780	780	-	-2,059	2,059	-	-2,839	2,839	-	-1,990	1,990	-	-4,829	4,829	-	
Staff expenses	-214	-	-214	-737	368	-368	-951	368	-583	-1,430	1,202	-227	-2,380	1,570	-810	-1,264	989	-276	-3,644	2,558	-1,086	
Depreciation and amortisation of non-current assets	-	-	-	-525	525	-	-525	525	-	-2,110	2,110	-	-2,635	2,635	-	-1,965	1,965	-	-4,600	4,600	-	
Other operating expenses	-654	449	-205	-1,326	1,097	-229	-1,980	1,545	-435	-1,392	1,065	-327	-3,372	2,610	-762	-8,599	8,331	-267	-11,971	10,942	-1,029	
Operating profit/loss	5,868	-293	5,575	-11,528	-1,027	-12,555	-5,660	-1,320	-6,980	6,013	-2,536	3,478	353	-3,856	-3,502	28,408	-3,146	25,261	28,761	-7,003	21,759	
Financial income	26	538	564	13	367	380	39	905	944	13	374	387	52	1,279	1,331	31	362	394	83	1,641	1,724	
Financial expense	-33	33	-	-314	314	-	-347	347	-	-1,052	1,051	-	-1,398	1,397	-1	-913	913	-	-2,311	2,310	-1	
Profit/loss before tax	5,861	278	6,139	-11,829	-346	-12,175	-5,968	-68	-6,036	4,974	-1,112	3,864	-993	-1,180	-2,172	27,526	-1,871	25,655	26,533	-3,052	23,483	
Tax	246	-278	-32	36	11	47	282	-267	15	-350	386	36	-68	119	51	-1,212	822	-390	-1,280	941	-339	
NET PROFIT/LOSS FOR THE PERIOD	6,107	-	6,107	-11,792	-336	-12,129	-5,686	-336	-6,022	4,624	-724	3,901	-1,061	-1,061	-2,121	26,314	-1,049	25,265	25,253	-2,110	23,143	
Other comprehensive income:																						
Cash flow hedges - effective portion of changes in fair value	-	-	-	-	-	-	-	-	-	-229	229	-	-229	229	-	-49	49	-	-277	277	-	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,107	-	6,107	-11,792	-336	-12,129	-5,686	-336	-6,022	4,395	-496	3,901	-1,290	-832	-2,121	26,265	-1,000	25,265	24,976	-1,834	23,143	
Net profit/loss for the year distribution:																						
Shareholders of the Parent Company	6,107	-	6,107	-11,899	-230	-12,129	-5,792	-230	-6,022	4,540	-638	3,901	-1,253	-868	-2,121	25,965	-700	25,265	24,712	-1,569	23,143	
Non-controlling interest	-	-	-	107	-107	-	107	-107	-	85	-85	-	192	-192	-	349	-349	-	541	-541	-	
Total comprehensive income distribution:	6,107	-	6,107	-11,792	-336	-12,129	-5,686	-336	-6,022	4,624	-724	3,901	-1,061	-1,061	-2,121	26,314	-1,049	25,265	25,253	-2,110	23,143	
Shareholders of the Parent Company	6,107	-	6,107	-11,899	-230	-12,129	-5,792	-230	-6,022	4,422	-521	3,901	-1,370	-751	-2,121	25,940	-675	25,265	24,571	-1,428	23,143	
Non-controlling interest	-	-	-	107	-107	-	107	-107	-	-27	27	-	80	-80	-	325	-325	-	405	-405	-	
NET PROFIT/LOSS FOR THE PERIOD	6,107	-	6,107	-11,792	-336	-12,129	-5,686	-336	-6,022	4,395	-496	3,901	-1,290	-832	-2,121	26,265	-1,000	25,265	24,976	-1,834	23,143	

Statement of Financial Position/Balance sheet

EUR thousands	2012 31 Dec	Adj. IFRS 10	Restated 2013 1 Jan	2013 31 Mar	Adj. IFRS 10	Restated 2013 31 Mar	2013 30 Jun	Adj. IFRS 10	Restated 2013 30 Jun	2013 30 Sep	Adj. IFRS 10	Restated 2013 30 Sep	2013 31 Dec	Adj. IFRS 10	Restated 2013 31 Dec
Assets															
Property, plant and equipment	-	-	-	-	-	-	22,412	-22,412	-	27,480	-27,480	-	27,710	-27,710	-
Goodwill	-	-	-	-	-	-	56,986	-56,986	-	56,986	-56,986	-	56,986	-56,986	-
Other intangible assets	-	-	-	-	-	-	21,063	-21,063	-	16,635	-16,635	-	16,228	-16,227	-
Shares and participations in investing activities/Shares in subsidiaries	257,599	12,605	270,204	288,871	-27,073	261,798	252,327	-2,485	249,842	249,606	4,268	253,874	275,818	3,860	279,678
Deferred tax assets	403	-63	340	649	-341	308	627	-272	355	356	35	391	-	-	-
Total non-current assets	258,002	12,542	270,544	289,520	-27,415	262,105	353,415	-103,218	250,197	351,063	-96,798	254,265	376,742	-97,063	279,678
Inventories	-	-	-	-	-	-	3,471	-3,471	-	2,694	-2,694	-	2,423	-2,423	-
Loans to group companies	-	29,315	29,315	-	29,315	29,315	-	29,315	29,315	-	29,315	29,315	-	29,315	29,315
Other short term receivables	32	-2	30	33	-2	31	773	-772	1	800	-799	1	1,047	-1,046	1
Tax receivables	740	-740	-	895	-895	-	1,268	-1,268	-	1,141	-1,141	-	-	-	-
Accrued income and prepaid expenses	80	-57	23	21	-	21	1,127	-1,114	13	253	-245	8	1,352	-1,331	21
Short-term investments	-	-	-	-	-	-	2,098	-2,098	-	3,054	-3,054	-	112	-112	-
Cash and cash equivalents	46,497	-45,366	1,131	6,677	-5,430	1,247	6,029	-5,000	1,029	12,391	-11,503	888	21,504	-20,728	776
Total current assets	47,349	-16,850	30,499	7,626	22,988	30,614	14,766	15,592	30,358	20,333	9,879	30,212	26,438	3,675	30,113
Total assets	305,350	-4,308	301,043	297,146	-4,427	292,719	368,182	-87,627	280,555	371,396	-86,919	284,477	403,179	-93,388	309,791
Shareholder Equity															
Share capital	3,631	-	3,631	3,640	-	3,640	3,640	-	3,640	3,640	-	3,640	3,640	-	3,640
Other contributed capital/Share premium reserve	362,458	3	362,461	348,180	3	348,183	348,180	3	348,183	348,180	3	348,183	348,180	3	348,183
Other reserves	77	-77	-	-	-	-	-	-	-	-117	117	-	-141	141	-
Retained earnings	-80,077	74	-80,003	-65,576	-3	-65,579	-65,576	-3	-65,579	-65,576	-3	-65,579	-65,576	-3	-65,579
Profit/Loss for the period	14,424	-	14,424	6,107	-	6,107	-5,792	-230	-6,022	-1,253	-868	-2,121	24,712	-1,569	23,143
Equity attributable to shareholders of the Parent Company	300,513	-	300,513	292,351	-	292,350	280,451	-230	280,222	284,874	-752	284,122	310,814	-1,428	309,387
Non-controlling interest	8	-8	-	8	-8	-	117	-117	-	90	-90	-	415	-415	-
Total Equity	300,521	-8	300,513	292,358	-8	292,350	280,568	-347	280,222	284,964	-842	284,122	311,229	-1,843	309,387
Liabilities															
Non-current interest bearing liabilities	-	-	-	-	-	-	72,033	-72,033	-	70,324	-70,324	-	68,634	-68,634	-
Derivatives	-	-	-	-	-	-	-	-	-	229	-229	-	277	-277	-
Total non-current liabilities	-	-	-	-	-	-	72,033	-72,033	-	70,553	-70,553	-	68,911	-68,911	-
Current interest bearing liabilities	-	-	-	-	-	-	7,780	-7,780	-	8,254	-8,254	-	8,203	-8,203	-
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	26	-26	-
Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	2	-2	-
Other current liabilities	188	10	198	294	-127	167	1,708	-1,582	126	1,707	-1,552	155	2,171	-2,063	108
Accrued expenses and deferred income	4,641	-4,309	332	4,494	-4,293	201	6,092	-5,885	207	5,918	-5,719	199	12,637	-12,341	296
Total current liabilities	4,829	-4,300	530	4,788	-4,419	369	15,581	-15,247	333	15,879	-15,525	354	23,039	-22,635	404
Total equity and liabilities	305,350	-4,308	301,043	297,146	-4,427	292,719	368,182	-87,627	280,555	371,396	-86,919	284,477	403,179	-93,388	309,791

Statement of Cash Flow

EUR thousands	2013 Jan-Mar	Adj. IFRS 10	Restated 2013 Jan-Mar	2013 Jan-Jun	Adj. IFRS 10	Restated 2013 Jan-Jun	2013 Jan-Sep	Adj. IFRS 10	Restated 2013 Jan-Sep	2013 Jan-Dec	Adj. IFRS 10	Restated 2013 Jan-Dec
Operating activities												
Operating profit/loss	5,868	-293	5,575	-5,660	-1,320	-6,980	353	-3,855	-3,502	28,761	-7,002	21,759
Changes in value in portfolio/Changes in value in shares in subsidiaries	-6,736	742	-5,994	5,511	451	5,962	1,170	760	1,930	-31,741	7,867	-23,874
Adjustment for non-cash items	-	-	-	525	-525	-	2,635	-2,635	-	2,991	-2,991	-
Interest received	51	437	488	41	842	883	12	1,269	1,281	55	1,608	1,663
Interest paid and other financial payments	-17	17	0	-9	9	-	-710	710	-	-1,107	1,107	-
Tax paid	-154	124	-30	-469	439	-30	-419	389	-30	-149	119	-30
Cash flow from current operations before changes in working capital	-987	1,027	39	-61	-103	-164	3,041	-3,362	-321	-1,190	708	-482
Cash flow from changes in working capital												
Increase (-)/decrease (+) in other current receivables	-1	-	-1	-1,064	1,093	29	-185	214	29	95	-66	29
Increase (-)/decrease (+) in inventory	-	-	-	-	-	-	-32	32	-	239	-239	-
Increase (+)/decrease (-) in other current payables	-42	-90	-132	-107	-61	-168	-218	72	-146	6,868	-6,964	-96
Cash flow from operating activities	-1,030	938	-93	-1,232	930	-303	2,606	-3,043	-438	6,012	-6,560	-549
Investing activities												
Acquisition of group companies	-	-	-	-22,605	22,605	-	-22,605	22,605	-	-22,605	22,605	-
Investment in shares and participations	-25,000	25,000	-	-25,740	25,740	-	-25,740	25,740	-	-27,279	27,279	-
Sale of short-term investments	-	-	-	9,995	-9,995	-	584	-584	-	11,258	-11,258	-
Sale of shares and participations	522	-522	-	13,463	-13,463	-	28,936	-28,936	-	29,431	-29,431	-
Purchase of property, plant, equipment and intangible assets	-	-	-	-	-	-	-1,941	1,941	-	-3,728	3,728	-
Cash flow from investing activities	-24,478	24,478	-	-24,887	24,887	-	-20,766	20,766	-	-12,925	12,925	-
Financing activities												
Repayment of loans	-	-	-	-	-	-	-1,579	1,579	-	-3,670	3,670	-
Repaid shareholders contributions	-	14,400	14,400	14,400	-14,400	14,400	-	14,400	14,400	-	14,400	14,400
Redemption program	-14,269	-	-14,269	-14,269	-	-14,269	-14,269	-	-14,269	-14,269	-	-14,269
Cash flow from financing activities	-14,269	14,400	131	-14,269	14,400	131	-15,848	15,979	131	-17,939	18,070	131
Cash flow for the period	-39,777	39,816	38	-40,388	40,217	-172	-34,008	33,702	-307	-24,852	24,434	-418
Cash and cash equivalents at beginning of the year	46,497	-45,366	1,131	46,497	-45,366	1,131	46,497	-45,366	1,131	46,497	-45,366	1,131
Exchange rate differences in cash and cash equivalents	-43	121	78	-80	149	69	-98	161	63	-142	204	62
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6,677	-5,428	1,247	6,029	-5,000	1,029	12,391	-11,503	888	21,504	-20,727	776

Definitions

Average number of shares

Balanced average of number of shares outstanding during the year, adjusted for share issues, splits and buybacks.

Change in value

Change in fair value.

Dividend per share

Paid or proposed dividend per share adjusted for share issues and splits.

Earnings per share

Net profit for the year, attributable to equity holders of the Parent Company, divided by average number of shares.

Ebitda

(Earnings before interest, tax, depreciation and amortisation). Profit before depreciation and impairment.

Equity ratio

Total equity as a percentage of total assets.

Enterprise value

Sum of the company's market capitalisation, minority interests and net debt.

IRR

(Internal Rate of Return). Annual average return.

Net Asset Value (NAV)

Corresponds to the value of East Capital Explorer's net assets, i.e. total assets less net debt. An indicative NAV is calculated on a monthly basis and is published five working days after the end of the month.

Net asset value per share

Net asset value per share in relation to the total number of registered shares on the Balance Sheet date.

Net debt/Net cash

Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables.

Outstanding number of shares

Registered number of shares less any share held by the company.

Profit/loss for the year

Profit/loss after tax.

Registered number of shares

The number of shares in the company including shares held by the Company.

Return on equity

Profit/loss for the year as a percentage of average shareholders' equity.

Shareholders' equity per share

Shareholders' equity, attributable to equity holders of the Parent Company, divided by number of registered shares.

Total assets

All assets and liabilities not included in net debt or net cash, which is the same as the Balance Sheet total less asset items included in net debt or net cash and less non-interest-bearing liabilities.

Total comprehensive income for the year

Change in equity during the period resulting from transactions and other events, other than those changes resulting from transactions with the owners in their capacity as owners.

Volatility

A measure of the variability in an asset's return. Volatility is usually measured as a standard deviation in the return of an asset during a certain given period of time.

**EAST CAPITAL
EXPLORER**

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