

Year-end Report 2014



East Capital Explorer's largest holding, Starman, is Estonia's leading cable-tv provider. With a revenue growth of 11% and an EBITDA margin of 47%, Starman clearly outperformed competitors in 2014. In December, Starman announced the acquisition of Lithuanian cable-tv provider Cgates and together, they will create the first truly pan-Baltic operator.
Photo: starman.ee

Year-end Report 2014

Key events during the fourth quarter

- On 22 December it was announced that Starman has entered into an agreement to acquire 100 percent of Lithuanian cable-tv provider Cgates. The transaction has received approval from competition authorities and closing is expected within short. In connection to the acquisition, East Capital Explorer will make an additional investment, of approximately EUR 23m, in Starman by participating in a new share issue
- The fair value of the investment in Starman was appreciated by 16.2 percent to EUR 39.5m and 3 Burès (former Vilnius Business Harbour) by 5.7 percent to EUR 24.2m, while Melon Fashion Group was impaired by 38.1 percent to EUR 35.1m and Trev-2 by 10.0 percent to EUR 8.5m
- In December, East Capital New Markets Fund merged into East Capital Frontier Markets Fund. The new holding is classified as a short-term investment. In December, EUR 5.1m of the fund holding was redeemed
- The Board of East Capital Explorer will propose a redemption program to the 2015 AGM, whereby 5 percent of outstanding shares can be redeemed at SEK 83 per share (NAV per share, 31 December 2014)

Financial results for the fourth quarter¹

- The Group's net result for the fourth quarter 2014 was EUR -36.2m (25.3m), including EUR -35.6m (25.8m) changes in value of investments. Quarterly earnings per share amounted to EUR -1.21 (0.78) for the quarter
- Net Asset value (NAV) per share decrease by 12.2 percent during the quarter, from EUR 9.94 to EUR 8.73 (9.85). The total NAV amounted to EUR 261m (309m)
- Cash, cash equivalents and other short term investments on 31 December amounted to EUR 57.8m (20.3m)
- The closing price of the East Capital Explorer share as of 31 December 2014 was SEK 42.50, equivalent to EUR 4.49, a decrease of 8.8 percent from 30 September 2014

Financial results for the full year 2014

- The Group's net result for the full year was EUR -33.8m (23.1m) and earnings per share amounted to EUR -1.09 (0.72)
- NAV per share decreased by 11.4 percent from EUR 9.85 to EUR 8.73 in 2014. Total NAV decreased by 15.5 percent, after payment of EUR 13.6m to shareholders in conjunction with the redemption program in June
- The closing price of the East Capital Explorer share on 31 December 2014 was SEK 42.50, equivalent to EUR 4.49, a decrease of 33.8 percent from year-end 2013

Events after the end of the fourth quarter

- In January, East Capital Deep Value Fund rose by 3.7 percent, East Capital Frontier Markets Fund rose by 4.4 percent, East Capital Russia Domestic Growth Fund R rose by 1.4 percent and East Capital Bering Ukraine Fund Class R rose by 6.9 percent. East Capital Baltic Property Fund II only publishes NAV on quarterly basis
- In January and February, the Company redeemed additional shares in East Capital Frontier Markets Fund for an amount equivalent to EUR 7.1m. In February, shares in East Capital Russia Domestic Growth Fund were redeemed for an amount equivalent to EUR 3.0m

Net asset value and share price development

	31 Dec 2014		31 Dec 2013	
	EUR	SEK	EUR	SEK
NAV per share	8.73	82.7	9.85	87.5
Total NAV	261m	2.5bn	309m	2.7bn
NAV per share, % change in Q4	-12.2	-8.6	8.9	11.4
NAV per share, % change YTD	-11.4	-5.5	8.2	11.9
Closing price per share	4.5	42.5	7.0	62.3
Total market capitalisation	134m	1.3bn	225m	2bn
Share price % change in Q4	-12.3	-8.8	30.3	33.3
Share price % change YTD ²	-33.8	-29.6	22.8	27.0

¹ Comparable figures in brackets refer to the corresponding period 2013

² Adjusted for redemption programs

Portfolio on 31 December 2014

East Capital Explorer's portfolio is actively managed and comprises Private Equity 36% (39%), Real Estate 24% (10%) and Public Equity 40% (51%). The largest geographical exposures are towards the Baltic countries with a weight of 41% (20%), Russia 27% (49%) and the Balkan countries 14% (23%). The exposure to Ukraine is 2% (2%). 86% of the portfolio is invested in the Company's targeted sectors: Retail, Consumer Goods, Financials and Real Estate.

Portfolio on 31 December 2014

	Value 31 Dec 2014 EURm	NAV/share EUR	% of NAV	Value 30 Sep 2014 EURm ⁴	Value 31 Dec 2013 EURm ⁴	Value change Jan-Dec 2014, % ¹	Value change Oct-Dec 2014, % ¹
Direct Investments							
Starman	39.5	1.32	15.1	34.0	23.6	67.4 ⁴	16.2
Melon Fashion Group	35.1	1.17	13.4	56.6	70.5	-50.2	-38.1
3 Burės (former Vilnius Business Harbour)	24.2	0.81	9.3	22.9	-	8.6	5.7
Trev-2 Group	8.5	0.28	3.2	9.8	9.8	-5.0	-5.0
Komercijalna Banka Skopje	7.3	0.24	2.8	7.8	6.6	10.9	-5.7
Total Direct Investments	114.6	3.83	43.9	131.1	110.5	-13.1	-11.9
Fund Investments							
East Capital Deep Value Fund	47.0	1.57	18.0	51.9	-	1.9	-9.4
East Capital Baltic Property Fund II	24.4	0.81	9.3	23.9	20.7	6.0	2.0
East Capital Russia Domestic Growth Fund	16.1	0.54	6.2	27.5	42.3	-61.9	-41.5
East Capital Bering Ukraine Fund Class R	2.0	0.07	0.8	2.0	2.5	-20.4	1.8
<i>Funds fully divested in 2014³</i>	-	-	-	51.2	123.5	0.2	-10.6
Total Fund Investments	89.5	2.99	34.2	156.4	189.0	-8.6	-13.6
Short-term Investments							
East Capital Frontier Markets Fund	40.9	1.37	15.7	-	-	4.4	4.4
East Capital Frontier Markets Fund - Redemption	5.1	0.17	2.0	-	-	-	-
Other short-term Investments	6.2	0.21	2.4	-	-	-	-
Short-term Investments ⁵	52.2	1.74	20.0	-	-	-	-
Cash and cash equivalents	5.6	0.19	2.1	10.4	20.3	-	-
Total Short-term Investments	57.8	1.93	22.1	10.4	20.3		
Total Portfolio	261.9	8.75	100.2	298.0	319.8		
Other assets and liabilities net	-0.6	-0.02	-0.2	-0.5	-10.4		
Net Asset Value (NAV)	261.3	8.73	100.0	297.5	309.4	-11.4^{2,4}	-12.2²

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

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. In December 2014, East Capital New Markets Fund merged with East Capital Frontier Markets Fund. The fair value change of New Markets fund for the period of Jan-Dec 2014 was -0.1%, and for the period Oct-Dec 2014, it was -10.3%. The remaining fair value change relating to fully divested funds refer mainly to the final redemption in East Capital Special Opportunities Fund in March 2014 and final redemption in East Capital Special Opportunities Fund II in December 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 East Capital Frontier Markets Fund is classified as a short-term investment as it is expected to be divested within 12 months. The cash inflow from the redemption of shares in East Capital Frontier Markets Fund, equivalent to EUR 5.1m, which was made at the end of December, was received in January and is hence not included in cash and cash equivalents

1 EUR = 9.47 SEK on 31 December 2014. Source: Reuters

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

CEO Comment Q4 2014

- Continued strong performance in Baltic Private Equity and Real Estate holdings, however not fully offsetting the weaker performance in Russian holdings

Our focus on further investments in Private Equity and Real Estate in the Baltic region continued to show result during the quarter, and the investments in this region generally continued to develop well. However, they could not fully compensate for the weak performance in our Russian holdings that were affected by the sharp decline in the rouble, which lost 31 percent of its value against the euro during the quarter. The net asset value per share at the end of December amounted to EUR 8.73 (SEK 82.70), implying a decrease of 12.2 percent compared with the third quarter, and 11.4 percent for all of 2014. Total net asset value amounted to EUR 261m (SEK 2,475m).

Portfolio development and activity

Starman continued to show a strong development during the fourth quarter and reported growth in sales for the entire year 2014 of 11.1 percent and an increase in EBITDA of 8.5 percent. Based on an external valuation, the holding showed a value increase by 16 percent. This implies that our holding has increased in value by all of 67 percent during 2014, which also includes the revaluation which took place during the third quarter. The higher valuation is in line with how similar companies are valued in the market and reflects the strong development the Company has shown since the acquisition in May 2013, a development with which we are very satisfied. In the final days of the year, we informed the market that we will, through a new share issue in Starman, invest an additional EUR 23m in the company. The investment is related to Starman's acquisition of Cgates, a Lithuanian company which is also operating within cable-tv and broadband services. Through this transaction, the first truly pan-Baltic cable-tv and broadband provider is founded. The transaction was approved by competition authorities in February and is expected to be completed within the next few days. As of this quarter, the Baltic region is East Capital Explorer's largest exposure with a portfolio weight of 41 percent at the end of December compared to 20 percent a year earlier, and will increase further following the add-on investment in Starman.

The Baltic property investments were also subject to external valuations during the fourth quarter. 3 Burés (previously Vilnius Business Harbour) increased in value by 5.7 percent implying that the total value increase since the investment in May 2014 is equivalent to 8.6 percent. East Capital Baltic Property Fund II also increased in value and showed, on an annual basis, a positive performance of 6 percent. An external valuation of Estonian Trev-2 resulted in a reduction in fair value of 10 percent. As expected, the company's sales declined during the year as unprofitable operations in Russia and Latvia were sold. Margins, on the other hand, were impacted by intensified competition in Estonia for a reduced number of assignments, as a consequence of decreased EU funding within the infrastructure sector.

The uncertain situation characterising Russia during the major part of 2014 did not improve during the fourth quarter. The rouble weakened dramatically in line with the fall in the oil price, which had a clear impact on the value of our Russian holdings. However, it is worth noting that the Russian stock exchange (MOEX) was, during the fourth quarter, more or less unchanged measured in rouble. Our exposure towards Russia has continued to decrease and by year end, it represented less than one third of the portfolio. Melon Fashion Group (MFG), our Russian private equity investment, saw continued challenges on the cost side with a large portion of rental and purchasing costs in foreign currency, but also on the revenue side as consumption continues to be dampened. The holding was written down by 38 percent in the last quarter, largely a translation effect from rouble to EUR, but also reflecting an adjustment of the underlying valuation due to weaker

external conditions. Our holding in MFG has thereby been revalued by in total -50 percent over the course of 2014. But even after the revaluation, the investment still shows a positive IRR of 7.4 percent. The company has initiated significant measures to reduce its currency dependency and has a clear plan for how to cut costs, something that has already begun to have a positive impact on profitability. Although challenging, the current market environment also offers a golden opportunity for MFG to improve its operational efficiency and to emerge as a leaner company with a stronger market position.

Amongst fund investments, the East Capital Russia Domestic Growth Fund, which invests in Russian consumer companies, had the toughest quarter. The Fund decreased in value by all of 41 percent. In conjunction with the merger between East Capital New Markets Fund and the newly launched East Capital Frontier Markets Fund, we decided to participate in the transfer to the new fund. Our decision to become a shareholder in the East Capital Frontier Markets Fund means that we have made a deviation to the current investment policy, since the fund invests also outside the Eastern European region. The fund is more diversified than the previous one as it invests in global frontier markets. Even if we intend to divest this holding to finance strategic investments, we believe that the strategy combining strong growth with attractive valuations, can contribute in value until that happens. Since the launch in mid December until the end of the year, the fund rose by 4 percent, and the positive development continued in January when it gained another 4 percent. East Capital New Markets Funds decreased by 10 percent during the quarter up until the merger took place in mid-December. East Capital Deep Value Fund decreased in value by 9 percent during the fourth quarter, primarily as a consequence of its Russian exposure. However, the Fund showed a positive performance of 2 percent on an annual basis thanks to the strong development at the beginning of the year.

Private equity and real estate now 60% of portfolio

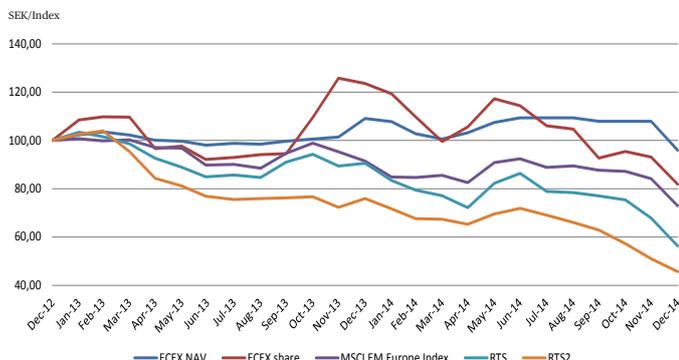
At the capital markets day held in December, I reiterated that we will maintain our recent years' clear focus on private equity and Baltic real estate. The reasons for this are several, amongst other things, increasing the possibility to impact the portfolio companies, to focus on investments where our value-added management has its best premises and also to identify unique holdings with a high potential. This focus also results in a higher concentration of assets in the portfolio. This enables investors to more easily understand what is driving the development of our net asset value, which we also believe is positive.

Over the past few years, we have invested close to MEUR 100 in private equity and real estate in the Baltic countries (including the add-on investment in Starman in conjunction with the Cgates acquisition), which is equivalent to approximately one third of the total portfolio. In order to finance this, we have divested fund holdings for the same amount. All fund investments that include listed assets are available for sale to finance further investments in our focus areas. Today, private equity represents 36 percent and real estate 24 percent of the total portfolio.

So, we have come a long way on our journey towards becoming a more or less pure private equity and real estate company. We are glad to see that this is reflected in both our NAV as well as our share price development, that have clearly outperformed relevant Eastern European market indices. Still, we have not yet reached the end of this journey. Our aim is that we should be finished with this remodelling of the portfolio, which began in 2012, during 2017/2018. However, this could take either a longer, or a shorter, period of time - how long it will take is dependent

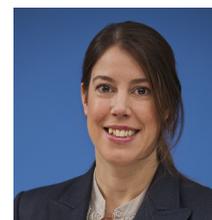
on the investment possibilities we identify. But our goal is clear, East Capital Explorer is on the way to becoming an investment company with a unique and concentrated portfolio of mainly unlisted assets in Eastern Europe.

East Capital Explorer vs indices Q4 2012 - Q4 2014



The Board has, again, decided to propose to the 2015 AGM a redemption program, whereby 5 percent of the outstanding shares can be redeemed at full NAV. The decision is in line with the Board’s previously communicated intention to, in the period 2013-2015, propose such an annual program in case the share discount to NAV exceeds 10 percent on average during the preceding six months. If approved by the AGM, the redemption will be made at NAV per share as of 31 December 2014, which corresponds to 83 SEK per redeemed share. At the current discount of around 45 percent, this would imply a yield of more than 9 percent per share held.

Mia Jurke
CEO

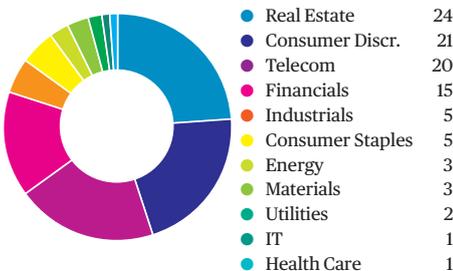


Events after the end of the quarter

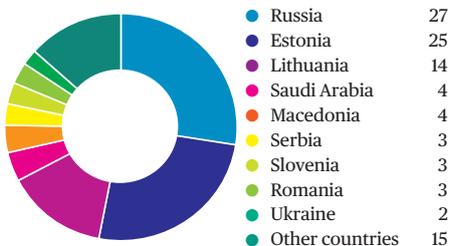
During this year’s first month, a further stimulus program was issued by the ECB, which was a positive trigger for the market. At the same time, the conflict in Ukraine escalated with the consequence that both the US and EU, once again, sharpened their tone against Russia, with a threat of increased sanctions. In addition, S&P lowered Russia’s credit rating at the end of January, in line with market expectations.

Portfolio breakdown, % per 31 December 2014

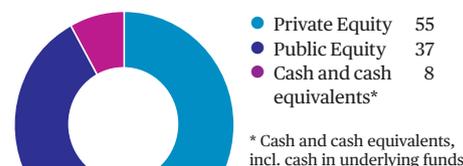
Sector breakdown



Country breakdown

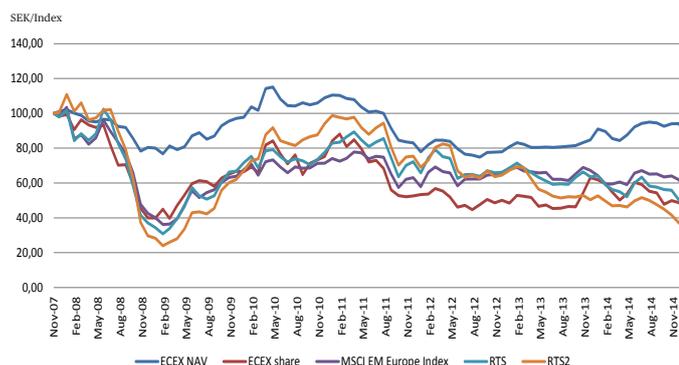


Asset class



* Cash and cash equivalents, incl. cash in underlying funds

East Capital Explorer vs indices since IPO



Net asset value, share price and index development

(% change in EUR)	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
NAV per share	-11.4	8.2
East Capital Explorer share ¹	-33.8	22.8
RTS Index ²	-37.8	-9.5
RTS 2 Index ³	-39.8	-24.1
MSCI EM Europe ⁴	-20.2	-8.6

¹ Adjusted for redemption programs

² 50 largest companies traded on the Russian Trading System

³ 78 companies on the RTS that have limited trading volumes

⁴ Russian, Polish, Hungarian, Czech and Turkish equities

Investment Manager Comment Q4 2014

- The largest event during the quarter, besides the sharp rouble decline, was the announcement of Starman's acquisition of Cgates

The rouble fell dramatically during the fourth quarter, which continued to be reflected in East Capital Explorer's Russian holdings. However, the largest holdings in the Baltics, which has grown to be our largest geographical region, increased in value. In spite of this, total Net Asset Value (NAV) declined all of 12 percent during the fourth quarter. As regards the full year, the Baltic holdings in particular performed well while the total portfolio development was weighed down by a weak Russian market. NAV per share decreased by 11.4 percent during 2014. In the same period, the Eastern European comparative index, MSCI EM Europe, declined 18.8 percent in EUR.

Market comment

The Baltic and Balkan markets were fairly stable during the last months of the year. At year-end, Lithuania became the third and final Baltic country to join the Eurozone, which we see as very positive in spite of the problems currently associated with the Eurozone. The small and open Baltic countries will achieve many long-term benefits as participants in this monetary cooperation. The currency risk disappears, credit worthiness improves and interest rates are expected to decrease. In Lithuania's case, interest rates are expected to decline

by 50-80 basis points, which will benefit the real estate sector where East Capital Explorer has a major exposure. The growth rate of the Baltic countries has already been among the highest in Europe and the Eurozone entry is expected to increase growth in Lithuania by more than one percent.

The Russian market was, on the other hand, more turbulent. Oil price fell sharply in the quarter, from around USD 90 to USD 50 per barrel. The highly correlated RUB/USD rate saw an equivalent development which, together with the American Congress' decision on stricter sanctions, resulted in major volatility in the currency markets in mid-December. The rouble weakened by more than 30 percent against the dollar over the course of the fourth quarter, and lost almost half of its value over the full year. The lower oil price, weakened rouble and sanctions from the West place further pressure on the Russian economy, which already was under pressure due to slowing GDP growth, partly as a result of lagging structural reforms. Interest rates and inflation have risen, and we agree with the consensus view that the Russian economy could shrink by 3-4 percent during 2015. However disappointing the current development is, it will, hopefully, pressure politicians into making the structural reforms required for the country to realise its enormous potential.

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

On 31 December 2014						
Company	Value in portfolio, EURm	% of NAV	Perf. Q4, %	Country	Sector	East Capital Explorer's investment vehicle
Starman	39.5	15.1	16.2	Estonia	Telecom	Direct Investment
Melon Fashion Group	35.1	13.4	-38.1	Russia	Consumer Discretionary	Direct Investment
3 Burės	24.2	9.3	5.7	Lithuania	Real Estate	Direct Investment
Komercijalna Banka Skopje	9.1	3.5	-5.7	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Trev-2 Group	8.5	3.2	-5.0	Estonia	Industrials	Direct Investment
GO9	7.3	2.8	-2.6	Lithuania	Real Estate	East Capital Baltic Property Fund II
Tānassilma Logistics	6.6	2.5	5.3	Estonia	Real Estate	East Capital Baltic Property Fund II
Metro Plaza	4.4	1.7	n/a	Estonia	Real Estate	East Capital Baltic Property Fund II
Integra	4.0	1.5	4.3	Russia	Energy	East Capital Deep Value Fund
Evraz	3.8	1.5	19.1	Russia	Materials	East Capital Deep Value Fund
Total	142.5	54.5				

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

In addition to the sharp rouble decline, the largest event during the fourth quarter was Starman's agreement to acquire Cgates, the leading cable-tv provider in Lithuania. In conjunction with this transaction, which is expected to close during the first quarter 2015, East Capital Explorer will invest a further EUR 23m in Starman. The deal will be financed mainly through redemption of holdings in the East Capital Frontier Markets Fund and East Capital Russia Domestic Growth Fund. At year-end the Baltics represented, not including the additional investment in Starman, 41 percent of the portfolio value compared to 20 percent a year earlier. At the same time, exposure vis à vis Russia declined from 49 percent to 27 percent, as a result of both divestments and value decreases.

Private Equity

Starman continued to outperform not only our expectations, but also its competitors in terms of customer intake and financial performance, largely owing to its superior product offering. In 2014, sales rose by 11.1 percent to EUR 33.6m and EBITDA by 8.5 percent to EUR 15.9m, with an EBITDA margin of 47.4 percent.

In the fourth quarter the first step was taken towards creating the first truly pan-Baltic cable-tv provider, with Starman as the platform. This was done by acquiring the Lithuanian cable-tv company Cgates. With 125,000 cable-tv and 70,000 broadband customers, Cgates' net sales for 2014 were approximately EUR 16m with an EBITDA of slightly more than EUR 7m, equivalent to an EBITDA margin of 45 percent.

The transaction, which is expected to generate synergies in terms of savings in capex and product development, values Cgates at a total of EUR 56.3m. The acquisition will be financed via cash through East Capital Explorer's add-on investment of EUR 23m in Starman, which is expected to increase East Capital Explorer's stake in Starman to 62 percent, as well as via debt financing. The transaction is expected to be finalised within a few days.

As expected, the weakened rouble hit profitability in Melon Fashion Group (MFG), with fourth quarter gross margin declining to 54 percent from 60 percent a year earlier. However, despite a deteriorating consumer sentiment, MFG managed to increase fourth quarter sales by 23 percent. Although largely driven by floor space increase, the company also grew in like-for-like terms by 1.3 percent. Kestutis Sasnauskas (Head of Private Equity and Real Estate at East Capital) is since the end of 2014 acting as CEO of MFG after the former CEO stepped down. Kestutis has kept a high level of activity in the company, with successful renegotiations of a large number of fixed dollar-based rental contracts into turnover-based in rouble, at significantly lower levels. As an additional efficiency measure, the company in January 2015 introduced flexible work schedules, which, in contrast to Europe, is new in Russia. Although shop expansion has been slowed down, the company is making significant investments in marketing in order to strengthen its market position. For 2015, Irina Shayk and Natalya Vodyanova, two of Russia's most well-known top models, will be the faces of the brands Love Republic and Zarina. While all fashion retailers are currently having a hard time in Russia, our ambition is that MFG will come through this situation in a stronger and better form.

The construction company Trev-2 Group, as expected, experienced lower sales volumes and weaker margins, due to of increased competition after reduced EU financing of construction projects in Estonia. Net sales amounted to EUR 65.1m and EBITDA to EUR 5.5m for the full year 2014. In November, Trev-2 acquired all remaining shares of its subsidiary Taskar, in conjunction with which East Capital Explorer sold part of its holding to former minority shareholders in Taskar. East Capital Explorer's share in Trev-2 was thereby reduced from 40.0 to 38.3 percent.

Real Estate

The office complex Vilnius Business Harbour, which was acquired in May 2014, was recently re-named to 3 Burės, Lithuanian for three "sails". Two of these "sails", or skyscrapers, were included in the acquisition together with a land plot where the ambition is to raise a third "sail" in the form of a new office building. The vacancy rate continues to be low at 4 percent at year-end, and is expected to decline further during 2015.

During the quarter, East Capital Baltic Property Fund II made an additional investment in the Baltic real estate sector, where East Capital today is the largest player. Metro Plaza is a first class office building in Tallinn, acquired for EUR 21.8m at a yield of 7 percent. The NAV of the fund increased 2 percent during the quarter and 6 percent during 2014. Cash flow from all property holdings contributed to the value increase of the fund. All properties increased in value, with the exception of the shopping center G09 in Vilnius that was impaired, due to a higher than expected vacancy rate. G09, which is more of a turnaround case compared with the other investments, had a vacancy rate of 17 percent at year-end and our real estate team expects to be able to let the remaining portion during the first half of 2015.

Public Equity

East Capital Explorer's exposure to listed equity through East Capital Russia Domestic Growth Fund, East Capital Deep Value Fund, and East Capital New Markets Fund (which in December was merged with East Capital Frontier Markets Fund) represented 40 percent of NAV as at 31 December. The weakening of the rouble, in combination with deteriorating growth prospects and a weaker consumer sentiment, contributed to the East Capital Russia Domestic Growth Fund's decline of 41.5 percent in EUR over the quarter, in spite of a number of underlying compa-

nies continuing to perform well with growth rates well into the double digits. East Capital Deep Value Fund performed better than the region in general with a downturn of 9.4 percent during the quarter, closing the year at plus 1.9 percent. In December, East Capital New Markets Fund was merged with East Capital's newly launched East Capital Frontier Markets Fund. East Capital Explorer's holding in the new fund is, as all fund investments with listed assets, available for financing of new investments within private equity and real estate. East Capital Frontier Markets Fund rose by 4.4 percent after the merger in December.

The listed Macedonian bank, Komercijalna Banka Skopje, continued to improve its operating results and inched back to profit in the last month of the year. The share price finished the year up 10.9 percent after a decline of 5.7 percent in the fourth quarter.

Outlook

In the Baltic and Balkan countries, which represent the largest share of East Capital Explorer's geographic exposure, we expect a continued stable convergence with Western Europe. Countries in both frontier regions will, very likely, see growth stabilise around three percent, which is quite strong given the weak developments in the neighbouring Eurozone and Russia. At the same time, inflation and interest rates are generally low. The ECB's renewed stimulus program should continue to boost the stock markets, which further supports a positive view on these regions. The Eurozone members, the Baltic countries and Slovenia, are directly impacted by the ECB policies while other countries in the region are impacted indirectly. All these markets are oil importers and should benefit from the lower oil price, which can be seen as a massive real economic stimulus.

The lower oil price will, on the other hand, be critical for the development in Russia. We believe the economy will fall into recession in 2015 while inflation has increased to double digits. We do, however, not share the concerns over the budget and foreign exchange reserves as presented by S&P motivating their recent sovereign downgrade. The floating rouble works as a shock absorber and Russia has ample reserves to meet the external debt obligations in 2015. The sanctions are clearly having an impact, exacerbating the pressure caused by the falling oil price. We nevertheless believe that EU sanctions will not be renewed in July. That, in combination with an eventual rebound in the oil price, should give some support to the rouble and the equity market.

In line with the communicated transformation towards a more concentrated private equity and real estate portfolio, the portfolio activity in East Capital Explorer is expected to be high in 2015. Closest at hand is the closing of Starman's acquisition of Cgates. With a combination of growth and cash flow investments, which we believe the portfolio will provide a good balance as well as an attractive risk adjusted return. What drives the long-term development of East Capital Explorer's NAV is the ability to, as strong owners, actively create value by sitting in the driver's seat.

New investments are primarily sought in the Baltic countries. Here we see attractive investment opportunities and we also have a strong presence in the market. This also applies to Russia but there, due to market conditions, we are not actively seeking new investments. In addition to new opportunities, our existing investments, not the least Melon Fashion Group in Russia and Starman and Cgates in the Baltic region, as well as the three properties acquired in 2014, will dominate our work during 2015.

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 Year-end Report.

Direct Investments

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:	15%

EURm	2014 Jan-Dec	2013 Jan-Dec	2014 Oct-Dec	2013 Oct-Dec
Sales	33.6	30.2	8.6	7.7
EBITDA	15.9	14.6	3.8	3.9
Net profit	3.1	4.2	0.5	0.7
Sales growth (%)	11.1	7.9	12.0	6.5
EBITDA margin (%)	47.4	48.3	44.6	50.0
Number of RGU's ('000)	318	293	318	293
Average ARPU (€/month)	14.6	13.4	14.9	13.8

• In December, Starman announced its 100 percent acquisition of Cgates, the leading cable and broadband provider in Lithuania. The transaction, which values Cgates at EUR 56.3m, is a logical first step in creating the first truly pan-Baltic cable-tv company, with Starman as base

• Cgates' customer base comprises 125,000 cable-tv and 70,000 broadband customers. Revenue and EBITDA in 2014 are expected to amount to approximately EUR 16.1m and EUR 7.2m, respectively, with an EBITDA margin of 45 percent

• To finance the acquisition, East Capital Explorer will make an equity investment corresponding to EUR 23m in Starman, thereby increasing its ownership stake to 62 percent. Additionally, debt financing will be used. The transaction is expected to close shortly

• The fair value of East Capital Explorer's holding in Starman was appreciated by 16.2 percent to EUR 39.5m based on an external valuation at year-end, reflecting a continued operational outperformance

Learn more about Starman on: www.starman.ee

Melon Fashion Group

- One of the fastest growing Russian fashion retail companies

East Capital Explorer's holding in the company:	36%
% of NAV:	13%

RUBm	2014 Jan-Dec	2013 Jan-Dec	2014 Oct-Dec	2013 Oct-Dec
Sales	11,192	8,966	3,268	2,665
Gross profit	5,972	5,275	1,757	1,602
EBITDA	407	898	638	280
Sales growth (%)	24.8	27.0	22.6	27.0
Gross margin (%)	53.4	58.8	53.8	60.1
EBITDA margin (%)	3.6	10.0	19.5	10.5
Number of stores, end of period	669	586	669	586
Like-for-like growth (%)	0.2	6.5	1.3	2.2

1 RUB = 0.01377 EUR per 31 December 2014

• Amidst escalation of military conflict in Ukraine, tightening sanctions and depreciating rouble, the operating environment for apparel retailers in Russia remained difficult in the fourth quarter, with highly uncertain outlook. Despite the headwinds, Melon Fashion Group (MFG) posted fourth quarter sales of RUB 3.3bn, up 23 percent year-on-year, driven by selling space increase. Comparable sales increased by 1.3 percent

• The pressure from sourcing costs in foreign currencies and more aggressive discounting resulted in a reduction of fourth quarter gross margin to 54 percent from 60 percent a year earlier. Due to declining discretionary spending and a highly competitive environment, MFG was unable to fully pass the increase in production costs denominated in foreign currency to the highly price sensitive consumers, resulting in a weaker gross margin

• EBITDA, which was positively impacted by gains from currency hedging, amounted to RUB 638m, corresponding to an EBITDA margin of 20 percent. Adjusted for hedge gains and other FX effects, underlying EBITDA margin was approximately 7 percent

• Considering rising production costs and downward pressure on selling prices, management efforts are concentrated on cost optimization, with primary focus on rent and salaries. Rising vacancy rates in Russian shopping centres create ample preconditions for successful renegotiation of existing rental contracts. Results from the process, that was started by the company at mid-2014, are expected to be fully visible towards mid-2015

• At the end of 2014, the total number of stores reached 669, including own retail and franchise network

• The fair value of East Capital Explorer's holding in MFG was impaired by 38.1 percent to EUR 35.1m due to translation effects (RUB/EUR rate per 31 December), as well as a lower underlying valuation resulting from increased market risks

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

3 Burès

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

East Capital Explorer's holding in the company:	100%
% of NAV:	9%

EURm	2014 Jun-Dec	2013 Jun-Dec	2014 Oct-Dec	2013 Oct-Dec
Rental income	3.1	N/A	1.3	N/A
Operating profit	2.5	N/A	1.4*	N/A
Net profit	1.3	N/A	1.0	N/A
Operating margin (%)	80.9	N/A	102.3*	N/A
Vacancy rate (%)	4.0**	N/A	4.0**	N/A
Average rent (€/sqm)	12.6	N/A	12.6	N/A

* Owing to a property revaluation of EUR 7.1m

** Historical figures have been restated to reflect the increase in leasable area. Compares to 2.6 percent according to previous definition

- In December, the office complex was rebranded from Vilnius Business Harbour to 3 Burès

- The leasable area of 3 Burès was reviewed in forth quarter, resulting in a slight increase in GLA (gross leasable area). As a result, vacancy in percentage terms increased to 4 percent, from 2.7 percent in the third quarter. However, vacancy remains low and was reduced further in absolute terms by 0.4 percent during the quarter.

- For 2015, management expects to decrease vacancy below 2 percent, based on the strong pipeline of potential new tenants

- A slight increase in the average rental rate, which was EUR 12.6/sqm in December 2014, is expected in 2015, as a result of new leases and renewing existing ones

- Regarding the development project of the land plot, detailed planning is ongoing, in parallel with a technical process. The technical project with construction permit is expected to be ready by the third quarter 2015

- The fair value of 3 Burès was appreciated by 5.7 percent to EUR 24.2m based on an external property valuation

Learn more about 3 Burès on: www.3bures.lt

Trev-2 Group

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

East Capital Explorer's holding in the company:	38%
% of NAV:	3%

EURm	2014 Jan-Dec	2013 Jan-Dec	2014 Oct-Dec	2013 Oct-Dec
Sales	66.3	103.1	15.3	29.5
EBITDA	5.5	9.4	0.2	2.6
EBIT	2.0	4.7	-0.8	0.9
Net profit	1.6	4.0	-0.9	0.4
Sales growth (%)	-35.7	12.0	-48.2	25.6
EBITDA margin (%)	8.2	9.1	1.5	8.8
EBIT margin (%)	3.0	4.5	-5.4	3.1

- 2014 revenues were, as expected, lower than in 2013 due to earlier announced exits from general construction segment and businesses in Latvia and Russia. Margins were under pressure due to increased competition in Estonia resulting from the contraction of EU funding to this type of projects

- In November, Trev-2 acquired 49 percent of Taskar, its subsidiary focused on environmental construction. Now the group owns 100 percent of all subsidiaries

- In November, as a consequence of the acquisition of Taskar, East Capital Explorer sold part of its holding in Trev-2 Group for a total consideration of EUR 0.7m, and consequently reduced its stake from 40.0 to 38.3 percent

- In December, East Capital Explorer received a dividend of EUR 0.2m from Trev-2

- The fair value of East Capital Explorer's holding in Trev-2 Group was impaired by 10 percent to EUR 8.5m based on an external valuation

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

Komercijalna Banka Skopje

- The largest bank in Macedonia by assets and capital

East Capital Explorer's holding in the company:	10%
% of NAV:	3%

- Owing to provision write backs, Komercijalna Banka Skopje (KBS) inched back into profit during the last month of the year. The bank finished 2014 with unaudited net earnings of EUR 1.5m implying a return on equity of 1 percent. Core business results continued to improve, with a 10 percent increase in earnings before provisions and taxes compared to 2013. Net interest income was persistently higher while operating expenses were lower. Fee and commission income remained roughly flat. Nevertheless, provisions, reversals and mandatory write-offs of foreclosed assets remained a burden on the income statement

- KBS' liquidity remained good. The bank has pursued its efforts to reduce the excess cash that has pressured profitability. Despite repeated reductions in deposit rates, deposits grew 9 percent year-on-year. While retail demand and credit quality has improved, overall corporate credit demand was weak and the share of corporate non-performing loans was higher. Total asset growth was scarcely 7 percent, slightly higher than forecasted, with gross loans growing at roughly the same pace

- Capital adequacy remained satisfactory at 13.5 percent. The main forward-looking threat to the capital ratio would be further deterioration in corporate loans. KBS management continues to devote time and effort to resolve these problem exposures

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

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 76 percent.

Fund performance	Q4 2014	12m 2014	Since Jan 14
East Capital Deep Value Fund, EUR	-9%	2%	2%

Portfolio highlights during the quarter

- Performance in Q4 was impacted by the oil price, which fell almost 40 percent, and the corresponding impact it had on the rouble, most visible in the holding in Bank Sankt-Petersburg that declined by 41.4 percent. The Balkan holdings were impacted by general concerns over an economic slowdown in Russia as well as the conflict in Ukraine
- Romanian real estate developer Impact maintained its strong performance despite the turbulent market, gaining 8.2 percent in Q4 and 174.2 percent in 2014. Following a EUR 18m capital raise, the company is well positioned to continue developing its property portfolio
- Caucasus Energy & Infrastructure gained 6.8 percent in Q4 as management announced liquidation of the company following a sale of its main asset (a hydropower facility in Georgia) earlier in the year. The proposal is subject to approval by the company's shareholders

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 59 percent.

Fund performance	Q4 2014	12m 2014	Since May 12
East Capital Baltic Property Fund II	2%	6%	29%

Portfolio highlights during the quarter

- In the fourth quarter of 2014, East Capital Baltic Property Fund II completed its fifth investment by acquiring the Metro Plaza, an A class office building located in the heart of Tallinn's central business district. The property was acquired for EUR 21.8m, with a leverage of 67 percent, at a 7 percent yield
- The net asset value for East Capital Baltic Property Fund II increased by 2.0 percent in the quarter and by 6.0 percent for the financial year
- Stable cash flows from Tānassilma Logistics and Deglava Prisma contributed to the increase in NAV, together with income from the newly-acquired properties Rimi Logistics Centre and Metro Plaza

Portfolio breakdown, % per 31 December 2014

Sector weighting % of the fund

Financials	32.7
Consumer Discretionary	15.3
Materials	13.4
Energy	12.7
Utilities	7.7
Consumer Staples	5.3
Telecom	4.0
Industrials	3.6
Health Care	0.5
Other assets and liabilities	4.8

Asset allocation by country % of the fund



Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Integra	8.5	4.3	0.3	Russia	Energy
Evrz	8.2	19.1	1.1	Russia	Materials
B92	7.8	-0.6	-0.1	Serbia	Consumer Discr.
Impact	7.6	8.2	0.5	Romania	Financials
Caucasus Energy & Infrastructure	5.9	6.8	0.3	Georgia	Utilities
Komercijalna Banka Skopje	3.7	-6.0	-0.2	Macedonia	Financials
Telekom Srpske	3.3	-1.1	0.0	Bosnia	Telecom
Cantik	3.1	-1.0	0.0	Ukraine	Financials
Bank Sankt-Petersburg	3.0	-41.4	-1.7	Russia	Financials
Steppe Cement	2.7	-20.1	-0.6	Kazakhstan	Materials

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
54	21	117

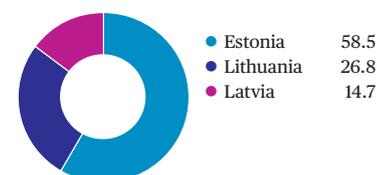
- Russian steel and mining company Evraz gained 19.1 percent during the quarter and 191 percent for the full year, as materials companies generally benefit from the weaker rouble

Portfolio breakdown, % per 31 December 2014

Sector weighting % of the fund

Retail	41.4
Logistics	37.4
Office	21.2

Asset allocation by country % of the fund



- At the G09 shopping centre in Vilnius, current occupancy is approximately 83 percent. Premises that have been previously reserved for a retailer who intended to open a flagship store in the centre are now being marketed more widely. The management expects to lease out remaining retail areas during the first half of 2015
- All properties increased in value, with the exception of G09 that was impaired before year-end due to the higher than expected vacancy rate, based on external valuations

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 95 percent.

Fund performance	Q4 2014	12m 2014	Since Aug 12
East Capital Russia Domestic Growth Fund, EUR	-42%	-62%	-60%

Portfolio highlights during the quarter

- Challenges continued in the fourth quarter for consumer-related stocks in Russia due to sharp rouble devaluation as well as expectations of a tougher macroeconomic environment and weaker consumer confidence in 2015
- Russian retailer Magnit's share performed in line with the market, down 30.4 percent for Q4, despite a strong 2014 with 31.6 percent sales growth and 19.2 percent selling space expansion. Strong top-line and improving supplier terms should entail a historical peak in Magnit's profitability
- Consumer electronic retailer M.Video reported a year-on-year sales growth of 52.0 percent for Q4 and 18.8 percent for the full-year, versus management guidance of 8-10 percent
- EON Russia's share dropped 38.7 percent during the quarter, despite expected future EBITDA growth from the launch of a new power plant. The CEO reiterated that dividend payout ratio might exceed the 60 percent stipulated by the dividend policy, translating into solid 10.0 percent dividend yield
- Sberbank fell by 50.3 percent during the quarter, as investor concerns rose following the steering rate increase to 17 percent in mid-December. Management persists that the bank will maintain profitable in 2015 despite the challenging macro environment

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 12 percent.

Fund performance	Q4 2014	12m 2014	Since Jan 08
East Capital Bering Ukraine Fund R, EUR	2%	-20%	-83%

Portfolio highlights during the quarter

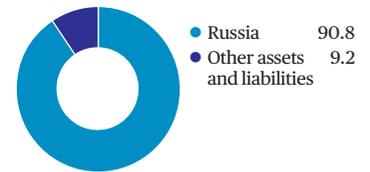
- There was no tangible improvement in the political or economic situation in Ukraine during the fourth quarter. The Hryvnya continued to depreciate against the Euro and ended the year at an exchange rate around 19 UAH per USD, an approximate 42 percent drop since the beginning of 2014
- The real estate company Cantik's revenues for the full year 2014 decreased by 17 percent compared to 2013 as an effect of the devaluation. The fund received a dividend of EUR 0.6m during the fourth quarter, making the total dividend for the year EUR 1.5m
- Food producer Chumak is still performing well operationally given the difficult macroeconomic situation, with continued volume growth and market share gain during the fourth quarter. However, the weakening local currency is continuing to put pressure on profitability and full year operating profit (EBITDA) was down by almost 40 percent in EUR terms

Portfolio breakdown, % per 31 December 2014

Sector weighting % of the fund

Financials	21.5
Consumer Staples	13.5
IT	12.4
Industrials	12.2
Utilities	11.1
Consumer Discretionary	10.8
Telecom	9.3
Other assets and liabilities	9.2

Asset allocation by country % of the fund



Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Magnit	13.5	-30.4	-3.9	Russia	Consumer Staples
Mail.ru Group	12.4	-39.6	-5.3	Russia	IT
E.ON Russia	11.1	-38.6	-4.2	Russia	Utilities
Sberbank	9.8	-50.3	-5.1	Russia	Financials
Sistema	9.3	-26.1	-1.9	Russia	Telecom
Aeroflot Russian Airlines	9.2	-49.3	-5.3	Russia	Industrials
M.Video	6.8	-52.3	-4.8	Russia	Consumer Discr.
LSR Group	4.5	-55.4	-3.3	Russia	Financials
Bank Sankt-Peterburg	4.3	-46.6	-2.2	Russia	Financials
Sollers	4.0	-47.5	-2.1	Russia	Consumer Discr.

All figures in EUR

* Contribution to the portfolio performance

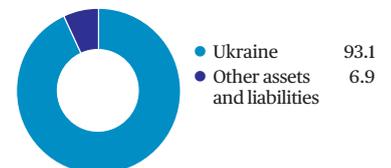
10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
85	0	14

Portfolio breakdown, % per 31 December 2014

Sector weighting % of the fund

Financials	72.7
Consumer Staples	20.4
Other assets and liabilities	6.9

Asset allocation by country % of the fund



Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Cantik	72.7	3.7	2.7	Ukraine	Financials
Chumak	20.4	0.3	0.0	Ukraine	Consumer Staples

All figures in EUR

* Contribution to the portfolio performance

Short-term investments

Short-term investments

On 31 December 2014, East Capital Explorer classified East Capital Frontier Markets Fund, which is a daily traded UCITS (Undertakings for Collective Investment in Transferable Securities) fund, as a short-term investment and it is included in short-term investments in the portfolio report on page 3 in this report.

East Capital Frontier Markets Fund

The East Capital Frontier Markets Fund seeks to provide long-term capital growth through exposure to companies located in frontier markets throughout the world.

The fund has a global focus on young and growing markets in order to gain exposure to an emerging middle class and domestic consumption. To combine high growth with attractive valuations and deliver consistent risk-adjusted returns, the fund seeks to invest in a wide spectrum of countries, sectors and companies. A significant share is aimed to be invested in off-index countries, the "next frontiers", to capture opportunities in markets that have not yet been classified but show positive economic development.

The investment style is based on bottom-up stock-picking through a fundamentally research-driven, long-term and local investment approach.

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

Fund performance	Q4 2014	12m 2014	Since Dec 14
East Capital Frontier Markets Fund, EUR	4%	4%	4%

Portfolio highlights during the quarter

- Thanks to the favorable timing of the launch in mid-December, the fund was able to gain from several Middle East stocks recovering from month-lows following the volatility in the oil price. Privately owned Saudi education company Al Khaleej, Saudi-British Bank and Oman Telecommunications all increased by around 15 percent since the fund launch

- There was a wide range between the best and worst performers. Nestle Nigeria increased by 31.4 percent during the period as the stock strongly rebounded from year-lows. On the negative, Ukrainian poultry producer MHP was among the poorer performers with a loss of 4.5 percent, as geopolitical tensions continued to weigh on the stock

Cash and cash equivalents

Cash and cash equivalents amounted to EUR 5.6m (EUR 20.3m on 31 December 2013). Interest income from cash and cash equivalents during the reporting period amounted to EUR 0.0m (EUR 0.0m on 31 December 2013). The decrease in cash during the year 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 1.1m as of 31 December due to that it only includes cash in the Parent company.

Portfolio breakdown, % per 31 December 2014

Sector weighting % of the fund	Asset allocation by country % of the fund
Financials 36.0	
Consumer Staples 16.0	
Consumer Discretionary 14.0	
Telecom 12.7	
Energy 4.3	
Materials 2.7	
Industrials 1.8	
Health Care 1.1	
Utilities 1.0	
Other assets and liabilities 10.4	

Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Sava Re	4.6	-2.3	-0.1	Slovenia	Financials
Zavarovalnica Triglav	4.4	4.8	0.2	Slovenia	Financials
Kazmunaygaz	3.3	-5.8	-0.2	Kazakhstan	Energy
Fondul Proprietatea	3.3	1.6	0.1	Romania	Financials
Mobile Telecommunications	3.0	3.0	0.0	Kuwait	Telecom
Fawaz Abdulaziz Alhokair	2.8	19.5	0.2	Saudi Arabia	Cons. Discr.
Bank Muscat	2.8	16.1	0.3	Oman	Financials
Mtn Group	2.8	6.8	0.2	South Africa	Telecom
Montenegro Telekom	2.6	1.2	0.0	Montenegro	Telecom
Nestle Foods Nigeria	2.5	31.4	0.5	Nigeria	Cons. Staples

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
32	0	67

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.

The investment activities of East Capital Explorer AB are managed by the operating subsidiary East Capital Explorer Investments SA which manages the investment portfolio, in accordance with the Investment Policy. Transactions in the operating subsidiaries East Capital Explorer Investments SA, East Capital Explorer Investments AB and Humarito Ltd are referred to as the investment activities in this report.

Presentation currency is euro (EUR).

Results for the fourth quarter 2014

The net result for the fourth quarter was EUR -36.2m (EUR 25.3m), including value changes of shares in subsidiaries of EUR -35.6m (EUR 25.8m), corresponding to earnings per share of EUR -1.21 (EUR 0.78).

The value of the holding in Melon Fashion Group (MFG) was impaired by EUR 21.5m and the value of the holding in Starman was appreciated by EUR 5.5m. Together with the fair value adjustments in East Capital Deep Value Fund of EUR -4.9m and East Capital Russia Domestic Growth Fund of EUR -11.4m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

The result for the period includes other expenses of EUR -0.3m (EUR -0.3m) and taxes of EUR 0.0m (EUR -0.4m), all of which refer to the Parent company.

Financial income for the period amounted to EUR 0.0m (EUR 0.4m) and is attributable to interest income from the loan to East Capital Explorer Investments SA.

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

Results for the period January-December 2014

The net result of the year was EUR -33.8m (EUR 23.1m), including value changes of shares in subsidiaries of EUR -32.8m (EUR 23.9m), corresponding to earnings per share of EUR -1.09 (EUR 0.72).

In the investment activities, East Capital Explorer received a final consideration of EUR 14.1m relating to the holding in East Capital Special Opportunities Fund and EUR 19.4m from the divestment of shares in East Capital Special Opportunities Fund II. An A Class office complex in the central business district of Vilnius, 3Bures (renamed in Q4 2014, previously Vilnius Business Harbour), was acquired for a cash consideration of EUR 22.3m.

The value of the holding in MFG was impaired by EUR 8.5m, or 12 percent in the first quarter, equivalent to the decline of the rouble against the euro between December 2013 and February 2014. Part of the performance fee provision, EUR 2.1m including VAT, was consequently reversed. In the third quarter the value of the holding in MFG was impaired by an additional EUR 5.4m. In the fourth quarter MFG was impaired by EUR 21.5m mainly due to the decline of the rouble against the euro between Q3 2014 and Q4 2014, but also due to the

general macroeconomic downturn. The total depreciation in 2014 sum up to EUR 35.4m. The value of the holding in Starman was appreciated by EUR 9.0m in the third quarter and EUR 5.5m in the fourth quarter. Together with the fair value adjustments in East Capital Deep Value Fund of EUR 0.9m, East Capital Russia Domestic Growth Fund of EUR -26.2m, East Capital Baltic Property Fund II of EUR 1.4m 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 year includes other expenses of EUR -1.1m (EUR -1.0m) and taxes of EUR 0.0m (EUR -0.3m), all of which refer to the Parent company.

On 22 April 2014, it was announced that East Capital Explorer AB and East Capital had 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. Further for direct investments, an additional condition for payment is that all direct investments in total show a positive result. Performance fees are also only charged on realized investments. For real estate investments, management fees were reduced from 2.0% to 1.75% while hurdle rates were lowered to 8.0%, which are the same hurdle rates as for direct investments. Additionally, all management fees on portfolio values exceeding EUR 400m will be reduced to 1.0%. As a consequence of reversed performance fee provisions, the changes had a positive effect of EUR 11.3m (including VAT) on the reported results of 2014. For more information, please see the press release, from 22 April 2014, available on the company's website.

To calculate all fees related to East Capital Explorer, fees originated in funds should be added to the fees in the investment activities. Total fees to East Capital, generated by the fund investments and direct investments held by East Capital Explorer AB, amounted to EUR +5.3m (EUR -12.4m) including VAT. Of this, EUR -6.1m (EUR -6.2m) was management fees and EUR +11.3m (EUR -6.3m) was performance fees. Due to the reversal of earlier accrued 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 1.0m (EUR 1.7m) and is attributable to interest income from the loan to East Capital Explorer Investments SA.

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

Financial Position and Cash Flow January-December 2014

The Company's equity ratio was 99.8 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 14.4m) 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).

Cash and cash equivalent at the end of the period amounted to EUR 1.1m (EUR 0.8m), all of which refer to the Parent Company. Interest income from cash and cash equivalent for the reporting period amounted to EUR 0.0m (EUR 0.0m).

The main cash outflow from the investment activities during 2014 refers to the acquisition of 3Bures (renamed in Q4, previously Vilnius Business Harbour) in May 2014, amounting to EUR 22.3m.

The main cash inflows from the investment activities during the year refers to the final redemption from East Capital Special Opportunities Fund of EUR 14.1m, which was received in March 2014. The first redemption from East Capital Special Opportunities Fund II of EUR 17.7m, was received in June 2014 and the final redemption of EUR 1.7m was received in December 2014.

At the end of the period, cash, cash equivalents and other short-term investments in the investment activities amounted to EUR 57.8m (EUR 20.3m). Please refer to the breakdown of values in subsidiaries on pages 21-23 for more details regarding the investment activities.

Commitments and draw-downs

East Capital Explorer's direct investment Starman has signed an agreement to acquire 100 percent of Lithuanian Cgates for a total enterprise value of EUR 56.3m. East Capital Explorer will, in connection with this transaction, make an additional investment of approximately EUR 23m in Starman.

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

In the fourth quarter the sentiment towards East Capital Explorer's second largest investment market Russia deteriorated further against a falling oil price, sanctions and the continuing conflict between Russia and Ukraine. This has led to a significant weakening of the rouble, lower investments, higher inflation and slower economic growth. The company's other major markets, the Baltics and the Balkans, had a more positive development in 2014. The economic growth rates of the Baltic countries are among the eurozone's highest, while the Balkan countries continue to recover from low levels. In other words, the economic development in East Capital Explorer's investment region is altogether uneven and remains subject to significant uncertainties. These uncertainties may lead to continued volatility in the region's financial equity and currency markets. East Capital Explorer's holdings, both listed and unlisted, may therefore be associated with increased risk, which may also impact the possibilities for divestments, while on the other hand creating opportunities for new investments.

For 2015, the Russian economy is expected to move into recession on the back of continued low oil prices and geopolitical unrest, with growth predicted to contract 3-4 percent while the Russian rouble is expected to remain volatile and trade on the oil price. The Baltics and the Balkans are expected to grow 2-3 percent while inflation will remain subdued.

Other information

Risks and uncertainties

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 January-December 2014

Other than fee payments according to the agreements in place, a short term bridge loan in the amount of EUR 3.7m was issued, in October 2014, to East Capital Baltic Property Fund II. The loan was repaid during the first quarter 2015. In December 2014, a short term bridge loan in the amount of EUR 2.4m was issued to Starman in order to finance the deposit for the Cgates acquisition. This loan will be netted against the capital injection of EUR 23m that East Capital Explorer has committed to invest upon closing of the deal, which is expected during the first quarter. East Capital Explorer Investments SA 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 AB, East Capital Explorer Investments SA and East Capital Explorer Investments AB have 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".

The parent company East Capital Explorer AB and its subsidiary East Capital Explorer Investments SA has entered into an Investment Agreement with East Capital PCV Management AB ("East Capital"), a subsidiary of East Capital Holding AB, the parent company of the East Capital group. In order to meet the requirements set out in the EU Directive (2011/61/EU) on Alternative Investment Fund Managers, the investment holding structure was reorganised in August 2014 (for further information, please see the section "Organisational and investment structure"), where the Investment Agreement and the investment portfolio were transferred from East Capital Explorer Investments AB to East Capital Explorer Investments SA on identical terms, and East Capital Asset Management SA ("ECAM SA") was appointed as alternative investment fund manager (AIFM) of East Capital Explorer Investments SA. The AIFM implements investments according to the investment policy and provides investment management services pursuant to the Investment Agreement. ECAM SA is a subsidiary of the East Capital group and is licensed by the Commission de Surveillance du Secteur Financier (CSSF), in Luxembourg as an AIFM. During 2014, the fees to ECAM SA were positive, EUR +5.3m (EUR -12.4m), due to reversed performance fees relating to earlier years (see above "result for the period January-December 2014").

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 2014, the Group purchased services for EUR 0.1m (EUR 0.3m), 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 SA and a member of the Investment Committee of East Capital Explorer Investments SA (the AIFM).

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.

As previously notified in a press release, it was at the beginning of the year assessed that East Capital Explorer AB's investment subsidiary East Capital Explorer Investments AB would be subject to EU's new regulatory framework for managers of alternative investment funds (AIFMD). In order to manage the new regulatory requirements in a cost-efficient manner, the portfolio management operations were transferred from Sweden to Luxembourg, where East Capital has an existing organization adapted to meet the requirements of the AIFMD rules. To facilitate this reorganization, a new Luxembourg based subsidiary, East Capital Explorer Investments SA, was set up during 2014 and the operations previously managed under East Capital Explorer Investments AB were consequently transferred to the new subsidiary in August 2014. Other than certain additional fees to CSSF (the Luxembourg Financial Supervisory Authority) and charges related to the safe keeping and supervision of assets by a designated depository (Citibank International plc) required under the AIFMD rules, the cost level for the management of the portfolio has not increased.

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 31 December 2014 amounted to 29,943,260. The average number of shares outstanding for the reporting period was 31,148,630, 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 an Extraordinary General Meeting on 24 March 2014, 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 2014 resolved to renew this authorization. The mandate is valid until the next AGM. In October, East Capital Explorer decided not to exercise the mandate to issue preference shares. The decision is based on the fact that the cost of funding through preference shares would be unjustifiably high given the present market conditions, whereas new investments may currently be financed through continued divestment of parts of the company's fund holdings.

Dividend

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

Events occurring after the end of the quarter

In January, East Capital Deep Value Fund rose by 3.7 percent, East Capital Frontier Markets Fund rose by 4.4 percent, East Capital Russia Domestic Growth Fund R rose by 1.4 percent and East Capital Bering Ukraine Fund Class R rose by 6.9 percent. East Capital Baltic Property Fund II only publishes NAV on quarterly basis. In January and February, additional shares in East Capital Frontier Markets Fund were sold for an amount equivalent to EUR 7.1m. In February, shares in East Capital Russia Domestic Growth Fund were sold for an amount equivalent to EUR 3.0m.

The Board of Directors and CEO give their assurance that the year-end 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, 12 February 2015

Mia Jurke
Chief Executive Officer

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Financial calendar

- Annual Report 2014 available in March 2015
- Annual General Meeting 2015 - 21 Apr 2015
- Interim Report, Q1 2015 - 13 May 2015
- Interim Report, Q2 2015 - 20 Aug 2015
- Interim Report, Q3 2015 - 5 Nov 2015

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The information in this year-end 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 12 February 2015

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 (year-end report) of East Capital Explorer AB (publ) as of 31 December 2014 and the twelve-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 year-end report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this year-end 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 year-end 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, 12 February 2015
KPMG AB

Mårten Asplund
Authorised Public Accountant

Anders Malmeby
Authorised 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 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 between the requirements in accordance with RFR 2 and East Capital Explorer AB's separate IFRS financial statements - both sets of accounts are presented in one common set of financial statements below.

Income Statement

EUR thousands	Note	2014 Jan-Dec	Restated ¹ 2013 Jan-Dec	2014 Oct-Dec	Restated ¹ 2013 Oct-Dec
Changes in fair value of subsidiaries	2	-32,750	23,874	-35,580	25,804
Staff expenses		-902	-1,086	-319	-276
Other operating expenses		-1,147	-1,029	-279	-267
Operating profit/loss		-34,799	21,759	-36,178	25,261
Financial income		961	1,724	0	394
Financial expenses		-8	-1	-3	0
Profit/loss before tax		-33,846	23,483	-36,181	25,655
Tax		0	-339	0	-390
NET PROFIT/LOSS FOR THE PERIOD²		-33,846	23,143	-36,181	25,265
Earnings per share, EUR		-1.09	0.72	-1.21	0.78
- Attributable to shareholders of the Parent Company					
No dilutive effects during the periods					

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". 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

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

Balance Sheet

EUR thousands	31 Dec 2014	Restated ¹ 31 Dec 2013
Assets		
Shares in subsidiaries	260,644	279,678
Deferred tax assets	-	-
Total non-current assets	260,644	279,678
Loans group companies	0	29,315
Other short-term receivables	1	1
Accrued income and prepaid expenses	16	21
Cash and cash equivalent	1,057	776
Total current assets	1,074	30,113
Total assets	261,718	309,791
Equity		
Share capital ²	3,650	3,640
Other contributed capital/Share premium reserve ³	334,564	348,183
Retained earnings including other reserves ³	-43,055	-65,579
Net profit/loss for the period ³	-33,846	23,143
Total equity	261,314	309,387
Current liabilities		
Other liabilities	129	108
Accrued expenses and prepaid income	275	296
Total current liabilities	404	404
Total equity and liabilities	261,718	309,791

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". 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

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	-	-42,436	309,387	-	309,387
Net profit/loss for the period	-	-	-	-33,846	-33,846	-	-33,846
Total comprehensive income	-	-	-	-33,846	-33,846	-	-33,846
Bonus issue	10	-10	-	-	-	-	-
Redemption program	-	-13,609	-144	-	-13,753	-	-13,753
Other reserves	-	-	-475	-	-475	-	-475
Closing equity 31 December 2014	3,650	334,564	-619	-76,282	261,314	-	261,314

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	-	-	-	23,143	23,143	-	23,143
Total comprehensive income	-	-	-	23,143	23,143	-	23,143
Bonus issue	9	-9	-	-	-	-	-
Redemption program	-	-14,269	-	-	-14,269	-	-14,269
Closing equity 31 December 2013	3,640	348,183	-	-42,436	309,387	-	309,387

Statement of Cash Flow

EUR thousands				
	2014 Jan-Dec	Restated ¹ 2013 Jan-Dec	2014 Oct-Dec	Restated ¹ 2013 Oct-Dec
Operating activities				
Operating profit/loss	-34,799	21,759	-36,178	25,261
Changes in value of subsidiaries	32,750	-23,874	35,580	-25,804
Interest received	961	1,663	-	382
Tax paid	-	-30	-	-
Cash flow from current operations before changes in working capital	-1,088	-481	-598	-161
Cash flow from changes in working capital				
Increase (-)/decrease (+) in other current receivables	6	29	-8	-
Increase (+)/decrease (-) in other current payables	-475	-96	114	50
Cash flow from operating activities	-1,557	-549	-492	-111
Investing activities				
Repayment of shareholder contributions	15,600	14,400	-	-
Loan to subsidiary	-	-	100	-
Cash flow from investing activities	15,600	14,400	100	-
Financing activities				
Redemption program	-13,753 ²	-14,269	-	-
Cash flow from financing activities	-13,753	-14,269	-	-
Cash flow for the period	290	-418	-392	-111
Cash and cash equivalent at the beginning of the period	776	1,131	1,452	888
Exchange rate differences in cash and cash equivalents	-8	62	-3	-1
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	1,057	776	1,057	776

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". 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

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

Note 1 Accounting Principles

This year-end report has been prepared in accordance with IFRSs and IAS 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act (Årsredovisningslagen). 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 or 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 of 1 January 2014, the Parent Company applies the fair value option in Swedish Annual Accounts Act, chapter 4, paragraph 14 (b) for accounting of financial instruments, whereas interest in subsidiaries is measured at fair value through profit or loss instead of at historical cost less impairment. There were no material effects 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.

Any future performance fees to the Investment Manager East Capital pertaining to direct investments will not be accounted for as a provision on the balance sheet nor as a contingent liability until a direct investment has been realised (see page 13). As all decisions to realise direct investments are taken by East Capital Explorer's Board of Directors, and the payment of any accrued performance fees therefore are within the Company's control, it is the Company's interpretation of IAS 32 and IAS 37 that no obligation arises until such a decision is taken.

Investment entities

From of 1 January 2014, East Capital Explorer applies the investment entity consolidation exception in IFRS 10, which implies that all holdings are recognised at fair value through profit or loss and that 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 SA), falls within the classification of an investment entity, as the subsidiary is set up to facilitate the portfolio in the investment activities of the Group, where investment in several holdings take place through a subsidiary below East Capital Explorer Investments SA (Humarito Ltd) (the fund investments, direct investments and short term investments in the East Capital Explorer's portfolio). East Capital Explorer AB has according to its listing agreement and investment agreement undertaken to provide East Capital Explorer Investments SA and downwards in the structure with financing for its investments, from bringing several investors (the shareholders) together for the single purpose of making investments through Humarito Ltd. East Capital Explorer AB's investment strategy is to acquire attractive assets and sell them in the foreseeable future at a profit. The investment 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. to plan for and execute an exit. Also, East Capital Explorer AB's strategy in optimising the long-term return for the shareholders is to actively manage the portfolio of investments. The capital invested in the portfolio is of a long-term nature and enables making investments over a full economic cycle. However, implicit in the active management is the strategy to exit direct investments through trade sales or IPOs and to exit fund investments either through the closure of the funds or through sales.

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 SA, where the investment activities are managed, is directly dependable of the investment portfolio, the value change of holdings held by the subsidiary has 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 - 31 Dec 2014	Fund investments	Direct investments	Short-term investments	Unallocated	Total
Changes in value of portfolio	-25,718	-17,560	3,471	-	-39,807
Received dividends	-	214	-	-	214
Other operating expenses	-	8,225	-	-1,381	6,844
Changes in value of subsidiaries	-25,718	-9,121	3,471	-1,381	-32,750
Staff expenses	-	-	-	-902	-902
Other operating expenses	-	-	-	-1,147	-1,147
Operating profit/loss	-25,718	-9,121	3,471	-3,430	-34,799
Financial income	-	-	-	961	961
Financial expense	-	-	-	-8	-8
Profit/loss before tax	-25,718	-9,121	3,471	-2,477	-33,846
Assets	89,492	114,598	57,802	-174	261,718

EUR thousands, Restated ¹ 1 Jan - 31 Dec 2013	Fund investments	Direct investments	Short-term investments	Unallocated	Total
Changes in value of portfolio	7,188	25,092	-537	-2	31,741
Received dividends	-	4,313	-	-	4,313
Other operating expenses	-	-8,722	-	-3,457	-12,179
Changes of value of subsidiaries	7,188	20,682	-537	-3,459	23,874
Staff expenses	-	-	-	-1,086	-1,086
Other operating expenses	-	-	-	-1,029	-1,029
Operating profit/loss	7,188	20,682	-537	-5,574	21,759
Financial income	-	-	-	1,724	1,724
Financial expense	-	-	-	-1	-1
Profit/loss before tax	7,188	20,682	-537	-3,851	23,483
Assets	188,892	110,535	20,359	-9,994	309,791

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". 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

Note 3 Entities with ownership interests over 50 percent

The following entities, in which the ownership interest is over 50%, are not consolidated. Entities indicated with “Investment entity” are subsidiaries that are not consolidated due to the consolidation exception for investment entities. Entities indicated with “Lack of control” are not consolidated since the lack of control means that they are not subsidiaries. The total impact of the restatement relating to investment entities is presented on page 25-27 in this report.

Non consolidated entities 31 December 2014		Country	Number of shares	Book value, EUR Thousands	Ownership capital
East Capital Explorer Investments SA	Investment entity	Bertrange, Luxembourg	4,000	260,644	100%
East Capital Explorer Investments AB	Investment entity	Stockholm, Sweden	11,000	7,609	100%
Humarito Limited	Investment entity	Nicosia, Cyprus	2,000	231 043	100%
Baltic Cable Holding OÜ	Investment entity	Tallinn, Estonia	2,501	-	100%
Starman AS	Investment entity	Tallinn, Estonia	6,657	39,516	51%
UAB Portarera ¹	Investment entity	Vilnius, Lithuania	300	24,234	100%
UAB Solverta ¹	Investment entity	Vilnius, Lithuania	100	-	100%
UAB Verslina ¹	Investment entity	Vilnius, Lithuania	100	-	100%
East Capital Deep Value Fund	Lack of control	Bertrange, Luxembourg	63,503	46 999	76%
East Capital Frontier Markets Fund	Lack of control	Bertrange, Luxembourg	488,253	40 913	64%
East Capital Baltic Property Fund II	Lack of control	Bertrange, Luxembourg	189,758	24,386	59%
East Capital Russia Domestic Growth Fund	Lack of control	Bertrange, Luxembourg	40,000	16,110	95%

¹The operations in UAB Portarera, UAB Solverta and UAB Verslina, acquired in 2014, have been aggregated as they are consolidated as 3 Burés

As an effect of the restatement noted above, presented in full on pages 25-27 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 (held on 31 December 2013) on the Balance sheet compared to the Statement of Financial position as presented in the annual report of 2013.

EUR thousands 31 December 2013				
Impact on Balance Sheet from deconsolidation of subsidiaries	ECEI AB	Starman	Humarito	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 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 is 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 SA is a result of the fair value of the holdings in the investment activities within East Capital Explorer Investments AB and Humarito Ltd. 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 or loss

For accounts receivable and accounts payable, the carrying amount is assessed 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 260.6m and cash and cash equivalent of EUR 1.1m. The carrying amount of these assets corresponds to the fair value on the balance sheet date.

Shares in subsidiaries including loans to group companies	Country	Book value, EUR ^t		Share of capital, %	
		31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
East Capital Explorer Investments SA	Bertrange, Luxembourg	260,644	-	100	-
East Capital Explorer Investments AB ¹	Stockholm, Sweden	-	308,993	-	100

¹Including loans to group companies

East Capital Explorer AB owns 100% of the Class A shares, and 4.0% (4.3%) of the votes, in East Capital Explorer Investments SA and is entitled to all profits, assets and liabilities attributable to that company. East Capital Explorer Investments SA is in turn classified as an investment entity whose total holdings, including its subsidiaries, are measured at fair value through profit or loss. Comparative figures for prior period are related to East Capital Explorer Investments AB.

As the holdings in East Capital Explorer Investments SA and in its investing subsidiary Humarito Ltd 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 subsidiaries is directly and indirectly made up by the following assets:

EUR thousands 31 December 2014						
Breakdown of values in subsidiaries, including loans to subsidiaries	Fund	Direct	Short term	Cash and bank	Other assets and liabilities, net	Total
	Investments	Investments	Investments			
Opening balance 1 January 2014	188,892	110,535	112	19,471	-10,016	308,993
Reclassifications	-17,820	-	17,820	-	-	-
Purchase/additions	2,330	22,314	50,236	-74,880	-	-
Divestments/Reductions	-58,190	-691	-19,452	78,332	-	-
Other	-	-	-	-2,980	9,825	6,845
Repaid shareholders contributions	-	-	-	-15,600	-	-15,600
Dividend received	-	-	-	214	-	214
Changes in fair value recognised in net profit/loss	-25,718	-17,560	3,471	-	-	-39,808
Closing balance 31 December 2014	89,492	114,598	52,188	4,557	-191	260,644

EUR thousands 31 December 2013						
Breakdown of values in subsidiaries, including loans to subsidiaries	Fund	Direct	Short term	Cash and bank	Other assets and liabilities, net	Total
	Investments	Investments	Investments			
Opening balance 1 January 2013	196,046	61,586	1	45,224	-3,338	299,519
Reclassifications	-	-1,289	1,289	-	-	-
Purchase/additions	25,740	25,147	-	-50,887	-	-
Divestments/reductions	-40,082	-	-639	40,721	-	-
Other	-	-	-	-1,187	-6,680	-7,867
Repaid shareholders contributions	-	-	-	-14,400	-	-14,400
Changes in fair value recognised net in profit/loss	7,188	25,092	-539	-	-	31,742
Closing balance 31 December 2013	188,892	110,535	112	19,471	-10,018	308,993

Fund investments consist of funds managed by East Capital, a specialist in 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 in previous page.

Direct investments consist of the holdings in Melon Fashion Group, Starman, 3 Burès, Trev-2 Group and Komercijalna Banka Skopje. All of these holdings, but Komercijalna Banka Skopje, which is publicly traded, are valued by external appraisers at least once a year, normally at year-end. The fair value of the holdings is assessed on a quarterly basis.

The fair values of East Capital Explorer's unlisted Direct Investments are estimated using the income approach (Discounted Cash Flow model) and market approach where there is available information about comparable companies and transactions. The income approach valuations are based on long term growth rates in a range of 2-4%, weighted average cost of capital (WACC) in the range of 6-17%, and long term operating margin in the range of 4-25%. The fair value of Baltic Property Fund II is based on yield rates in a range of 7-9%.

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 was classified as short-term investments. In December 2014, East Capital New Markets Fund merged with East Capital Frontier Markets Fund, which was classified as a short-term investment that is expected to be divested within 12 months.

For the fair values of the unlisted Direct Investments - designated at fair value through profit or loss, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Effect in EUR thousands 31 December 2014	Profit or loss	
	Increase	Decrease
Sensitivity analysis		
Long term growth rate (0.5% movement)	5,377	-4,701
Weighted average cost of capital (WACC) (0.5% movement)	-6,882	7,824
Long term operating margin (0.5% movement)	2,509	-2,509

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 12 in this report.

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

EUR thousands 31 December 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	63,110	-	26,383	89,492
- Direct Investments	7,332	-	107,266	114,598
- Short-term Investments ²	52,187	-	1	52,188
Total assets measured at fair value	122,628	-	133,650	256,278

EUR thousands 31 December 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	165,713	-	23,179	188,891
- Direct Investments	6,609	-	103,926	110,535
- Short-term Investments ²	0	-	112	112
Total assets measured at fair value	172,323	-	127,217	299,539

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 Komerčajna 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, 3 Burès is also included in Level 3

² East Capital Frontier Markets Fund, which is a daily traded UCITS fund, is classified as a short-term investment

³ Due to the then ongoing liquidation of East European Debt Finance, the holding was included in short-term investments in Q4 2013

Investments with values 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 unquoted 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 31 December 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	2,329	22,314	-	24,643
Divestments/Reductions	-	-454	-58	-511
Changes in fair value recognised net in profit/loss	874	-18,521	-53	-17,699
Closing balance 31 December 2014	26,383	107,265	1	133,649

EUR thousands 31 December 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	25,147	-	25,887
Divestments/Reductions	-1,698	-	-621	-2,319
Changes in fair value recognised net in profit/loss	1,478	27,178	-557	28,099
Closing balance 31 December 2013	23,179	103,926	112	127,217

EUR -17,646 thousands (EUR 28,656 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 about risks, uncertainties and information about the business environments and markets in which East Capital Explorer invests, 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 of 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)

31 December 2014		
Risk factors	Change	Effect on net profit/loss for the period
Fx EUR/LTL	+/- 10%	2,423
Fx EUR/RUB	+/- 10%	3,506
Fx EUR/USD	+/- 5%	4,752
Equity price	+/- 10%	25,628

Note 5 Key Figures

Key figures	12m 2014	9m 2014	6m 2014	3m 2014	12m 2013	9m 2013	6m 2013	3m 2013
Net asset value, EURm	261	297	298	288	309 ¹	284 ¹	280 ¹	292 ¹
Change in NAV during the quarter, %	-12.2	-0.1	3.3	-6.8	8.9 ¹	1.4 ¹	-4.2 ¹	-2.7 ¹
Equity ratio, %	99.8	99.9	99.9	99.8	99.9 ¹	99.9 ¹	99.9 ¹	99.9 ¹
Market capitalisation, SEKm	1,273	1,395	1,729	1,587	1,956	1,468	1,439	1,634
Market capitalisation, EURm	134	153	189	178	225	169	165	195
Outstanding number of shares, m	29.9	29.9	29.9	31.4	31.4	31.4	31.4	31.4
Weighted average number of shares, m	31.1	31.6	32.4	32.4	32.4	32.4	32.4	32.4
Number of employees	4	4	3	3	4 ¹	5 ¹	5 ¹	5

Key figures per share	12m 2014	9m 2014	6m 2014	3m 2014	12m 2013	9m 2013	6m 2013	3m 2013
Earnings per share, EUR	-1.09	0.07	0.08	-0.65	0.72 ¹	-0.07 ¹	-0.19 ¹	0.19 ¹
Dividend per share, EUR	0.00	0.00	0.00	0.00	0.00 ¹	0.00 ¹	0.00 ¹	0.00 ¹
NAV, SEK	83	90	91	82	87 ¹	79 ¹	78 ¹	78 ¹
NAV, EUR	8.73	9.94	9.95	9.17	9.85	9.04	8.92	9.30
Share price, SEK ²	42.50	46.60	57.75	50.50	62.25	46.70	45.80	52.00
Share price, EUR ²	4.49	5.12	6.31	5.67	7.00	5.38	5.25	6.21
SEK/EUR	9.47	9.11	9.15	8.91	8.89	8.69	8.72	8.37

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

² Not adjusted for redemption programs

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	-8	300,513	292,351	-8	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
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.

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