

Interim Report *January – March 2015*

Key figures

	31 March 2015	31 March 2014
NAV per share	EUR 9.35 (+7.1% during Q1)	EUR 9.17
NAV per share	SEK 87 (+4.7% during Q1)	SEK 82
Closing price per share	EUR 6.1 (+35.6% during Q1)	EUR 5.7
Closing price per share	SEK 56.50 (+32.9% during Q1)	SEK 50.50
Total NAV	EUR 279m	EUR 288m
Total market capitalization	EUR 182m	EUR 178m
Group's net result, Q1	EUR 15.9m	EUR -21.1m
Changes in value of subsidiaries, Q1	EUR 16.3m	EUR -21.0m
Earnings per share, Q1	EUR 0.53	EUR -0.65

¹ EUR = 9.26 SEK on 31 Mar 2015. Source: Reuters

Key events

- » Net Asset Value (NAV) per share increased by 7.1% during Q1 2015, to EUR 9.35 (9.17), mainly driven by a rebound in the public equity segment and the rouble strengthening
- » The private equity and real estate weight in the portfolio increased to 57.3% (41.5%), while Public Equity decreased to 27.6% (43.2%)
- » East Capital Explorer invested an additional EUR 22.5m in Starman, in conjunction with the completion of Starman's acquisition of Cgates
- » To finance the investment in Starman, fund holdings were redeemed for a total consideration of EUR 11.1m during Q1 2015. Another EUR 10.4m was redeemed in April
- » In April, the Board announced a new dividend policy, whereby at least 50% of received dividends will be distributed to shareholders
- » Further in April, the AGM approved the proposed third share redemption program and appointed Lars O Grönstedt as new Chairman of the Board
- » During 25 March – 14 April, 0.55% of outstanding shares were repurchased

Comparative numbers in parentheses refer to Q1 2014

CEO Comment

Net Asset Value (NAV) per share increased by 7.1% during the first quarter, mainly driven by a rebound in the public equity segment and the strengthening of the rouble.



Mia Jurke, CEO

The new year has started strongly. Low interest rates and the ECB's stimulus package have supported the stock markets, which showed a good development throughout the quarter. The low interest environment also benefits the Baltic real estate sector, where nearly one-fifth of the portfolio is invested. Russian stocks rebounded sharply during the first quarter, when the market's worst scenario did not appear to materialize while both oil prices and the rouble recovered. During the quarter, it was the public equity holdings that contributed the most to our portfolio. The strengthening of the rouble also had a direct effect on the fair value of Melon Fashion Group (MFG) in euro, which was the second largest positive contributor.

The total NAV per share increased by 7.1 percent in the first quarter and ended at EUR 9.35. Our share price saw an even stronger development, and increased by as much as 33 percent during the quarter.

7%

increase in NAV per share during Q1 (EUR)

Portfolio development and activity

The share of private equity investments increased to 40 (34) percent in the first quarter 2015, mainly as a result of Starman's acquisition of Cgates, which was completed in February. The acquisition was funded by East Capital Explorer through a share issue in Starman by which we increased our ownership from 51 to 63 percent. The focus now lies on realizing the expected synergies, particularly in purchasing, product development and utilization of technological platforms, as well as further consolidation opportunities, mainly in the Lithuanian market.

Although the underlying rouble based valuation of MFG remained unchanged, the translation to euro

resulted in a 16 percent fair value appreciation. The significant cost efficiency program is clearly visible in the EBITDA of MFG, which was also helped by a strong like-for-like growth of 15.5 percent. However, the still relatively weak rouble, in combination with large discounting campaigns, resulted in a lower gross margin.

Property investments continued to perform well. 3 Burès' vacancy rate fell further, and demand among potential tenants remains high. The fair value decreased slightly during the quarter due to a negative interest rate swap value referring to 2014, but the property nevertheless continues to show a solid cash flow.

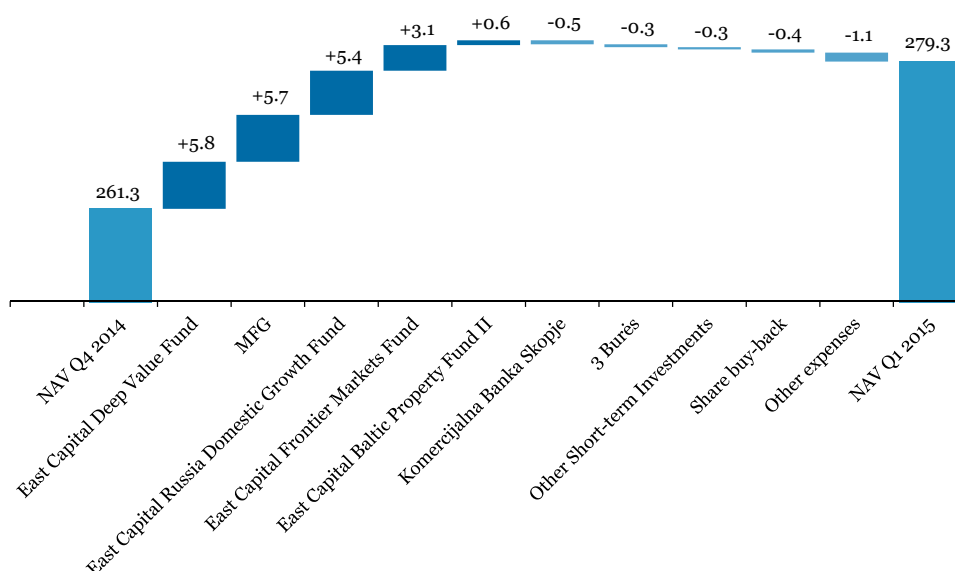
The public equity segment grew 15.2 percent during the quarter. The strongest trend was, not surprisingly, seen in the funds that are wholly or partially exposed to the Russian stock market, which so far this year is the best performing market. The rebound in Russian consumer related stocks was particularly visible in East Capital Russia Domestic Growth Fund that gained 33.6 percent in the quarter. Also worth noting is the 7.7 percent increase of our investment in East Capital Frontier Markets Fund, which is considered a short-term investment. Komercijalna Banka Skopje, on the other hand, dropped by 6.6 percent in the first quarter. Although the bank's core business is healthy and growing, this was offset by net provisions and write-downs.

In order to finance the additional investment in Starman, we redeemed shares in both East Capital Frontier Markets Fund and East Capital Russia Domestic Growth Fund of EUR 7.1m and 4.0m, respectively.

16%

value increase of our holding in Melon Fashion Group

Change in NAV Q1 2015, EURm



57%

of our portfolio is Private Equity and Real Estate, compared to 42% a year ago

Buybacks, redemption program, new dividend policy and new Board Members

In late March, we took the decision to launch a share buyback program. Until 13 April we repurchased shares equivalent to just over half a percent of outstanding shares. Further, on 21 April, we announced that a new dividend policy had been adopted. The new policy implies that at least 50 percent of the dividends we receive from our holdings will be distributed to shareholders. In addition, repurchases and redemptions of shares can be used when funds are available and this is considered to be more attractive than available investment opportunities. The new policy is linked to our strategic focus on Private Equity and Real Estate where an increasing share of the portfolio consists of cash-generating investments, giving a cash flow that we expect will increase over time. The first dividend, in accordance with the policy, will be proposed to the Annual General Meeting 2016.

At the AGM on 21 April, the proposed share redemption program was approved, implying that for the third consecutive year, one in twenty shares can be redeemed at NAV. This means that redemptions can be made at SEK 83, corresponding to the NAV per share as of 31 December 2014. The record date is 21 May, and shareholders who have called their shares for redemption will receive the proceeds in mid-July, obtaining a yield equivalent to approximately 7.3 percent at the current share price.

The Meeting also approved the Nomination Committee’s proposal for the Board composition, which means that Lars O Grönstedt became new Chairman after Paul Bergqvist who, like Louise Hedberg, declined re-election. Additionally, the Board was strengthened with Mikael Nachemson (as Vice Chairman) and Jenny Rosberg, and the share repurchase mandate was renewed.

Outlook and events after the quarter

The low interest rates are expected to remain and should thereby continue to fuel the stock markets. The recovery in the Eurozone benefits both the Baltics and Balkans, where the countries that are members of the monetary union are the largest beneficiaries. In Russia, the continued implementation of Minsk II as well as the outcome of the June OPEC meeting, are central in the short run. The oil price, which is closely correlated to the Russian rouble, is important not at least for MFG.

The development in the public equity segment was in total positive during April. The continued recovery in Russian consumer companies was clearly visible in East Capital Russia Domestic Growth Fund, and our investment in East Capital Frontier Markets Fund continued to show good performance. East Capital Deep Value Fund was, on the other hand, slightly down and also KBS ended the month down as a consequence of weak demand in the share. In the beginning of April we reduced our holding in East Capital Deep Value Fund (EUR 5.4m), and in East Capital Russia Domestic Growth Fund (EUR 5.0m). Our aim is to make further investments in public equity funds going forward in order to finance new investments in our focus areas, which remains to be Private Equity and Real Estate primarily in the Baltic region.

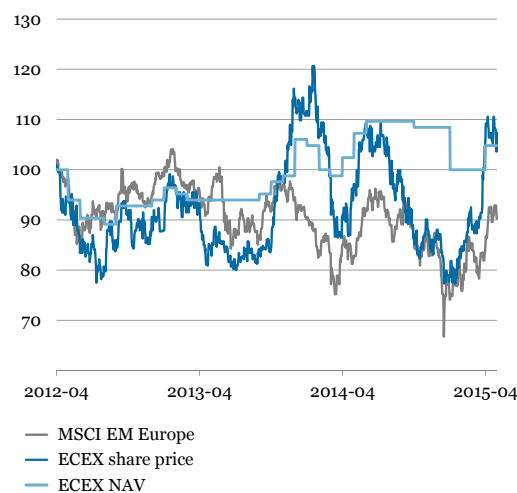
“The proposed redemption program was approved, implying that one in twenty shares can be redeemed at SEK 83”

Market comment

The Baltic markets gained 3-14% during the first quarter, while Russian assets rebounded sharply, gaining 27%

Most markets in Eastern Europe enjoyed a good start of the year, supported by increased optimism regarding European macro in general, and ECB stimulus in particular. The Baltic stock markets were quite strong with Latvia, Lithuania and Estonia gaining 3.3, 9.0 and 14.3 percent, respectively. The best market was, however, Russia that benefitted from a broad-based recovery as investors re-assessed the risk. Most stocks rebounded sharply, bottoming out as rating agencies downgraded the country to junk status, with the equity market gaining 27.1 percent in the quarter. The fact that oil prices stabilized and the Minsk II agreement was concluded, helped attract investors back to Russia, as the worst case scenarios did not materialize.

The gains in the Balkan markets were more modest, with Romania and Slovenia both gaining 1.5 percent. We believe the current momentum will extend into the second quarter.



Our portfolio

East Capital Explorer's strategy builds on four cornerstones: growth in Eastern Europe, domestic consumption, companies with strong outlook and a long-term active ownership. The preferred way of investing is through direct investments. East Capital Explorer's focus for new investments is within the Private Equity and Real Estate segments, where the company can, in a more direct way, contribute its expertise and create value.

As of Q1 2015, East Capital Explorer has changed its segment reporting to reflect the ongoing strategic shift. The new segments are Private Equity, Real Estate and Public Equity. Short-term investments include assets that are expected to be divested. These are reported separately, and not included in the core segments. Comparable numbers for 2014 are reclassified according to the new segment reporting.

Portfolio on 31 March 2015					
	Value 31 Mar 2015 EURm	NAV/share EUR	% of NAV	Value 31 Dec 2014 EURm	Value change Jan-Mar 2015, % ¹
Private Equity					
Starman	62.0	2.08	22.2	39.5	0.0
Melon Fashion Group	40.8	1.36	14.6	35.1	16.3
Trev-2 Group	8.5	0.28	3.0	8.5	0.0
Total Private Equity	111.3	3.72	39.8	83.0	5.4
Real Estate					
East Capital Baltic Property Fund II	25.0	0.84	8.9	24.4	2.3
3 Burès	23.9	0.80	8.6	24.2	-1.4
Total Real Estate	48.8	1.63	17.5	48.6	0.5
Public Equity					
East Capital Deep Value Fund	52.8	1.77	18.9	47.0	12.3
East Capital Russia Domestic Growth Fund	17.5	0.59	6.3	16.1	33.6
Komercijalna Banka Skopje	6.8	0.23	2.5	7.3	-6.6
Total Public Equity	77.1	2.58	27.6	70.4	15.2
Short-term Investments					
East Capital Frontier Markets Fund	37.0	1.24	13.2	40.9	7.7
Other short-term Investments ²	1.4	0.05	0.5	13.3	-2.1
Short-term Investments	38.4	1.29	13.8	54.2	5.3
Cash and cash equivalents	4.3	0.14	1.5	5.6	
Total Short-term Investments	42.7	1.43	15.3	59.8	
Total Portfolio	279.9	9.37	100.2	261.9	
Other assets and liabilities net	-0.6	-0.02	-0.2	-0.6	
Net Asset Value (NAV)	279.3	9.35	100.0	261.3	7.1²

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 In Q1 2015, East Capital Bering Ukraine Fund Class R was classified as a short-term investment

Please refer to Note 3 Financial Instruments for more information regarding the valuations of the holdings

1 EUR = 9.26 SEK on 31 Mar 2015. Source: Reuters

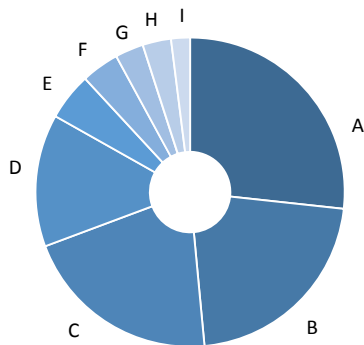
Note that certain numerical information may not sum up due to rounding

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

On 31 March 2015						
Company	Value in portfolio, EURm	% of NAV	Perf. Q1, %	Country	Sector	East Capital Explorer's investment vehicle
Starman	62.0	22.2	0.0	Estonia	Telecom	Direct Investment
Melon Fashion Group	40.8	14.6	16.3	Russia	Consumer Discretionary	Direct Investment
3 Burės	23.9	8.6	-1.4	Lithuania	Real Estate	Direct Investment
Komercijalna Banka Skopje	8.5	3.0	-6.6	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Trev-2 Group	8.5	3.0	0.0	Estonia	Industrials	Direct Investment
GO9	6.7	2.4	2.1	Lithuania	Real Estate	East Capital Baltic Property Fund II
Tänassilma Logistics	6.2	2.2	5.2	Estonia	Real Estate	East Capital Baltic Property Fund II
Metro Plaza	5.2	1.9	3.7	Estonia	Real Estate	East Capital Baltic Property Fund II
Integra	4.5	1.6	12.7	Russia	Energy	East Capital Deep Value Fund
B92	4.0	1.4	6.5	Serbia	Consumer Discretionary	East Capital Deep Value Fund
Total	170.2	60.9				

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

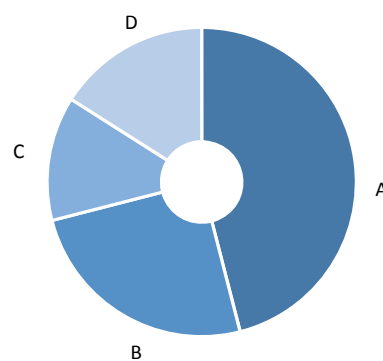
Sector breakdown, %



A	Telecom	27 (17)
B	Consumer Discr.	22 (32)
C	Real Estate	21 (9)
D	Financials	14 (21)
E	Industrials	5 (9)
F	Consumer Staples	4 (4)
G	Energy	3 (3)
H	Utilities	3 (3)
I	Materials	1 (2)

Comparative numbers in parentheses refer to Q1 2014

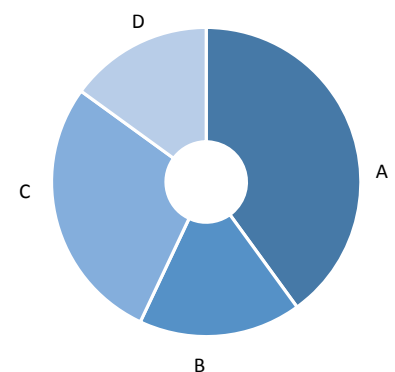
Geographic breakdown, %



A	Baltics	46 (24)
B	Russia	25 (49)
C	Balkans	13 (19)
D	Other countries	16 (8)

Comparative numbers in parentheses refer to Q1 2014

Segment breakdown*, %



A	Private Equity	40 (34)
B	Real Estate	17 (7)
C	Public Equity	28 (43)
D	Short-term investments, cash, other assets and liabilities	15 (16)

* Based on new segment reporting, see p. 3.
Comparative numbers in parentheses refer to (reclassified) Q1 2014

Private Equity

The Private Equity segment represents 40 (34) percent of total Net Asset Value. The portfolio primarily consists of non-cyclical, consumer-oriented companies with high growth and/or cash flow potential. During Q1 2015, East Capital Explorer invested an additional EUR 22.5m in Starman in conjunction with Starman's acquisition of Lithuanian Cgates, a first step in creating the first truly pan-Baltic cable TV operator. Melon Fashion Group generated a like-for-like growth of 16 percent, with a positive underlying EBITDA margin. Financial information regarding Private Equity holdings and 3 Burès is available on www.eastcapitalexplorer.com under Investors/Reports and Presentations.

Starman

Starman, the first truly pan-Baltic cable TV and broadband provider operating in Estonia and Lithuania, benefits from its loyal customer base through strong non-cyclical cash flows. With its leading market position and superior products, Starman is well positioned to benefit from market consolidation and increasing broadband penetration in the Baltics.

East Capital Explorer's holding in the company	63%
% of NAV	22%

EURm	2015 Jan-Mar*	2014 Jan-Mar	2014 Jan-Dec
Sales	11.7	8.3	33.6
- of which Cgates	2.7	-	-
EBITDA	5.6	4.2	15.9
- of which Cgates	1.1	-	-
Net profit	1.3	1.1	3.1
Sales growth (%)	41.5	10.8	11.1
EBITDA margin (%)	47.6	50.4	47.4
Number of RGU's ('000)	524	297	318
- of which Cgates	202	-	-
Average ARPU (€/month)	15.8	14.4	14.9

* Cgates consolidated as of 1 Feb 2015

RGU: Revenue generating units

ARPU: Average revenue per user

- In February, Starman completed the previously announced acquisition of 100 percent of Cgates, the leading cable and broadband provider in Lithuania, for a total enterprise value of EUR 56.3m. Cgates is consolidated into Starman as of February
- Estonian Q1 revenues reached EUR 9.1m (8.3), corresponding to a 10.5 percent year-on-year growth. EBITDA amounted to EUR 4.4m (4.2), up 6.8 percent year-on-year. The EBITDA margin was 48.7 percent. Total RGU's increased by 1,178, of which cable customer intake was 811. Average ARPU increased to EUR 15.8 (14.4) driven primarily by an increase in the number of services per customer, as well as by gradual price increases
- Lithuanian revenues (Feb-Mar) reached EUR 2.7m with an EBITDA of EUR 1.1m. The EBITDA margin for the Lithuanian operation was 41.4 percent
- The company's focus on integration and synergy realization will continue, with particular focus on product development
- In conjunction with Starman's acquisition of Cgates, East Capital Explorer increased its ownership in Starman from 51 to 63 percent by investing EUR 22.5m in a new share issue. The underlying valuation of Starman was unchanged at EUR 39.5m, resulting in a new fair value of EUR 62.0m

Learn more about Starman on: www.starman.ee

Melon Fashion Group

MFG is the fastest growing fashion retailer in Russia. The company is well positioned for growth with a broad target group under three strong brands: Zarina, befree and Love Republic. MFG benefits from the consolidation in the fragmented Russian fashion industry and long-term consumption growth.

East Capital Explorer's holding in the company	36%
% of NAV	15%

RUBm	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Sales	2,871	2,064	11,192
Gross profit	1,068	1,036	5,969
EBITDA	-61	-386	481
Net profit	-179	-389	44
Sales growth (%)	39.1	20.2	24.8
Gross margin (%)	37.2	50.2	53.4
EBITDA margin (%)	-2.1	-18.7	4.3
Number of stores (end-quarter)	656	609	669
Like-for-like sales growth (%)	15.5	-4.7	0.2

- In Q1 2015, high inflation and rising unemployment affected disposable income. Non-food sales contracted 3 percent in January, 7 percent in February and almost 10 percent in March. The positive effect of a smaller consumer sentiment recovery by the end of Q1, amid rouble stabilization, has not yet emerged
- Net sales in Q1 reached RUB 2.9bn, a year-on-year growth of 39 percent with a like-for-like growth of 15.5 percent. Gross margin contracted by 13 ppt over last year, mainly due to a weakened rouble and more active discounting. Going forward, this is expected to gradually improve as consumers start to adjust to new pricing
- Despite external headwinds, MFG delivered profitability above budget, primarily thanks to cost cutting measures. EBITDA margin improved to -2 (-19) percent in Q1 2015. Excluding negative currency effects from the Ukrainian operations, MFG generated a positive EBITDA of RUB 108.3m
- Most visible cost saving came from renegotiating existing rental terms. Rental expenses were reduced by 13 percent compared to Q1 2014 and by 40 percent compared to Q4 2014. Additional cost savings came from implementing flexible working schedule in the whole network starting from the beginning of March
- The number of stores decreased from 669 as of end-2014 to 656 as of the end of Q1 2015. The company has reduced its expansion plans, concentrating on the most attractive locations while closing some unprofitable stores. During the period, MFG opened nine own retail stores and closed twelve own and ten franchise stores
- The underlying RUB based valuation of MFG was unchanged, while the translation to EUR resulted in a 16.3 percent appreciation to EUR 40.8m

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

Trev-2 Group

Trev-2 Group, one of the largest infrastructure construction and maintenance companies in Estonia, was acquired as a restructuring case, that under our guidance has concentrated its operational focus on its core areas: environmental and road construction and maintenance.

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

EURm	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Sales	3.8	6.2	66.3
EBITDA	-1.4	-0.5	5.5
Operating profit	-2.1	-1.3	2.0
Net profit	-2.1	-1.4	1.6
Sales growth (%)	-38.5	-49.0	-35.7
EBITDA margin (%)	-36.5	-8.9	8.2
Operating margin (%)	-54.6	-21.4	3.0

- 2015 has started as expected. Revenues in the first quarter, which is the slow season, amounted to EUR 3.8m (EUR 6.2m). The company's EBITDA was EUR -1.4m (EUR -0.5m) and net result EUR -2.1m (EUR -1.4m). The weaker revenue and result is mainly explained by the slowdown within the environmental construction segment due to decreased EU funding
- The project pipeline for the commencing season is satisfactory, in line with expectations, with volumes expected to remain similar to last year's in road construction and maintenance. Volumes in environmental construction will, however, be low for the remainder of the year
- In March, Erki Mölder resigned from the position of CEO. Rein Rätsep, who has served as CFO of the group, was appointed acting CEO
- The fair value of Trev-2 remained unchanged at EUR 8.5m

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

Real Estate

The Real Estate segment represents 18 (7) percent of total Net Asset Value. The Real Estate portfolio strategy utilizes the upside in Baltic property market, with strong cash flow, sustainable rent levels and low vacancies. The yield levels are 7-9 percent, 200-300 basis points higher than in the Nordic capitals, while financing terms are attractive. Meanwhile, the Baltic economies continue to be stable with among the highest GDP growth within the euro zone, low interest rates and stable financial markets.

3 Burès

3 Burès is one of Vilnius' most modern and well located A Class office properties. The two buildings, with low vacancy rates and high interest from potential tenants, currently generates a stable cash flow with potential ahead for increasing rents. At the same time, the country's stable and growing economy supports a continued low financing costs and the potential for long term value appreciation.

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

EURm	2015	2014
	Jan-Mar	May-Dec
Net rental revenue*	1.1	2.4
Net operating income	1.0	1.7
Vacancy rate (%)	3.5	4.2
Average rent (€/sqm, end-quarter)	12.6	12.6

*Rental income only, excluding income from communal services

- Vacancy has decreased from 4 percent at the end of the fourth quarter 2014 to 3.5 percent at the end of the first quarter 2015. Agreements signed after quarter-end have further decreased the equivalent vacancy to 2.2 percent
- Despite a positive operating result in the quarter, the equity value was corrected from EUR 24.2m to EUR 23.9m after the balance date (31 Dec 2014) on the account of negative value of interest swap agreements referring to 2014
- Detailed planning regarding the development project of the land plot, which was part of the acquisition, is ongoing in parallel with a technical process. The technical project with construction permit is expected to be ready by the third quarter 2015

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

East Capital Baltic Property Fund II

The Fund acquires and manages properties with well-established tenants on sustainable rental terms in the Baltic capitals; primarily shopping centers and retail properties, but also logistics and office properties. The goal is to acquire properties at good locations with a stable income and potential for improvement

East Capital Explorer's share of the Fund	53%
% of NAV	9%

	Q1 2015	Since May 12
Fund performance, EUR	2.3%	31.5%

Properties in the portfolio	Weight of mkt value, %	Contr, %*	Location	Type
Tänassilma Logistics	24	35	Tallinn	Logistics
GO9 Shopping Centre	27	14	Vilnius	Retail
Deglava Prisma	15	14	Riga	Retail
Rimi Logistics	13	15	Tallinn	Logistics
Metro Plaza	21	22	Tallinn	Office

* Contribution; Share of quarterly change in NAV from property operating result

- The net asset value of East Capital Baltic Property Fund II increased by 2.3 percent during the first quarter 2015
- Tänassilma Logistics and Metro Plaza contributed to more than half of the quarterly NAV increase, while the remaining contribution was distributed equally between GO9, Rimi Logistics and Prisma
- In January, a pre-agreement was signed for the acquisition of Mustamäe Shopping Center after its completion and opening in the first quarter of 2016. Pre-payment was made in the first quarter to secure the transaction. This would be the sixth and last investment in the fund, as the investment period will end in May 2015. The management team is in close contact with the sellers to secure the quality of the shopping center development and tenant mix
- In GO9 shopping center, work with potential key tenants is ongoing to fill the remaining 16 percent vacancy in the retail areas

Public Equity

The Public Equity segment represents 28 (43) percent of total Net Asset Value, with a value increase of 15.2 percent in Q1 2015 following strong performance in the region, particularly in Russia. Investments in this segment offer exposure to companies with a strong outlook, especially in sectors driven by domestic growth such as retail, consumer goods, finance, and real estate. The listed portfolio creates an exposure to assets with high return potential that can be used as a financing source for further investments in the Private Equity and Real Estate segments.

Komercijalna Banka Skopje

Komercijalna Banka Skopje (KBS) is Macedonia's largest bank by assets and capital. The low valuation compared to other banks in the region makes it a potential candidate for strategic investors.

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

MKDm	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Net interest income	678	650	2,634
Net interest margin (annualized)	3.6%	3.7%	3.5%
Total operating income	993	924	3,861
Operating expenses	416	469	1,806
Cost Income ratio	42%	51%	47%
Profit before tax and provisions	577	455	2,055
Net profit	-527	-100	96

- KBS continued to show good performance at the core business level with a 4.5 percent year-on-year increase in Net Interest Income, and a 2.6 percent year-on-year increase in Fee and Commission income, on the back of a 7 percent year-on-year balance sheet growth
- Operating Expenses were down 11 percent year-on-year, bringing the cost income ratio down to 42 percent for the period
- The combination of strong core income and lower costs generated an impressive 27 percent year-on-year increase in pre-provision, pretax profit. However, these good operating results were nullified by an increase in both net provisions and write downs of foreclosed assets, leading to a net loss of EUR 8.5m
- The fact that KBS's provisioning often fluctuates from month to month could mean that writebacks can be expected in future periods, especially considering the significant effort that Management has put into working out bad loans

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

East Capital Deep Value Fund

The fund offers exposure to the conservative market valuations of small and mid-cap companies with proven business models, strong revenue generation and high revaluation potential where our managers can take an active role in corporate governance of portfolio companies.

East Capital Explorer's share of the Fund	77%
% of NAV	19%

	Q1 2015	Since Jan 14
Fund performance, EUR	12.3%	14.3%

Largest holdings in the Fund on 31 March 2015

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Integra	8.6	12.7	1.0	Russia	Energy
B92	7.3	6.5	0.5	Serbia	Cons. Discr.
Caucasus Energy & Infrastructure	7.1	33.9	2.0	Georgia	Utilities
Impact	6.8	-0.8	-0.1	Romania	Financials
GAZ	5.0	56.2	1.7	Russia	Cons. Discr.
Reinsurance Co Sava	4.4	4.0	0.1	Slovenia	Financials
Bank Sankt-Petersburg	4.2	53.1	1.6	Russia	Financials
Komercijalna Banka Skopje	3.1	-6.6	-0.3	Macedonia	Financials
Telekom Srpske	2.9	6.4	0.2	Bosnia	Telecom
AIK Banka	2.7	26.3	0.6	Serbia	Financials

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
52	21	113

- Russian domestic stocks were particularly strong during the quarter, together with some exporters. After a sharp stock price rally, the fund exited a number of liquid shares including LSR, Aeroflot, Dixy and Evraz
- Bank Sankt-Petersburg, which was kept in the portfolio due to its upside potential, gained 53.1 percent
- Russian LCV producer GAZ was added during the quarter, as its market should be supported by the ongoing cash-for-clunkers program. The share gained 56.2 percent after acquisition
- Romanian real estate developer Impact lost 0.8 percent after a very strong 2014. The company reported preliminary results for 2014, which showed improving results with a positive net income in comparison with a net loss in the previous year
- Serbian AIK Banka had a strong quarter when the Greek bank Piraeus was a forced seller of its stake in AIK. A tender offer was launched with a large market premium. The preferred shares gained 12 percent during the quarter

East Capital Russia Domestic Growth Fund

The Fund seeks to benefit from domestic growth in the Russian economy through a concentrated portfolio of 10 to 20 listed companies with at least half of their revenue generation in Russia and with a market cap of over USD 500m.

East Capital Explorer's share of the Fund	94%
% of NAV	6%

	Q1 2015	Since Aug 12
Fund performance, EUR	41.3%†	-43.5%

Largest holdings in the Fund on 31 March 2015

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Sberbank	9.7	32.7	3.5	Russia	Financials
E.ON Russia	9.7	47.9	6.4	Russia	Utilities
Magnit	9.5	31.3	4.8	Russia	Cons. Staples
M.Video	7.5	76.1	5.9	Russia	Cons. Discr.
LSR Group	6.7	64.0	3.4	Russia	Financials
Bank Sankt-Petersburg	5.9	45.4	2.5	Russia	Financials
Sistema	5.9	62.4	5.8	Russia	Telecom
Aeroflot Russian Airlines	5.4	19.2	1.9	Russia	Industrials
Moscow EXCH MICEX	4.1	28.8	1.5	Russia	Financials
MTS	3.3	12.1	0.5	Russia	Telecom

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
68	0	13

- Russian assets rebounded sharply and the Russian stock market gained 27.1 percent during the first quarter, backed by an increase of the oil price and the Minsk II agreement. The fund significantly outperformed the market, gaining 41.3 percent
- The best performer of the fund was the consumer electronic retailer M.Video with a stock price gain of 76.1 percent. As expected, the company has increased its market leadership at the expense of struggling competitors. In addition, the start of 2015 was better than the consensus view had expected
- Sistema has recovered strongly post news about signing an amicable settlement agreement with Ural-Invest. The share gained 62.4 percent during the quarter. The company is expected to turn cash positive at the holding level, with a net cash position of around USD 140m versus the prior net debt position of USD 536m, adding stability to the business
- LSR Group advanced by 64.0 percent as it has continued to expand its project portfolio in the lucrative Moscow market. The company also surprised positively in terms of dividend potential. The Board of Directors has recommended a dividend of RUB 78 per share, corresponding to a 12.5 percent dividend yield

Short-term investments

East Capital Frontier Markets Fund

East Capital Frontier Markets Fund is a daily traded UCITS fund with a global focus on young and growing markets. To combine high growth, attractive valuations and 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".

East Capital Explorer's share of the Fund	60%
% of NAV	13%

	Q1 2015	Since Dec 14
Fund performance, EUR	9.2%	12.6%

Largest holdings in the Fund on 31 March 2015

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Zavarovalnica Triglav	4.5	16.2	0.7	Slovenia	Financials
United Bank/Pakistan	3.2	-2.0	0.0	Pakistan	Financials
Bank Muscat	3.2	25.2	0.7	Oman	Financials
Zenith Bank	3.2	24.7	0.8	Nigeria	Financials
Mobile Telecommunications	3.1	11.0	0.3	Kuwait	Telecom
Montenegro Telekom	3.0	-1.1	0.0	Montenegro	Telecom
Engro Foods	2.8	12.2	0.1	Pakistan	Cons. Staples
Kenya Commercial Bank	2.3	14.0	0.3	Kenya	Financials
Ypf Sociedad Anonima	2.3	16.1	0.3	Argentina	Energy
Nestle Foods Nigeria	2.3	-11.2	-0.3	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
30	0	68

- East Capital Frontier Markets Fund has since inception outperformed its index* and has since start been one of the best performing Frontier funds on a global basis
- Oil price volatility, Eurozone stimulus and political developments played an important role for the performance of the fund in the first quarter, as well as currency movements
- Nigerian holdings developed well, with an underweight in the portfolio at the beginning of the year and a neutral position as the elections got closer
- Asia initially contributed positively but later in the quarter contracted without fundamental grounds

*MSCI Frontier Markets Index

East Capital Bering Ukraine Fund R

East Capital Bering Ukraine Fund R consists of two companies: the Real Estate company Cantik, which owns and operates four commercial Real Estate in Ukraine, and food producer Chumak

East Capital Explorer's share of the Fund	12%
% of NAV	0.5%

	Q1 2015	Since Jan 08
Fund performance, EUR	-27.3%	-88%

Largest holdings in the Fund on 31 March 2015

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Cantik	89.4	-11.2	-8.2	Ukraine	Real Estate
Chumak	0.0	-100.0	-20.4	Ukraine	Consumer Staples

All figures in EUR

- Chumak, with more than 75 percent of volumes sold locally, suffered worst from the currency devaluation that has severely pressures the company's margins and revenues (in USD). During the quarter, the company consequently wrote down its forecasted 2015 EBITDA by 70 percent, and bank payments (in USD) were cancelled. Given Chumak's rising debt level in relation to EBITDA, the company risk has increased significantly, and the value of the holding was written down to zero in the quarter
- Cantik's revenues and profits also declined in line with the devaluation, as the company needs to grant its tenants increasing discounts in order not to lose them. The value of the holding was written down by 8.2 percent, to reflect the deteriorated profit forecasts for the year

Results

The investment activities of East Capital Explorer AB (publ) (the Company) 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 first quarter 2015

The net result for the first quarter was EUR 15.9m (EUR -21.1m), including value changes of shares in subsidiaries of EUR 16.3m (EUR -21.0m), corresponding to earnings per share of EUR 0.53 (EUR -0.65).

The value of the holding in Melon Fashion Group (MFG) was appreciated by EUR 5.7m due to stronger rouble. Together with the fair value adjustments in East Capital Deep Value Fund of EUR 5.8m, East Capital Russia Domestic Growth Fund of EUR 5.4m and East Capital Frontier Markets Fund of EUR 3.1m as well as repayment of shareholders contribution of EUR -2.5m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

In the investment activities, Starman's acquisition of Cgates was finalized on 12 February 2015. In conjunction with the transaction, East Capital Explorer made an additional investment of EUR 22.5m through a share issue in Starman, thereby increasing the ownership from 51 to 63 percent. Furthermore, the Company sold shares in East Capital Frontier Markets Fund for a total amount equivalent to EUR 7.1m and in East Capital Russia Domestic Growth Fund for an amount equivalent to EUR 4.0m.

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 -1.3m (EUR +0.6m). Of this, EUR -1.3m (EUR -1.6m) was management fees and EUR 0.0m (EUR +2.2m) was performance fees. The fees for 2014 were positive due to reversed performance fees relating to previous years.

The result for the period includes expenses of EUR -0.4m (EUR -0.5m) and taxes of EUR 0.0m (EUR 0.0m), all of which refer to the Parent company.

Financial income for the period amounted to EUR 0.0m (EUR 0.4m) and financial expenses to EUR -0.0m (EUR -0.0m).

Comparative numbers in parenthesis refer to the first quarter of 2014.

Financial Position and Cash Flow January-March 2015

The Company's equity ratio was 99.8 percent (99.8 percent).

The cash flow presented below only relates to transactions in the Parent Company. In the first quarter, the Company received repayment of shareholder's contributions of EUR 2.5m (EUR 15.6m) from East Capital Explorer Investments SA (East Capital Explorer Investments AB in 2014). During the period 25 March-31 March 2015, East Capital Explorer repurchased a total of 67,000 shares, for an amount equivalent to EUR 0.4m.

Cash and cash equivalent at the end of the period amounted to EUR 2.9m (EUR 1.1m), all of which refer to the Parent Company.

At the end of the period, cash, cash equivalents and other short-term investments in the investment activities amounted to EUR 42.7m (EUR 57.8m). Please refer to the breakdown of values in subsidiaries on pages 18-19 for more details regarding the investment activities.

Comparative numbers in parenthesis refer to 31 December 2014.

Commitments

At the end of the period, the Company had no commitments.

Business Environment and Market

Most markets in Eastern Europe enjoyed a good start of the year, supported by increased optimism regarding European macro in general, and ECB stimulus in particular. The Baltics, which are enjoying stable growth and low inflation, had quite strong market performances in the quarter with Latvia, Lithuania and Estonia gaining 3.3, 9.0 and 14.3 percent, respectively. The best market was, however, Russia that benefitted from a broad-based recovery as investors re-assessed the risk. Most assets rebounded sharply, bottoming out as rating agencies downgraded the country to junk status, with the equity market gaining 27.1 percent in the quarter. The fact that oil prices stabilized and the Minsk II agreement was reached, helped attract investors back to Russia, as the worst case scenarios did not materialize. However, the Russian economy moved into recession during the quarter even though the worst case scenario has been avoided. The gains in the Balkan markets were more modest, with Romania and Slovenia both gaining 1.5 percent. We believe the current momentum will extend into the second quarter.

For 2015, the Baltics and the Balkans are expected to grow 2-3 percent while inflation will remain subdued. The Russian economy is predicted to contract 3-4 percent, with a rebound toward the second half of the year, while the Russian rouble is expected to remain volatile and trade on geopolitics and the oil price.

The economic development in East Capital Explorer's investment region is uneven and significant uncertainties remains. East Capital Explorer's holdings 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.

Other information

Accounting principles

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act (Årsredovisningslagen). The interim report for the Company has been prepared in accordance with Swedish Financial Reporting Board (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 as a common single set of accounts.

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 realized. 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.

As of Q1 2015, East Capital Explorer has changed its segment reporting to reflect the ongoing strategic shift. The new segments are Private Equity, Real Estate and Public Equity. Comparable numbers for 2014 are restated according to the new segment reporting, see Note 1 Segment reporting. All other accounting principles applied are the same as in the annual report for 2014.

A number of other new standards, amendments to standards and interpretations 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.

For further information about the accounting principles of the Company, please see Note 1 Accounting principles in the Annual Report 2014.

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 material risks and uncertainties is provided in the Company's Annual Report 2014 on pages 40-42. An assessment for the coming months is provided in the Business Environment and Market section above.

In addition, through the business activities of their holdings, i.e. their offerings of products and services, within the respective sectors, the investments are also exposed to legal/regulatory risk and political risk, for example political decisions on public sector expenditures and industry regulations.

Fees

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 of 20 percent of profits are applied, on the premise that a threshold value of 8 percent per year has been achieved. Further, performance fees are only charged on realized investments. For Private Equity and Public Equity investments, the management fees are 2.0% (except for East Capital Frontier Markets, which is a UCITS-fund, where 1.0% fee is applied). For Real Estate investments, management fees are 1.75%. Additionally, all management fees on portfolio values exceeding EUR 400m will be reduced to 1.0%. For more details about fees, please see the latest Annual Report available on the Company's website.

Related party transactions January-March 2015

There have been no related party transactions during the year, other than fee payments according to agreements in place. 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".

During the first quarter of 2015, the fees paid by East Capital Explorer Investments SA to East Capital Asset Management SA were EUR -1.3m (EUR +0.6m). The fees in 2014 were positive due to reversed performance fees relating to earlier years.

The Company has a service agreement with East Capital International AB, a service company within East Capital, pursuant to which the Company buys certain administrative and other services. The Company has a sub rent premises agreement with East Capital International AB. During 2015, the Company purchased services for EUR 0.0m (EUR 0.1m), all through the Parent Company.

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

The CEO of East Capital Explorer AB is a Board member of East Capital Explorer Investments SA and a member of the Investment Committee of East Capital Explorer Investments SA (the AIFM).

Comparative numbers in parenthesis refer to the first quarter of 2014.

Organisational and investment structure

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

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

For further information about the organizational and investment structure of the Company, please see the Corporate Governance Report for 2014, included in the Annual Report and on the Company's web site www.eastcapitalexplorer.com under the section, 'Corporate Governance'.

The share

The total number of shares in East Capital Explorer as of 31 March 2015 amounted to 29,876,260. The average number of shares outstanding for the reporting period was 29,920,927.

On 24 March 2015, The Board of East Capital Explorer AB resolved to initiate a share repurchase program in order to increase shareholder value. The decision to repurchase shares fell within the scope of the authorization given to the Board by the Annual General Meeting 2014. The Company repurchased shares during the period 25 March through 13 April 2015. During the period 25 March-31 March, East Capital Explorer repurchased a total of 67,000 shares, corresponding to 0.22% of the Company's outstanding shares, at an average price of SEK 54.80 per share.

Dividend

A new dividend policy was adopted as of 21 April 2015. The new policy implies that at least 50 percent of the dividends we receive from our holdings will be distributed to shareholders. The first dividend, in accordance with the policy, will be proposed to the Annual General Meeting 2016.

Events occurring after the end of the quarter

In April, East Capital Deep Value Fund lost 1.8 percent, East Capital Frontier Markets Fund rose by 3.0 percent, East Capital Russia Domestic Growth Fund rose by 16.8 percent and East Capital Bering Ukraine Fund Class R lost 4.4 percent. East Capital Baltic Property Fund II only publishes NAV on quarterly basis. In April, shares in East Capital Deep Value Fund were sold for an amount equivalent to EUR 5.4m and in East Capital Russia Domestic Growth Fund for an amount equivalent to EUR 5.0m.

East Capital Explorer AB completed the repurchase program that allowed the Company to buy back own shares from 25 March up and until 13 April 2015. During this period East Capital Explorer repurchased a total of 166,100 shares, corresponding to 0.55% of the

Company's outstanding shares, at an average price of SEK 57.07 per share. The Board intends to propose to the 2016 the Annual General Meeting (AGM), or sooner, that the share capital in the company be reduced by cancelling the repurchased shares. At the AGM on 21 April 2015, it was resolved to renew the mandate to repurchase a maximum of 10 percent of the Company's outstanding shares.

At the AGM, it was further 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 8.99) for each redeemed share. The redemption price was equivalent to the Company's Net Asset Value per share on 31 December 2014.

At the AGM, the Nomination Committee's proposal for the Board composition was approved, meaning that Lars O Grönstedt became new Chairman after Paul Bergqvist who, like Louise Hedberg, declined re-election. Additionally, the Board was strengthened with Mikael Nachemson, as Vice Chairman, and Jenny Rosberg.

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

Stockholm, 13 May 2015

Mia Jurke
Chief Executive Officer

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Financial calendar

- Interim Report, Q2 2015 - 20 Aug 2015
- Interim Report, Q3 2015 - 5 Nov 2015

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The information in this interim report is the information which East Capital Explorer AB is required to disclose under Sweden's Securities Market Act. It was released for publication at 08:00 a.m. CET on 13 May 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 (interim report) of East Capital Explorer AB (publ) as of 31 March 2015 and the three-month period then ended except for the portfolio reporting on pages 5-11. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of the Review

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

Conclusion

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

Stockholm, 13 May 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.

Income Statement

EUR Thousands				
	Note	2015 Jan-Mar	2014 Jan-Mar	
Changes in fair value of subsidiaries	1	16,330	-20,976	
Staff expenses		-215	-203	
Other operating expenses		-207	-280	
Operating profit/loss		15,908	-21,459	
Financial income		-	384	
Financial expenses		-1	-2	
Profit/loss before tax		15,908	-21,077	
Tax		-	-	
NET PROFIT/LOSS FOR THE PERIOD¹		15,908	-21,077	
Earnings per share, EUR				
- Attributable to shareholders of the Parent Company		0.53	-0.65	
No dilutive effects during the periods				

¹ Net Profit/Loss for the period corresponds to Total Comprehensive income

Balance sheet

EUR Thousands				
	Note	2015 31 Mar	2014 31 Dec	2014 31 Mar
Assets				
Shares in subsidiaries	2, 3	276,974	260,644	258,702
Total non-current assets		276,974	260,644	258,702
Loans group companies		-	-	29,315
Other short-term receivables		-	1	352
Accrued income and prepaid expenses		11	16	22
Cash and cash equivalent		2,934	1,057	564
Total current assets		2,946	1,074	30,253
Total assets		279,919	261,718	288,955
Equity				
Share capital ¹		3,650	3,650	3,640
Other contributed capital/Share premium reserve ²		334,169	334,564	348,183
Retained earnings including other reserves ²		-74,401	-43,955	-42,435
Net profit/loss for the period ²		15,908	-33,846	-21,077
Total equity		279,326	261,314	288,310
Current liabilities				
Other liabilities		147	129	377
Accrued expenses and prepaid income		446	275	269
Total current liabilities		593	404	645
Total equity and liabilities		279,919	261,718	288,955

¹ Restricted capital

² Unrestricted capital

Statement of Changes in Equity

EUR Thousands					
	Share capital	Other contributed capital/Share premium reserve	Other reserves	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
Opening equity 1 January 2015	3,650	334,564	-619	-76,282	261,314
Net profit/loss for the period	-	-	-	15,908	15,908
Total comprehensive income	-	-	-	15,908	15,908
Share buy-back	-	-395	-	-	-395
Repaid shareholders contribution	-	-	-	2,500	2,500
Closing equity 31 March 2015	3,650	334,169	-619	-57,874	279,326

EUR Thousands					
	Share capital	Other contributed capital/Share premium reserve	Other reserves	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
Opening equity 1 January 2014	3,640	348,183	-	-42,435	309,387
Net profit/loss for the period	-	-	-	-21,077	-21,077
Total comprehensive income	-	-	-	-21,077	-21,077
Closing equity 31 March 2014	3,640	348,183	-	-63,512	288,310

Statement of Cash Flow

EUR Thousands		
	2015 Jan-Mar	2014 Jan-Mar
Operating activities		
Operating profit/loss	15,908	-21,459
Changes in fair value of subsidiaries	-16,330	20,976
Interest received	-	384
Cash flow from current operations before changes in working capital	-421	-99
Cash flow from changes in working capital		
Increase (-)/decrease(+) in other current receivables	6	-352
Increase (+)/decrease(-) in other current payables	189	241
Cash flow from operating activities	-227	-210
Investing activities		
Repayment of shareholder contributions	2,500	-
Cash flow from investing activities	2,500	-
Financing activities		
Share buy-back	-395	-
Cash flow from financing activities	-395	-
Cash flow for the period	1,877	-210
Cash and cash equivalent at the beginning of the period	1,057	776
Exchange rate differences in cash and cash equivalents	-1	-2
Cash and cash equivalent/cash and bank at the end of the period	2,934	564

Note 1 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 investments in private equity, real estate, public equity or short-term investments. All other revenues and expenses are classified as unallocated in the table below. As of Q1 2015, East Capital Explorer has changed its segment reporting to reflect the ongoing strategic shift. Previously, the segment reporting was classified as Direct Investments, Fund Investments and Short-term investments. Comparable numbers for 2014 are restated according to the new segment reporting.

EUR thousands						
1 Jan – 31 Mar 2015	Private Equity	Real Estate	Public Equity	Short-term investments	Unallocated	Total
Changes in value of portfolio	5,718	222	10,695	2,860	-	19,495
Repaid shareholders contribution	-	-	-	-	-2,500	-2,500
Other operating expenses	-467	-105	-36	-	-57	-665
Changes in value of subsidiaries	5,250	117	10,659	2,860	-2,557	16,330
Staff expenses	-	-	-	-	-215	-215
Other operating expenses	-	-	-	-	-207	-207
Operating profit/loss	5,250	117	10,659	2,860	-2,978	15,909
Financial income	-	-	-	-	-	-
Financial expense	-	-	-	-	-1	-1
Profit/loss before tax	5,250	117	10,659	2,860	-2,979	15,907
Assets	111,263	48,842	77,137	42,704	-26	279,919

EUR thousands						
1 Jan – 31 Mar 2014	Private Equity	Real Estate	Public Equity	Short-term investments	Unallocated	Total
Changes in value of portfolio	-7,457	-96	-15,975	1,590	-	-21,938
Other operating expenses	1,465	-	-41	-	-463	961
Changes in value of subsidiaries	-5,992	-96	-16,015	1,590	-463	-20,977
Staff expenses	-	-	-	-	-203	-203
Other operating expenses	-	-	-	-	-280	-280
Operating profit/loss	-5,992	-96	-16,015	1,590	-946	-21,460
Financial income	-	-	-	-	384	384
Financial expense	-	-	-	-	-2	-2
Profit/loss before tax	-5,992	-96	-16,015	1,590	-564	-21,077
Assets	98,976	20,575	124,423	53,842	-8,861	288,955

Note 2 Entities with ownership interests over 50 percent

The following entities, in which the ownership interest is over 50%, are not consolidated due to the consolidation exception for investment entities.

Non consolidated entities 31 March 2015	Country	Number of shares	Book value, EUR thousands	Ownership capital
East Capital Explorer Investments SA	Bertrange, Luxembourg	4,000	276,974	100%
East Capital Explorer Investments AB	Stockholm, Sweden	11,000	7,178	100%
Humarito Limited	Nicosia, Cyprus	2,000	248,262	100%
Baltic Cable Holding OÜ	Tallinn, Estonia	2,501	-	100%
Starman AS	Tallinn, Estonia	10,758	62,029	63%
UAB Portarera ¹	Vilnius, Lithuania	300	23,885	100%
UAB Solverta ¹	Vilnius, Lithuania	100	-	100%
UAB Verslina ¹	Vilnius, Lithuania	100	-	100%
East Capital Deep Value Fund	Bertrange, Luxembourg	63,503	52,762	77%
East Capital Frontier Markets Fund	Bertrange, Luxembourg	406,953	36,986	60%
East Capital Baltic Property Fund II	Bertrange, Luxembourg	189,758	24,957	53%
East Capital Russia Domestic Growth Fund	Bertrange, Luxembourg	30,709	17,527	94%

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

Note 3 Financial instruments

For a better understanding of the business, the information regarding financial instruments below is 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 Company's holdings in subsidiaries are all valued at fair value.

Financial instruments not measured at fair value through profit and loss

For accounts receivable and accounts payable, the carrying amount is 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 2014 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 Company. The Company 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 277.0m and cash and cash equivalent of EUR 2.9m. The carrying amount of these assets corresponds to the fair value on the balance sheet date.

Shares in subsidiaries	Country	Book value, EURt		Share of capital, %	
		31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
East Capital Explorer Investments SA	Bertrange, Luxembourg	276,974	260,644	100	100

East Capital Explorer AB owns 100% of the Class A shares, and 4.0% (4.0%) 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 and loss.

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 March 2015							
Breakdown of values in subsidiaries, including loans to subsidiaries	Private Equity	Real Estate	Public Equity	Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2015	85,028	48,620	70,442	52,188	4,557	-191	260,644
Reclassifications	-1,997	-	-	1,997	-	-	-
Purchase/additions	22,514	-	-	-	-22,514	-	-
Divestments/Reductions	-	-	-4,000	-18,617	22,617	-	-
Other	-	-	-	-	-819	154	-665
Repaid shareholders contributions	-	-	-	-	-2,500	-	-2,500
Changes in fair value recognised net in profit/loss	5,718	222	10,695	2,860	-	-	19,495
Closing balance 31 March 2015	111,263	48,842	77,137	38,429	1,341	-37	276,974

EUR Thousands							
31 December 2014							
Breakdown of values in subsidiaries, including loans to subsidiaries	Private Equity	Real Estate	Public Equity	Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2014	106,435	20,670	172,321	112	19,471	-10,016	308,993
Reclassifications	-	-	-17,820	17,820	-	-	-
Purchase/additions	-	24,643	-	50,236	-74,880	-	-
Divestments/Reductions	-691	-	-58,190	-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 net in profit/loss	-20,715	3,306	-25,870	3,471	-	-	-39,808
Closing balance 31 December 2014	85,028	48,620	70,442	52,188	4,557	-191	260,644

Private Equity consists of the holdings in Melon Fashion Group (MFG), Starman and Trev-2 Group. Real Estate consists of holdings in 3 Burés and East Capital Baltic Property Fund II. All of these holdings 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.

Public Equity consists 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. The holding in Komercijalna Banka Skopje, which is publicly traded, is also included in Public Equity. Holdings in Public Equity are valued at fair value according to the valuation principles described in previous page.

Fair value of East Capital Explorer's Private Equity holdings 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 3 Burés is based on long term growth rates in a range of 2-3% and weighted average cost of capital (WACC) in the range of 8-11%. 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. The holding in East Capital Frontier Markets Fund and East Capital Bering Ukraine R are classified as short-term investments.

For the fair values of Private Equity investments and 3 Burés - 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 March 2015	Profit or loss	
	Increase	Decrease
Sensitivity analysis		
Long term growth rate (0.5% movement)	5,521	-4,835
Weighted average cost of capital (WACC) (0.5% movement)	-7,109	8,069
Long term operating margin (0.5% movement)	2,681	-2,681

The East Capital Explorer portfolio is presented on page 4 in this report, including information on fair value changes during the period. More information on the portfolio holdings can be found on page 5 to 11 in this report.

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

EUR thousands 31 March 2015			
Shares and participations in investment activities at fair value through profit or loss ¹	Level 1	Level 3	Total balance
- Private Equity	-	111,263	111,263
- Real Estate	-	48,842	48,841
- Public Equity	77,137	-	77,137
- Short-term investments	36,986	1,443	38,429
Total	114,123	161,547	275,670

EUR thousands 31 December 2014			
Shares and participations in investment activities at fair value through profit or loss ¹	Level 1	Level 3	Total balance
- Private Equity	-	85,028	85,028
- Real Estate	-	48,620	48,620
- Public Equity	70,442	-	70,442
- Short-term investments	52,187	1	52,188
Total	122,628	133,650	256,278

¹The following investments are classified in Level 1: East Capital Russia Domestic Growth Fund, East Capital Deep Value Fund, East Capital Frontier Markets Fund and Komercijalna Banka Skopje.

The following investments are classified in Level 3: East Capital Baltic Property Fund II, East Capital Bering Ukraine Fund Class R, Melon Fashion Group, Starman and Trev-2 Group in both 2015 and 2014. As from 30 June 2014, 3 Burés is also included in Level 3.

Investments with values based on quoted market prices in active markets are classified within Level 1. 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 March 2015					
Changes in financial assets and liabilities in Level 3	Private Equity	Real Estate	Public Equity	Short-term Investments	Total
Opening balance 2015	85,028	48,620	-	1	133,650
Reclassifications	-1,997	-	-	1,997	-
Purchase/additions	22,514	-	-	-	22,514
Changes in fair value recognised net in profit/loss	5,718	222	-	-556	5,384
Closing balance 31 March 2015	111,263	48,842	-	1,443	161,547

EUR thousands					
31 December 2014					
Changes in financial assets and liabilities in Level 3	Private Equity	Real Estate	Public Equity	Short-term Investments	Total
Closing balance 2013	82,826	20,670	-	112	103,608
Effects of changes in accounting principles	23,609	-	-	-	23,609
Opening balance 2014	106,434	20,670	-	112	127,217
Purchase/additions	-	24,643	-	-	24,643
Divestments/Reductions	-454	-	-	-58	-511
Changes in fair value recognised net in profit/loss	-20,952	3,306	-	-53	-17,699
Closing balance 31 December 2014	85,028	48,620	-	1	133,649

Risks and uncertainties

For information about risks, uncertainties and information about the business environments and markets in which East Capital Explorer invests, please see page 12. For a summary of the methods and assumptions used to determine fair value of the portfolio holdings please see Note 3 and in more detail on page 71 in the Annual Report of 2014. 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)

Risk factors	Change	Effect on net profit/loss for the period
Fx EUR/RUB	+/- 10%	4,078
Fx EUR/USD	+/- 5%	4,559
Equity price	+/- 10%	27,567

Note 4 Key Figures

Key figures	3m	12m	9m	6m	3m	12m ¹	9m ¹	6m ¹
	2015	2014	2014	2014	2014	2013	2013	2013
Net asset value (NAV), EUR m	279	261	297	298	288	309	284	280
Equity ratio, %	99.8	99.8	99.9	99.9	99.8	99.9	99.9	99.9
Market capitalisation, SEK m	1,688	1,273	1,395	1,729	1,587	1,956	1,468	1,439
Market capitalisation, EUR m	182	134	153	189	178	225	169	165
Number of outstanding shares, m	29.9	29.9	29.9	29.9	31.4	31.4	31.4	31.4
Weighted average number of shares, m	29.9	31.1	31.6	32.4	32.4	32.4	32.4	32.4
Number of employees	4	4	4	3	3	4	5	5
Key figures per share	3m	12m	9m	6m	3m	12m ¹	9m ¹	6m ¹
	2015	2014	2014	2014	2014	2013	2013	2013
Earnings per share, EUR	0.53	-1.09	0.07	0.08	-0.65	0.72	-0.07	-0.19
Dividend per share, EUR	-	-	-	-	-	-	-	-
NAV, SEK	87	83	90	91	82	87	79	78
NAV, EUR	9.35	8.73	9.94	9.95	9.17	9.85	9.04	8.92
Share price, SEK ²	56.50	42.50	46.60	57.75	50.50	62.25	46.70	45.80
Share price, EUR ²	6.10	4.49	5.12	6.31	5.67	7.00	5.38	5.25
SEK/EUR	9.26	9.47	9.11	9.15	8.91	8.89	8.69	8.72

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

² Not adjusted for redemption programs

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