Interim Report
1 January – 30 September 2010

EAST CAPITAL
EXPLORER

Interim Report 1 January - 30 September 2010

- Net asset value per share on 30 September 2010 amounted to EUR 11.42 (EUR 9.15). The total net asset value amounted to EUR 398m (EUR 325m), corresponding to an increase of 3.8% (11.2%) during the third quarter (q-on-q) and an increase of 16.6% (22.5%) since year end. Since 30 September 2009 the net asset value increased 22.6%, year-on-year (-2.0%)
- For the first nine months, the net profit amounted to EUR 77m (EUR 80m), including EUR 50m (EUR 90m) unrealized value gain on investments. Earnings per share amounted to EUR 1.70 (EUR 1.80)
- During the third quarter 2010, the net profit was EUR 28m (EUR 41m), including EUR 21m (EUR 44m) unrealized value gain on investments. Earnings per share amounted to EUR 0.62 (EUR 0.96)
- Cash, cash equivalents and other short-term investments on 30 September 2010 amounted to EUR 89m (EUR 97m), corresponding to EUR 2.55 (EUR 2.72) per share
- In September 2010, East Capital Explorer announced an investment of EUR 35m in East Capital Special Opportunities Fund II. East Capital Explorer invested in newly issued shares which were received in the beginning of October
- Also in September 2010, East Capital Explorer announced a direct investment of EUR 3.7m in a Georgian food retailer, Populi. The initial investment was made as a bridge loan awaiting the issue of new shares that we received in the end of October
- In October 2010, East Capital Explorer announced a direct investment of EUR 12m in newly issued shares in the Macedonian bank, Komercijalna Banka Skopje. The transaction is subject to regulatory approval
- The total net asset value on 31 October 2010 amounted to EUR 398m, corresponding to EUR 11.43 (SEK 106) per share. Cash, cash equivalents and other short-term investments per the same date amounted to EUR 52m (SEK 487m) corresponding to EUR 1.50 (SEK 14) per share. EUR 36m (SEK 335m) of those were available for future investments
- As East Capital Explorer is now fully invested, the company is entering a new phase in its development. The Board has decided to make a proposal regarding dividends when full year results are published

PORTFOLIO ON 30 SEPTEMBER 2010	Fair Value 30 Sep 2010, tEUR	NAV/ Share, EUR	% of NAV	Fair Value 30 June 2010, tEUR	Fair Value 31 Dec 2009, tEUR	Value increase Jan-Sep 2010, % [1]	Value increase July-Sep 2010, % [1]
Fund Investments							
East Capital Bering Russia	37,712	1.08	9	40,369	33,130	13.8	-6.6
East Capital Bering Ukraine Class A	7,389	0.21	2	7,768	1,745	9.6	-4.9
East Capital Bering Ukraine Class R	5,592	0.16	1	6,039	5,308	5.4	-7.4
East Capital Bering Balkan	42,926	1.23	11	39,685	35,262	6.6	8.2
East Capital Bering Central Asia	21,230	0.61	5	21,811	20,989	1.1	-2.7
East Capital Bering New Europe	18,394	0.53	5	15,961	16,767	9.7	15.2
East Capital Power Utilities Fund	85,291	2.45	21	77,582	73,394	43.8	9.9
East Capital Special Opportunities Fund	52,478	1.51	13	49,570	39,293	33.6	5.9
East Capital (Lux) Eastern European Fund	13,698	0.39	3	12,867	11,467	19.5	6.5
Total Fund Investments	**284,711**	**8.17**	**72**	**271,653**	**237,355**	**23.3**	**4.8**
Direct Investments							
Melon Fashion Group (MFG)	10,402	0.30	3	10,402	10,402	0.0	0.0
TEO LT	11,388	0.33	3	9,783	8,860	31.1	10.9
East European Debt Finance	320	0.01	0	346	0	-7.7	-7.7
Populi	3,667	0.11	1	0	0	-0.2	-0.2
Total Direct Investments	**25,776**	**0.74**	**6**	**20,531**	**19,262**	**12.1**	**4.4**
Short-term Investments							
Short-term Investments	41,523	1.19	10	63,012	38,397		
Cash and cash equivalents	47,325	1.36	12	29,456	50,314		
Total Short-term Investment	**88,848**	**2.55**	**22**	**92,468**	**88,711**		
Total Portfolio	**399,336**	**11.46**	**100**	**384,652**	**345,328**		
Other assets and liabilities net	-1,413	-0.04	0	-1,179	-3,958		
Net Asset Value (NAV)	**397,923**	**11.42**	**100**	**383,473**	**341,369**	**16.6**	**3.8**

1) The value increase calculation is adjusted for investments and distributions during the period, i.e. it is the percentage change between the starting fair value plus any added investment during the period and the ending fair value plus any proceeds from divestments or dividends received during the period. It includes additional investments of EUR 5m into East Capital Bering Ukraine A and East Capital Bering Balkan, an investments of EUR 0.3m into East European Debt Finance, as well as the reception of EUR 0.7m after tax as dividend from TEO LT, and the reception of EUR 20.3m as dividend from East Capital Power Utilities Fund during the first six months; and additional investments into TEO of EUR 0.4m and the EUR 3.7m investment into Populi during the third quarter.

Comparable figures for the corresponding period 2009 are stated in parentheses. Note that certain numerical information may not sum due to rounding.

CEO COMMENTS ON THE THIRD QUARTER

Our NAV increased by 3.8% for the quarter, taking the total gain for the year to 16.6%. The Power Utilities Fund and the Special Opportunities Fund, two of our largest fund investments, have been the best performers among our fund investments, up 44% and 34%, respectively, since the beginning of the year, and 10% and 6% during the quarter. Our direct investment in TEO has also performed well: it is up 30% since the beginning of the year.

> "We are now fully invested"

We kept investing during the quarter, and are now, considering the investments that have been announced after the end of the period, fully invested. There is still approximately EUR 36m available for future investments, which is less than 10% of our total NAV, and which we expect to invest shortly given the state of deals in the pipeline.

As we are now fully invested, the company is entering a new phase in its development. As stated earlier, this means that together with the investment manager, we now will put greater focus on working with the existing portfolio, capital reallocations, exits and divestments. This also means that the dividend policy that was communicated in the prospectus will be changed. The Board has decided to make a proposal regarding dividends when full year results are published.

> "The Board has decided to make a proposal regarding dividends when full year results are published"

In September, we decided to invest EUR 35m in the newly launched East Capital Special Opportunities Fund II. The first Special Opportunities Fund, which was launched over a year ago, has been a success. The market situation has changed quite a lot during the year—there are not so many distressed sellers and valuations in many markets have come up. We still see that there are many opportunities where companies need new equity or where valuations are still very attractive. The fund has now made its first few investments and we expect that the majority of the capital will be invested during the year.

We are satisfied that we have been able to make two more direct investments. First, as announced in late September, we invested EUR 3.7m and acquired 22% of the largest food retail company in Georgia, Populi. This company has around 40 stores in Georgia today. After our investment, the company was able to substantially reduce its debt burden and start investing in expansion once again. We see good growth potential both in Georgia and in neighboring countries and Populi's ambitious management now has the possibility to pursue those opportunities.

Another direct investment, announced after the end of the quarter, was EUR 12m into Komercijalna Banka in Macedonia. Following the investment, East Capital Explorer will directly and indirectly hold 10.6% of the company's share capital. This is one of the largest banks in Macedonia,and the only one of the main banks that does not yet have a strategic owner. We see good potential for the bank to grow its business, as the penetration and sophistication of the market is on relatively low levels when compared to most other Eastern European markets. This transaction still awaits regulatory approvals, which we expect to receive and close the deal before the end of the year.

> "We are satisfied that we have been able to make two more direct investments"

Melon Fashion Group has continued to open shops and had 436 stores at the end of September. The total sales growth has been good, but comparable store sales have been weaker, thus hurting the margins, which have not fully met our expectations. It is clear that the two acquisitions completed this year, expansion into Ukraine and into new franchising concepts have taken a lot of management time. During the next year the major goal for the company is to improve its margins.

Eastern European Debt Finance, our joint venture with Intrum Justitia and East Capital Financials Fund, has continued to buy portfolios of non-performing consumer loans in Russia. So far all the portfolios acquired are of small size. We are also in final stages of agreeing with the European Bank for Reconstruction and Development their investment into a new joint venture. This will expand our capability to buy larger portfolios when and if they become available.

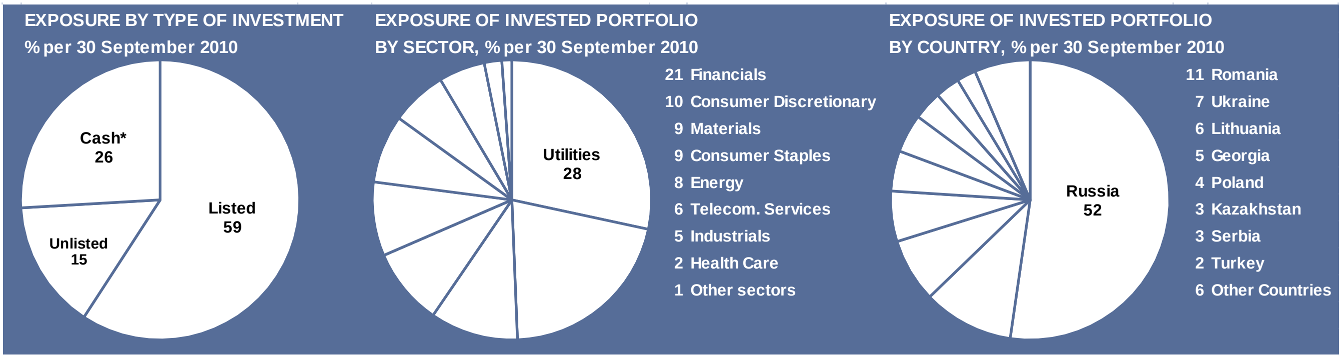
Three years since our initial public offering, we are fully invested. Our focus going forward is on finalizing the transactions in the pipeline as well as further increasing value for our shareholders by continuing to work actively with our existing investments.

Gert Tiivas, CEO

Top 10 in East Capital Explorer on a see-through basis[1)]

Company	% of NAV	Value in portfolio 30 Sep, EURm	Country	Sector	Market Cap[2)] 30 Sep 2010, EURm	East Capital Explorer's Investment Vehicles
Fondul Proprietatea	6.0	23.9	Romania	Financials	1,582	East Capital Bering Balkan Fund East Capital Special Opportunities Fund
TEO	4.2	16.7	Lithuania	Telecommunication Services	508	East Capital Special Opportunities Fund East Capital (Lux) Eastern Europe Direct
MRSK Centre	3.1	12.2	Russia	Utilities	1,252	East Capital Power Utilities Fund East Capital (Lux) Eastern Europe
Melon Fashion Group	2.6	10.4	Russia	Consumer Discretionary	65	Direct
MRSK Holding	2.1	8.3	Russia	Utilities	4,625	East Capital Power Utilities Fund East Capital (Lux) Eastern Europe
Bashkir Energo	1.8	7.2	Russia	Utilities	1,719	East Capital Power Utilities Fund East Capital (Lux) Eastern Europe
OGK-6	1.7	6.9	Russia	Utilities	1,019	East Capital Power Utilities Fund
Sibirskiy Cement	1.7	6.8	Russia	Materials	441	East Capital Special Opportunities Fund
OGK-4	1.7	6.7	Russia	Utilities	4,058	East Capital Power Utilities Fund
Sollers	1.6	6.3	Russia	Consumer Discretionary	396	East Capital Special Opportunities Fund East Capital (Lux) Eastern Europe
Total Top 10	26.5	105.4				

1) As if East Capital Explorer AB had owned its pro-rata share of all the underlying securities in the different funds it had invested in.
2) Fondul Proprietatea and Melon Fashion Group are unlisted. The market caps represent the implied values given the value of East Capital Explorer AB shares in the companies. Listed company' values are taken from Bloomberg.



* Includes cash, cash equivalents and other short-term investment of EUR 89m in addition to any cash in the underlying funds per 30 September 2010

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NET ASSET VALUE

The net asset value on 30 September 2010 amounted to EUR 398m (EUR 325m), corresponding to EUR 11.42 (EUR 9.15) per share. This corresponds to an increase of 16.6% compared to the net asset value on 31 December 2009 which was EUR 341m (EUR 9.61 per share) and a increase of 3.8% compared to the net asset value on 30 June 2010. On 30 September 2010, cash, cash equivalents and other short-term investments amounted to EUR 89m (EUR 97m) corresponding to EUR 2.55 (EUR 2.72) per share, which was 22% (30%) of the total net asset value per share. The closing price per share on 30 September 2010 was SEK 71.75 (corresponding to EUR 7.84).

Net asset value, share price and index development

(% change in EUR)	1 Jan – 30 Sep 2010	1 Jan – 30 Sep 2009	Oct 2010	1 Jan – 31 Oct 2010
Net asset value	16.6	22.5	0.3	17.0
East Capital Explorer share	19.7	69.4	1.7	21.7
SAX[1)]	31.4	53.0	-1.3	29.7
RTS Index[2)]	10.9	92.1	3.0	14.3
RTS 2 Index[3)]	43.9	112.3	0.0	44.0
MSCI EM Europe[4)]	11.2	57.9	2.5	13.9

1) SAX Index includes all equities listed on NASDAQ OMX Stockholm.
2) RTS Index includes the 50 largest companies traded on the Russian Trading System
3) RTS 2 Index includes 78 companies on the RTS that have limited trading volumes.
4) MSCI EM Europe Index includes Russian, Polish, Hungarian, Czech and Turkish equities.

Portfolio overview

Per 30 September 2010, East Capital Explorer had fund and direct investments totaling EUR 310m compared to EUR 201m on 30 September 2009.

EAST CAPITAL BERING RUSSIA FUND

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

Fund Performance

	Q3 2010	Jan-Sep 2010	Since Dec 07
East Capital Bering Russia Fund, EUR[1]	-5%	18%	-47%
RTS-2 Index, EUR[2]	8%	44%	-13%
East Capital Explorer's share of the fund on 30 June 2010			33%

Source: Bloomberg
1) Data representing the fund's master series.
2) The Russian Trading System Second-tier Stock Index is the Russian mid-cap stock market index composed of 78 companies on the RTS that have limited trading volumes.

Sector weighting

Sector	% of fund
Industrials	24.0
Energy	20.7
Materials	15.1
Financials	12.1
Consumer Discretionary	11.5
Consumer Staples	7.0
Health Care	4.2
Utilities	3.4
Information Technology	1.4
Other	0.6

Country weighting

Country	% of fund
Russia	85.9
Kazakhstan	6.5
Ukraine	6.2
Baltics	1.4
Other	0.0

10 largest holdings

Company	Weight % Q3 2010	Weight % Q2 2010	% Perf.[1]	Country	Sector
FESCO	10.0	8.9	6.7	Russia	Industrials
Kuzbass Razrezugol	7.3	8.1	-14.4	Russia	Energy
Bank CenterCredit	6.1	6.6	-11.8	Kazakhstan	Financials
Rosinter	5.6	4.1	12.1	Russia	Cons. Discr.
Ostankinsky Molochny	5.5	5.6	-7.0	Russia	Cons.Staples
Korshunovsky GOK	5.0	5.4	-11.9	Russia	Materials
Neftekamsky Avto	4.1	5.0	-21.7	Russia	Industrials
Nova Liniya	4.1	4.4	-10.2	Ukraine	Cons. Discr.
Ufimsky NPZ	3.8	3.1	16.6	Russia	Energy
Verofarm	3.6	3.3	3.5	Russia	Health Care

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
55.2	8	109

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Jacob Grapengiesser, Partner and member of the Portfolio Management team, East Capital

Russian cargo delivery company FESCO was the strongest fund performer in the third quarter, as the share gained 7%. A weak first half 2010 performance and recent positive corporate and domestic cargo market developments attracted buyers, but FESCO remains cheap and trades at an enterprise value of 6 times 2010 Ebitda. FESCO recently sold a stake in National Container Company for USD 900m (EUR 660m) at an estimated multiple of 15 times Ebitda, and as a result, its balance sheet turned into a net cash position. FESCO had been in conflict with the other owner of the company, but was now able to resolve its dispute in a very favorable manner. The largest problem for FESCO had been its USD 850m (EUR 625m) debt position, which now turned into net cash enabling it to become active in terms of acquisitions.

The next best fund contributor was the refinery Ufimsky NPZ. Common and preferred shares gained 16% and 32% respectively. Local funds have switched from Bashkirenergo to Ufimsky NPZ and other Bashneft refineries. Net of cash and assets for sale, Ufimsky NPZ's refining capacity is still priced at USD 12 per barrel (vs a USD 50/bbl greenfield cost and USD 30/bbl for traded peers in the EMEA). We continue to hold shares in Bashneft subsidiaries with a potential to swap them into Bashneft in 2011.

Rosinter has published strong recovery in its number of clientele lately, and the share gained 12% and was a strong contributor to the fund's overall return. Rosinter is in a growth stage and plans to grow by 15%-20% in the next 3 years. Furthermore, the management is considering forming a dividend policy, as well as assessing M&A targets. Rosinter's shares trade at an enterprise value 7 times Ebitda 2011, which is still a 25% discount on emerging market peers and 50% discount on Russian food retailer peers.

The worst single fund performer was the commercial vehicle producers, Neftekamsky Avto (Nefaz), which was down 22% in the third quarter due to a share overhang. The commercial automotive sector is showing signs of fast recovery. Nine months 2010 growth in lightweight commercial vehicle sales was 18% (55% year-on-year in the third quarter), and 35% in heavyweight commercial vehicle sales. Nefaz's top line growth was 35% in the third quarter and the production rose by 32%. The plant operated at 50% capacity in the second quarter, but at 80% in the third quarter, which is above our forecast. We assume that growth is sustainable and that this is positive news for the 2011 top line growth. Based on this, multiples are low: 2010 enterprise values are 5.5 times Ebitda and price to earnings ratio of 7 times and 2011 enterprise values of 3 to 4 times Ebitda.

The construction companies Bamtonnelstroy and Transsignalstroy also performed poorly in the third quarter. Bamtonnelstroy second quarter 2010 revenues fell by 60%, as the major shareholder decided to transfer the construction business to affiliated companies and to lease away equipment. 2010 revenues could be only USD 100m (EUR74m) or 75% below expected. Transsignalstroy's share price was weak after having far below forecast second quarter results. The post-crisis funding of railroad construction projects is delayed and revenues were not collected in full. The company told us that its third quarter revenues should return to normal and we do not see a downside risk on the management guidance. Transsignalstroy is trading at 75% below peak levels in 2008, and assuming full recovery in volumes in 2011/2012, multiples are at enterprise values of 1 to 2 times Ebitda and price to earnings ratio of 1.5 to 2 times.

EAST CAPITAL BERING UKRAINE FUND CLASS A

The aim of the fund is to achieve long term capital appreciation from investments in Ukrainian equities. Since 1 January 2010, the East Capital Bering Ukraine fund is split into two classes: East Capital Bering Ukraine Fund Class A, comprising listed holdings; and East Capital Bering Ukraine Fund Class R that comprises the illiquid private equity assets.

Fund Performance

	Q3 2010	Jan-Sep 2010	Since Jan 2008
East Capital Bering Ukraine Fund Class A, EUR[1]	-5%	72%	-49%
PFTS Index, EUR[2]	-8%	46%	-55%
East Capital Explorer's share of the fund on 30 September 2010			26%

Source: Bloomberg

1) Data representing the fund's master series.

2) The PFTS Index is the Ukraine stock market index composed of the twenty largest shares on the stock exchange in Kiev.

Sector weighting

Sector	% of fund
Consumer Staples	32.8
Consumer Discretionary	25.3
Utilities	15.5
Materials	10.4
Financials	8.9
Energy	3.7
Health Care	1.8
Telecom.Services	1.2
Industrials	0.3
Other	0.1

Country weighting

Country	% of fund
Ukraine	96.2
Russia	3.5
Romania	0.3
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Weight % of fund Q2 2010	% Performance[1]	Country	Sector
Galnaftogaz	19.4	15.0	21.8	Ukraine	Cons.Discr.
Centre Energo	10.0	10.9	-12.6	Ukraine	Utilities
Kreativ Gruppa	7.1	5.9	13.0	Ukraine	Cons.Staples
Avangard	5.2	6.9	8.3	Ukraine	Cons.Staples
Slavutich	4.9	4.5	-10.9	Ukraine	Cons.Staples
Bank Forum	4.6	4.3	0.9	Ukraine	Financials
Retail Group	4.5	5.7	-25.2	Ukraine	Cons.Staples
Poltavsky GOK	3.5	3.4	-3.1	Ukraine	Materials
Russkoe Zerno	2.9	2.4	15.9	Russia	Cons.Staples
Ukr Nafta	2.3	2.0	6.0	Ukraine	Energy

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
64.5	0	35

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Aivaras Abromavicius, Partner and member of the Portfolio Management team, East Capital

The single largest contributor to the fund, once again, was delivered by fuel retailer Galnaftogaz. Strong first half year results, announced at the end of August, kept investors interested. During the period, the volumes of petroleum sold increased by 12% while consumer goods revenues more than doubled. Selling on average 20% more per fuel station than its competitors, Galnaftogaz pushed up first half year revenues by 75%. Thanks to its continued focus on further improving network efficiency ratios and sales of high-margin consumer products, Galnaftogaz is well positioned to further increase its market share, which is currently 12%. On top of that, the company is planning to go into a joint venture to build 100 new fuel stations in the southern part of Ukraine by 2013, in addition to the existing 314. We met the company twice during the third quarter and believe that as it trades at trailing twelve month enterprise value of 11 times Ebitda, the stock is already fairly valued. Therefore, we have somewhat reduced our position in the company and realized profits.

Kreativ Gruppa performed strongly during the period, up 13%, and largely a consequence of the market making activities initiated by local broker Dragon Capital and supported by the release of strong first half year results. In order to improve liquidity, Kreativ, the second largest producer of vegetable oils and fats in Ukraine, carried out a stock split and performed a dual listing whereby its shares were admitted to the Ukrainian Exchange (UX), which on average trades EUR 6-7m a day, compared to EUR 1-2m on the PFTS Stock Exchange in the Ukraine. The ambition of the company is to follow the example of its closest competitor, Kernel, and complete a listing on the Warsaw Stock Exchange. In August, the CEO revealed during a conference call with investors that the company is planning to build a new oil extraction plant with a total annual capacity of 300,000 tonne of seeds by September 2011. This will bring the total seed crushing capacity to almost 1 million tonnes per year. Taking into account guidance from the management received during our site visit in Kirovograd in mid-July, the stock is trading at an estimated 5 times 2010 earnings and an enterprise value of 5 times Ebitda.

Rumors appearing in mid-July that there is a potential bidder for a controlling stake of 90% in Stirol, Ukraine's largest ammonia producer, set the company's stock on fire. In early September, it was finally announced that Group DF, a Ukrainian business group controlled by local oligarch Dmytro Firtash, had acquired the company. The market believes that the new owner will be able to supply cheaper gas to Stirol, which will fundamentally improve the company's profitability. During the third quarter, the value of Stirol in our portfolio increased by 17%.

EAST CAPITAL BERING UKRAINE FUND CLASS R

The aim of the fund is to achieve long term capital appreciation from investments in Ukrainian equities. Since 1 January 2010, the East Capital Bering Ukraine fund is split into two classes: East Capital Bering Ukraine Fund Class A, comprising listed holdings; and East Capital Bering Ukraine Fund Class R that comprises the illiquid private equity assets. The East Capital Bering Ukraine Fund Class R currently comprises seven unlisted companies in Ukraine.

Fund Performance

	Q3 2010	Jan-Sep 2010	Since Dec 2009
East Capital Bering Ukraine Fund Class R, EUR[1]	-7%	5%	5%
PFTS Index, EUR[2]	-8%	46%	46%
East Capital Explorer's share of the fund on 30 September 2010			12%

Source: Bloomberg

1) Data representing the fund's master series.
2) The PFTS Index is the Ukraine stock market index composed of the twenty largest shares on the stock exchange in Kiev.

Sector weighting

Sector	% of fund
Financials	39.9
Consumer Discretionary	36.2
Consumer Staples	18.7
Information Technology	3.4
Industrials	1.9
Other	0.0

Country weighting

Country	% of fund
Ukraine	94.8
Latvia	3.4
Estonia	1.9
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Q2 2010	% Performance¹	Country	Sector
Nova Liniya	35.0	35.2	-10.2	Ukraine	Cons.Discr.
Kantik	19.4	16.4	5.5	Ukraine	Financials
Henryland	18.3	17.1	-4.0	Ukraine	Financials
Chumak	18.1	17.7	-7.7	Ukraine	Cons.Staples
Elko	3.2	3.3	-10.2	Latvia	IT
Trev-2 Grupp	1.8	1.9	-14.2	Estonia	Industrials
Sablink	0.9	1.3	-33	Ukraine	Financials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
96.8	97	7

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Aivaras Abromavicius, Partner and member of the Portfolio Management team, East Capital

Two revaluations were carried out during the third quarter, related to real estate companies Kantik and Henryland. The value of Kantik was raised due to positive cash flows generated by the portfolio properties. The properties themselves remain valued according to an independent appraisal performed at the end of 2009. The Modulj shopping centre, which was opened at the end of March 2010 in Bucha, a suburban area of Kyiv, performed well during the quarter. The management team secured some additional tenants for the property, anchored by Ecomarket, a leading Ukrainian food retailer, and Comfy, a home appliance chain. Currently, the property has approximately 570 square meters of vacant space, and there are a number of potential tenants considering leasing it. The management is working to further improve accessibility to the shopping centre for both private and public transport. The shopping centre in Simferopol is also going to be re-branded to Modulj this year or early next year, using the same logo and branding manual as for Bucha. The shopping centre has been operating since October 2007, with Nova Liniya leasing 77% of 17,200 square meters of total space. Currently, the management team is considering the possibility of extending the shopping centre in Simferopol, as some anchor tenants have requested additional space. There are currently no vacancies at Simferopol, Lviv or Borispil, and all tenants are paying on time.

The value of Henryland also rose somewhat in local currency due to the positive cash generated by our portfolio properties. However, the value increase was offset by a strengthening of the EUR vs the Ukrainian currency. The construction of a new big box store in Odessa totaling 19,000 square meters was successfully completed at the end of the third quarter, and Nova Liniya had a grand opening of the store on 25 September 2010. This development was entirely financed by the cash flows generated from operations of other properties, as debt providers operating in Ukraine are still reluctant to finance real estate projects and properties.

Domestic demand recovery has slowly been gaining pace in Ukraine, supported by wage increases, which gave support for private consumption, which was up 5% in the second quarter. This development has so far not affected ketchup producer Chumak, however. We kept the valuation of the company unchanged in local currency in the third quarter, and therefore, its value decrease of 8% was only as a result of currency movements. Even though top line development was holding up, profitability continued to deteriorate as a result of price deflation of tomato paste, and also worse-than-expected performance of the pasta segment. Ebitda for first nine months of 2010 declined by 57%, and the bottom line for the same period was in the red. While ketchup prices basically remained flat year-on-year, the increase in the sunflower oil price translated into a 5% price increase in mayonnaise, the second largest product. Going forward, the company does not expect any major price increases for ketchup. Instead, Chumak will focus on raising volumes to be able to use spare capacity.

On a separate note, after 15 years in business, Carl Sturén resigned as CEO of Chumak but kept his duties as a Board member. Pavlo Shevchuk has assumed the role as the new CEO with the assignment of reversing the negative growth of the last year and boosting Chumak's market share trend.

EAST CAPITAL BERING BALKAN FUND

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

Fund Performance

	Q3 2010	Jan-Sep 2010	Since Dec 07
East Capital Bering Balkan Fund, EUR[1]	9%	13%	-47%
East Capital Explorer's share of the fund on 30 September 2010			50%

Source: Bloomberg

1) Data representing the fund's master series.

Sector weighting

Sector	% of fund
Financials	66.4
Consumer Staples	12.1
Consumer Discretionary	10.2
Telecom.Services	3.7
Industrials	3.0
Materials	2.8
Energy	1.4
Utilities	0.3
Health Care	0.2
Other	0.0

Country weighting

Country	% of fund
Romania	47.7
Serbia	19.3
Turkey	12.1
Slovenia	7.4
Bosnia	6.5
Macedonia	4.2
Montenegro	2.0
Croatia	0.9
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Weight % of fund Q2 2010	% Performance[1]	Country	Sector
Fondul Proprietatea	24.6	17.9	48.3	Romania	Financials
Pinar Et Ve Un	6.0	6.1	15.5	Turkey	Cons.Staples
B92	5.5	5.9	0.5	Serbia	Cons.Discr.
Abanka	4.8	6.0	-12.4	Slovenia	Financials
Komercijalna Banka	3.1	3.6	-4.3	Macedonia	Financials
Sif 5 Oltenia	2.4	2.0	30.5	Romania	Financials
Agrobanka	2.2	2.7	-12.2	Serbia	Financials
Aik Banka	2.2	2.3	0.7	Serbia	Financials
Impact	2.2	2.3	2.0	Romania	Financials
Telekom Srpske	2.0	2.0	7.5	Bosnia	Telec.Serv.

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
54.9	34	65

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Jacob Grapengiesser, Partner and member of the Portfolio Management team, East Capital

The Romanian investment fund, Fondul Proprietatea, remains the largest holding of the East Capital Bering Balkan Fund, with a 25% weighting by the end of the third quarter. As we mentioned in our previous publication, the negative share price performance in the second quarter was in our view unwarranted, and Fondul Proprietatea shares gained 48% during the third quarter. At the shareholders' meeting that took place at the beginning of September, several important points were approved by the shareholders: firstly, the effective takeover of the asset management by Franklin Templeton. Secondly, the shareholders approved the listing of Fondul Proprietatea on the Bucharest Stock Exchange, which is expected to take place no later than the first quarter of 2011. In addition, the shareholders approved the proposed dividend payout, which, by the time of writing, had already started. The gross dividend per share was set at RON 0.0816, which implies a 30.8% dividend yield after tax, based on the average acquisition price of the shares in the East Capital Bering Balkan Fund. Lastly, but not least, a share buyback program of up to 10% of the outstanding shares was approved by the shareholders at the meeting. Going forward, we expect the anticipated listing and further demand for shares from investors who receive dividends will have a positive impact on the Fondul Proprietatea share price.

In Serbia, equities of the fund recovered part of the losses from the second quarter. The stock market closed the quarter with a 7% gain. However the positive performance is fully attributable to the appreciation of the dinar against the USD. During the third quarter, we sold our entire holding of Coca Cola HBC Srbija in the tender call initiated by Coca Cola Hellenic. Coca Cola HBC Srbija had gained 86% since the start of the year. In Croatia, we sold our entire holding of SN Holding, a holding company mainly active in the tourism sector. SN Holding finally settled a dispute with Croatian Privatization Fund regarding its claim for a stake in the Croatian hotel operator, Liburnia Riviera Hoteli with hotels mainly in Opatjia. However, we believed that the outcome had already been reflected in the share price, as it had gained 206% from the start of the year, and therefore we sold our position. Thus, we have two examples of stakes where we continued to see significant value despite depressed prices on the regional stock exchanges earlier in the year, and this was in the end realized, which is very positive.

In Turkey, we sold our entire position in pencil producer Adel Kalemcilik, with a total return of more than 200% in terms of Turkish lira (TRY). The stock posted a very strong performance during the third quarter, gaining 45% in TRY terms. In addition, we sold all shares in the mineral water producer Pinar Su. Net sales of the company increased by 5.6% year-on-year in TRY terms in the second quarter, but margins declined on a year-on-year basis. As a result, Ebitda declined by 13.1% year-on-year in the second quarter, while the net profit declined by 46.2% year-on-year.

EAST CAPITAL BERING CENTRAL ASIA FUND

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

Fund Performance

	Q3 2010	Jan-Sep 2010	Since Jan 2008
East Capital Bering Central Asia Fund, EUR[1)]	-3%	4%	-52%
KASE Index, EUR[2)]	-3%	-9%	-49%
East Capital Explorer's share of the fund on 30 September 2010			39%

Source: Bloomberg

1) Data representing the fund's master series.
2) The Kazakhstan Stock Exchange index is composed of the seven most traded companies on the exchange.

Sector weighting

Sector	% of fund
Financials	49.0
Energy	27.7
Consumer Staples	13.6
Materials	8.2
Utilities	1.1
Telecom.Services	0.2
Industrials	0.2
Other	0.0

Country weighting

Country	% of fund
Georgia	42.9
Kazakhstan	41.6
Turkmenistan	10.1
Ukraine	3.1
Armenia	1.2
Russia	0.7
Uzbekistan	0.4
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Weight % of fund Q2 2010	% Perfor-mance[1]	Country	Sector
Bank Of Georgia	26.7	22.3	23.4	Georgia	Financials
Dragon Oil	9.6	11.1	1.1	Turkmenistan	Energy
Kazmunaigas EP	8.8	10.8	-11.1	Kazakhstan	Energy
Bank Centercredit	7.9	8.8	-11.8	Kazakhstan	Financials
Caucasus Agro	7.2	7.6	-8.7	Georgia	Cons.Staples
Chagala Group	5.6	6.7	-18.8	Kazakhstan	Energy
Halyk Bank	4.4	4.4	-4.5	Kazakhstan	Financials
Populi	4.2	4.5	-27.9	Georgia	Cons.Staples
ENRC	4.0	3.9	1.8	Kazakhstan	Materials
Henryland	3.0	3.0	-4.0	Ukraine	Financials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
81.5	16	31

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Aivaras Abromavicius, Partner and member of the Portfolio Management team, East Capital

The positive contribution to the performance of the fund came from the shares which underperformed during the second quarter. The biggest gain came without doubt from our largest holding, Bank of Georgia, where the share price increased by 23% over the period. As we reported earlier, we believed that the bank was undervalued, and it came as no surprise to us that its share rebounded and posted gains that well offset previous losses. Despite reporting a 17% growth in lending in the first half of year, which happens to be the highest growth in the CIS region for the period, the share still trades at a low 1.2 times book value, implying a 15% discount on the CIS average. As we increased our exposure to the bank at the end of 2008 and through 2009, when it was trading significantly below the book, this holding delivered a sizable positive impact on the overall fund performance.

The share price of our second largest holding, Dragon Oil, an oil producer with assets in Turkmenistan, increased slightly in the third quarter, after an 8% drop in the second quarter. The closure of the Iranian swap issue mentioned in our previous report and favorable first half year results gave support to the share, as well as the latest drillings delivering results which came in above market expectations.

Unfortunately, the market has been less positive towards Kazakh oil producer Kazmunaigas EP (KMG), which has suffered from negative news-flow throughout the year. The strike by the employees at its core production field in March, a purchase of a EUR 1.1bn bond from the mother company and an introduction of an increase of the USD 20 per tonne of oil export duty to USD 40 in 2011 are factors continuing to put pressure on the share price. As a result, the share remained in the red, posting a loss of 11% in the third quarter.

Notwithstanding a poor performance year-to-date, we remain positive towards the company. Despite the fact that KMG is trading in line with Russian oils on price to earnings multiples (around 5.5 times), we believe the stock is undervalued as its discount to the enterprise value to debt adjusted cash flow multiple (more revealing for oil producing companies, as it reflects cash generating capacity) has exceeded 30%, a significant increase compared to the historic average. At the same time, we share market concerns over uncertainty of KMG's export duty regulation and the relationship with the mother company; issues that we also brought up during our last meeting with the management in September.

Our recent meetings with the Kazakh banks revealed no new trends for the sector, and lending growth remains subdued. Our largest holdings, Bank Centercredit and Halyk Bank, fell during the quarter, losing 12% and 4% respectively.

In September we also participated in a EUR 1.5 capital increase conducted by Populi, the largest and fastest-growing food retailer in Georgia, with 45 stores across the country and EUR 31m in 2009 revenues. We have been actively involved in the company since 2006, and after the most recent capital increase where East Capital Explorer also made a direct investment, the fund's stake is 20%. There were no other changes in the portfolio allocations over the period.

EAST CAPITAL BERING NEW EUROPE FUND

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

Fund Performance

	Q3 2010	Jan-Sep 2010	Since May 2008
East Capital Bering New Europe Fund, EUR[1)]	15%	12%	17%
East Capital Explorer's share of the fund on 30 September 2010			86%

Source: Bloomberg

1) Data representing the fund's master series.

Sector weighting

Sector	% of fund
Industrials	18.5
Consumer Staples	17.1
Materials	17.0
Utilities	15.1
Consumer Discretionary	14.2
Information Technology	7.8
Financials	7.2
Energy	2.8
Health Care	0.3
Other	0.0

Country weighting

Country	% of fund
Poland	60.0
Hungary	20.9
Slovakia	6.2
Czech Rep.	4.1
Latvia	3.7
Estonia	3.5
Lithuania	1.6
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Weight % of fund Q2 2010	% Perfor-mance¹	Country	Sector
Morpol	13.8	17.6	-5.0	Poland	Cons.Staples
RFV Nyrt	12.6	9.4	69.9	Hungary	Utilities
Mennica Polska	8.7	11.4	4.4	Poland	Materials
Pannenergy	6.7	6.0	28.1	Hungary	Materials
Budimex	4.5	4.7	11.7	Poland	Industrials
Asseco Slovakia	4.1	4.0	17.9	Slovakia	IT
Warimpex Finanz	3.8	3.6	22.3	Poland	Cons.Discr.
Elko	3.7	4.7	-10.2	Latvia	IT
Koelner	3.5	2.9	36.9	Poland	Industrials
Bank BPH	3.1	3.0	18.0	Poland	Financials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
64.5	7	69

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Andras Szalkai, Member of the Portfolio Management team, East Capital

Valuations of the fund's markets have reached a relatively high price to earnings ratio of 12-15 times the current year's earnings. As a result, we continue to look opportunistically into the initial and secondary public offering markets, yet these are also becoming more expensive. Therefore, we disregarded some transactions recently, in particular in Poland. A new opportunity for the fund is to look at the Slovak and Czech small caps, as these markets have not yet caught up with their peers.

In terms of positive fund contributors, we find the Hungarian company RFV, an energy efficiency advisory company, which had an extraordinary performance up 70% in the third quarter. During the summer, we visited the company's new headquarters where we discussed the outlook for the company with the management. In the first half of 2010, the company carried out a restructuring of the organization to prepare for larger scale projects, especially in Romania. In September, RFV won two large tenders in Romania, worth EUR 55m in total and the company was also added to the local benchmark index, the BUX. This led to a rally in the share price of the company. At an investor conference in October, we met the company management again, and they presented a new strategy to expand further in Romania, but also to enter the Polish market. Poland is 4 times the size of Hungary, RFVs original market. At present, RFV is trading at a price to earnings ratio of 18 times 2011, but taking into account the strong growth, we still see potential in the company's share.

Another renewable energy company, Hungarian Pannergy, also yielded a high return for the fund in the third quarter, as its share gained 28%. The company has been drilling in a geothermal well near Miskolc, Hungary's second city. It was announced in September that the drilling was a huge success, as the pressure of the water is much higher than expected. Pannergy will build a heating plant next year based on the well, which will initially provide 20% of the total heating supply of the city, though it has potential to supply over 50%.

The increase in the Baltic exposure of the fund at the beginning of the year has borne fruit. Two holdings outside the top ten list contributed significantly to the fund's performance. Eesti Ekspress, the Estonian printed media company, and Silvano Fashion Group, a Baltic clothing retailer, gained 69% and 77% respectively. We continue to monitor the Baltic markets as we still see opportunities there, especially in the small-cap segment.

There were a few negative contributors during the period. Our largest holding Morpol lost 5%. The privately held Elko, was not revalued during the quarter, but lost 10% due to the strengthening of the EUR. Outside our top ten list, Geveko Holding, a Swedish listed road painting company with significant exposure to Central Europe, lost 23%, as the company released a profit warning. 2010 was very negative from a weather perspective: first the harsh winter, then the continuous rainfall. However, the company has good assets and there is significant unreleased demand for road painting, especially in Poland, and accordingly we still see a good long-term value in the company.

EAST CAPITAL POWER UTILITIES FUND

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

Fund Performance

	Q3 2010	Jan-Sep 2010	Since Dec 2007
East Capital Power Utilities Fund, EUR	8%	44%	30%
RTS Electric Utilities Index[1]	1%	34%	-37%
East Capital Explorer's share of the fund on 30 September 2010			73%

Source: Bloomberg
1) The RTS Electric Utilities index is a sector index comprising 15 utility equities listed on RTS.

Sector weighting

Sector	% of fund
Utilities	98.7
Industrials	1.0
Energy	0.3
Other	0.0

Country weighting

Country	% of fund
Russia	98.5
Ukraine	0.7
Georgia	0.7
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Weight % of fund Q2 2010	% Performance¹	Country	Sector
MRSK Centre	13.8	10.9	11.4	Russia	Utilities
MRSK Holding	9.2	4.6	30.5	Russia	Utilities
Bashkirenergo	8.1	4.8	45.1	Russia	Utilities
OGK-6	7.9	6.5	10.0	Russia	Utilities
OGK-4	7.7	6.8	1.0	Russia	Utilities
TGK-5	5.5	4.0	21.7	Russia	Utilities
OGK-2	5.4	4.5	8.5	Russia	Utilities
Krasnoyarskaya GES	3.8	1.7	89.6	Russia	Utilities
Inter RAO Temp	3.1	2.2	2.3	Russia	Utilities
TGK-6	3.0	2.0	35.7	Russia	Utilities

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
67.5	2	52

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Aivaras Abromavicius, Partner and member of the Portfolio Management team, East Capital

The third quarter was rather quiet in terms of news flow in the utilities sector on the regulator side, and most activity concentrated on the corporate level. The main news came from Gazprom Energoholding, Gazprom's affiliated company managing power utilities assets, which has announced its intention to consolidate OGK-2, OGK-6, TGK-1 and Mosenergo. The plans are still at an early stage, with the consolidation of OGK-2 and OGK-6 coming as the first step in 2011, and then the consolidation of other key assets and a move to a single share possibly through either an IPO or a sale to a strategic investor to follow. The company stressed the importance of keeping TGK-1 hydro assets within the company, despite interest from strategic investors. Clearly, the news about possible consolidation of electricity assets is a positive sign, as companies should benefit from higher transparency and corporate governance improvements, as well as increased liquidity. Both OGK-2 and OGK-6 have performed positively after the release of the news, adding 9% and 10% respectively and contributing to fund's performance over the reporting period.

The coming IPO of Deripaska's energy subsidiary, Eurosibenergo, has boosted investors' interest in the underlying companies of that holding Krasnoyarskaya GES and Irkutskenergo, which previously attracted very little interest. The share price increases were an impressive 90% for Krasnoyarskaya GES and 31% for Irkutskenergo, as both stocks have very limited free-float of below 10%. As a result, our portfolio had enjoyed a positive contribution, as we have built a sizable position in these names a long time before this.

Another strong performer was Bashkirenergo, gaining 45% during the quarter. The reason is that the company intends to unlock value via a spin-off of the distribution and the transmission grids into a separate business. Currently, the company is a vertically-integrated holding, combining generation, transmission, distribution and supply assets in the Bashkiria region. To comply with the federal legislation and the idea of sector restructuring, the integrated utilities should separate the businesses by year-end. The company is the subject of a battle for control between the major shareholder Sistema (50% owner) and InterRAO, which has received a state approval for 22% stake of Bashkirenergo to be transferred from the Federal Grid Company along with the basket of other utilities companies.

During the third quarter, we sold the entire position in TGK-7 to a strategic investor at a 30% premium to the market level. We have built up a position in Mosenergo due to significant under-performance lately, paired with an attractive valuation, and we have increased exposure to MRSK Holding at the expense of the underlying MRSKs.

EAST CAPITAL SPECIAL OPPORTUNITIES FUND

The fund targets investments in companies with a solid business model and outlook which for market or owner specific reasons can be acquired at low valuation levels. The fund targets investments with both a clear trigger for revaluation and an exit opportunity within four years. The strategy implies that the fund manager will, when appropriate, take a more active role in the company through board representation or other means.

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

Fund Performance

	Q3 2010	Jan-Sep 2010	Since May 09
East Capital Special Opportunities Fund, EUR	6%	33%	42%
East Capital Explorer's share of the fund on 30 September 2010			82%

Source: Bloomberg

Sector weighting

Sector	% of fund
Financials	28.9
Materials	21.5
Energy	15.5
Consumer Discretionary	10.4
Telecom. Services	8.7
Health Care	6.8
Consumer Staples	5.1
Information Technology	2.1
Industrials	1.0
Other	0.0

Country weighting

Country	% of fund
Romania	27.7
Russia	50.8
Ukraine	10.7
Lithuania	8,7
Croatia	0.6
Serbia	1.4
Other	0.0

10 largest holdings

Company	Weight % of fund Q3 2010	Q2 2010	% Performance[1]	Country	Sector
Fondul Proprietatea	28.6	21.0	48.3	Romania	Financials
Sibirskiy Cement	11.6	6.3	14.0	Russia	Materials
Sollers	10.7	11.6	0.9	Russia	Cons.Discr.
Integra Group	9.1	9.4	6.0	Russia	Energy
TEO	9,0	8.9	10.8	Lithuania	Telecom.Services
Korshunovsky GOK	5.0	6.2	-11.9	Russia	Materials
Verofarm	4.8	5.0	3.5	Russia	Health Care
Sintal	4.4	5.2	20.5	Ukraine	Consumer Staples
Mashstroy	4.2	4.9	-5.7	Russia	Energy
Stirol	3.4	3.2	17.1	Ukraine	Materials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
90.7	29	18

1) Share price development in EUR during the third quarter 2010

Portfolio comment third quarter

Jacob Grapengiesser, Partner and member of the Portfolio Management team, East Capital

Most companies in the fund did well during the quarter; Romanian investment fund Fondul Proprietatea, gained 48%, the Ukrainian fertilizer plant Stirol was up 17%, Siberian Cement gained 14% and Sintal, a Ukrainian agricultural company, jumped 21%. More disappointing was the performance of some of the Russian small-caps outside our top-ten list; gas utility Centrenergogaz fell 29% and construction company Transsignalstroy lost 32%. The interest in Russian small-caps has not returned, and share prices have continued to slide without any particular reason.

The strong gain in the Romanian investment fund Fondul Proprietatea of 48% was on the back of a significant price appreciation as well as a substantial dividend, which represents a 31% dividend yield after tax, based on the acquisition price for the fund. Going forward, the company is expected to pay out a substantial part of its net income, the reason for this being that the state, who owns a majority stake of the fund, is in need of money. The weighting is now 29% of the Special Opportunities Fund, above the 20% initial investment due to significant out-performance. The key reasons for the price appreciation were the decisions taken at the shareholders' meeting at the beginning of September. Firstly (and at last), Franklin Templeton was approved to take over the management of the fund, secondly, the shareholders approved the listing of the fund on the Bucharest Stock Exchange and thirdly, a buyback program enabling the fund to repurchase 10% of its own shares was approved. The listing is expected to take place no later than the first quarter of 2011. The listing of the shares on an official exchange will make them available to a wider range of investors; this plus the buyback program might have a positive effect on the share price.

Shares of Integra, a Russian oil services company, rose 6% in the third quarter. The shares were initially acquired as the company had survived the crisis by restructuring a large part of its debt and injecting capital. At the time of acquisition, the stock had collapsed 87% compared to pre-crisis levels. The first phase of restructuring the company has now been carried out, i.e. the debt load is no longer an issue. Despite this, the stock has not performed at all, and is flat compared to acquisition price for the fund. A new management team is in place and focusing on increasing revenues and profitability. We believe this is the second stage of the restructuring, i.e. increasing sales and profit margins. The company trades at 1.6 times Ebitda in 2013, which we believe is very cheap for a company positioned in an industry that is expected to benefit from further investment in Russian oil fields. A new tax system is expected to be announced during 2011 and implemented from 2012. This system would most likely encourage investments in new oil fields to stimulate long-term production growth in Russia. One of the key beneficiaries of this tax reform would be the oil field services sector, including Integra. It should also be noted that M&A activity within the sector has increased, and the company is an attractive takeover target.

The Ukrainian fertilizer plant Stirol gained 17%, as the majority stake of the plant was sold to the Ukrainian businessman Firtash. The acquisition price was not disclosed, but it was believed to be above the current market price.

EAST CAPITAL (LUX) EASTERN EUROPEAN FUND

The East Capital (Lux) Eastern European Fund is a daily traded UCITS fund that invests in shares of companies in the whole of Eastern Europe. More information can be found at the East Capital website (www.eastcapital.com).

Fund Performance

	Apr-Sep 2010	Jan-Sep 2010	Since Dec 07
East Capital (Lux) Eastern European Fund, EUR	-7%	12%	-30%
MSCI Emerging Europe Index, EUR	-8%	3%	-42%
East Capital Explorer's share of the fund on 30 September 2010:			25%

Source: Bloomberg
1) MSCI EM Europe Index includes Russian, Polish, Hungarian, Czech and Turkish equities.

Sector weighting

Subsector	% of fund
Financials	35.8
Energy	30.1
Consumer Staples	6.4
Materials	6.3
Telecom. Services	5.8
Industrials	5.2
Utilities	4.5
Consumer Discretionary	4.4
Health Care	1.3
Other	0.2

Country weighting

Country	% of fund
Russia	58.3
Turkey	14.0
Eastern Europe	7.4
Poland	4.6
Romania	2.5
Kazakhstan	2.2
Hungary	2.0
Ukraine	1.6
Lithuania	1.6
Other	5.8

10 largest holdings

Company	Weight % of fund Q3 2010	Q2 2010	% Perf.[1]	Country	Sector
Sberbank	6.3	6.0	13.5	Russia	Financials
Lukoil	4.8	4.5	8.6	Russia	Energy
Trans Neft	3.9	3.2	26.0	Russia	Energy
Gazprom	3.8	3.6	9.5	Russia	Energy
VTB Bank	3.0	2.5	19.0	Russia	Financials
Surgut NG	3.0	3.0	10.8	Russia	Energy
East Capital Explorer	2.5	2.5	16.6	East.Europe	Financials
Bashneft	2.3	2.1	48.0	Russia	Energy
X5 Retail Group	2.1	1.4	16.5	Russia	Cons. Staples
GMK Norilsky Nikel	2.1	2.8	16.3	Russia	Materials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
33.2	0	164

1) Share price development in EUR during the third quarter 2010

Direct Investments

Gert Tiivas, CEO of East Capital Explorer, below comments on the development of the groups direct investments during the third quarter.

POPULI

On 29 September 2010, East Capital Explorer announced an investment of EUR 3.7m in a Georgian food retailer, Populi. The investment was made initially as a bridge loan which upon completion of a share capital increase was converted into a mix of shares and share options. As of 29 October 2010 East Capital Explorer owns 22% of the company's share capital. East Capital has a seat on the company's board of directors. If East Capital Explorer exercises the option, its share in the company is expected to increase to 29% in one year. Furthermore, the company and its shareholders have the right to buy back the shares and the option in one year at a guaranteed return for East Capital Explorer.

East Capital Explorer's direct investment in Populi is valued at acquisition price. However, a slight decrease in value of 0.2% occurred due to fluctuations in currency exchange rates.

Populi is also held by East Capital Explorer indirectly through the East Capital Bering Central Asia Fund, which holds 20% of the company.

MELON FASHION GROUP (MFG)

Melon Fashion Group is an unlisted Russian fashion retailer with brands in the low- and mid-market segment. It has an ambitious management team and a shareholder base that contributes with both entrepreneurial skills and financial expertise. MFG has stable cash flows and no financial debt. East Capital Explorer holds 16% of the company which it acquired for EUR 10m in 2008.

MFG's turnover for the third quarter of 2010 amounted to RUR 1,246m (EUR 31m), an increase of 40% in local currency over the third quarter of 2009. For the first 9 months 2010, MFG's turnover was RUR 3,086m (EUR 77m), an increase by 36% in local currency compared to the same period last year.

MFG's sales in comparable shops decreased by 2% in the third quarter compared to the same period last year in RUR terms (increase by 10% in EUR terms). For the first 9 months, the comparable shops' sales decreased by 6% in RUR terms (increased by 4% in EUR terms).

By September 30, MFG operated 436 shops, an increase by 30 shops since June 30. During 2010, the number of MFG shops has increased from 273 to 436. Out of the 436 shops, 39 are in the Ukraine and 397 in Russia. Of the new shops, 87 were acquired and 76 were opened by MFG.

During the third quarter, MFG has continued to integrate the three newly acquired concepts (Springfield, Women's Secret and Co&Beauty) into the group, while continuing to open new stores for the acquired as well as the original concepts. In August, MFG launched “befree man”, adding men's wear to the previously women-only brand. The new befree shops will be larger than the old ones to give space to the extended product range.

The focus on acquisition and rapid expansion during 2010 has come at the price of decreased sales per square meter and also decreased profitability. During 2011, the company's main focus will be shifted from expansion to profitability improvement.

TEO LT

TEO LT is a leading telecommunications operator in the Baltic region, providing fixed line, internet and TV services in Lithuania. East Capital Explorer has been investing into the company since the end of the third quarter of 2009, and as of 30 September 2010 East Capital Explorer held 2.2% of TEO shares, corresponding to a total value of EUR 11.4m after having purchased additional shares for EUR 0.4m during September. In total, East Capital's (including East Capital Explorer) holding in TEO amounted to 5.9% of the company.

TEO's third quarter 2010 revenue came in at EUR 56m, almost at the same level as in the second quarter of the year, though 7.1% less than a year ago. The result reflects the same trend as in previous quarters: telecommunications sector shrinkage and changes in TEO customer structure. Gradual decline in revenues from fixed line services leads to the development of more advanced technologies in IT and TV sectors.

Fixed line services still account for more than a half of TEO's revenue, and 12.9% contraction of the segment had a critical impact on overall result in the third quarter. The number of fixed lines dropped by 4.8% in this quarter compared to the same period last year, and the average revenue per user decreased due to the Group's effort to attract customers with lower prices.

Internet and data communication services, comprising over 30% of TEO's revenues, suffered 6.5% contraction compared to the third quarter of 2009, despite an 8.9% increase in the number of customers. Fierce competition in the market and pricing pressure were the main factors behind the negative result.

To keep its share in the internet market, TEO continued investing into expansion of its core network and development of the next generation fiber optic technologies meant to replace copper line (DSL) connections. At the end of September, about two thirds of TEO internet customers were DSL users, 7.4% down over a year, while the number of fiber optic users increased 1.8 times.

The most positive trends can be observed in TV and IT services segments, which increased by 36.6% and 31.2% respectively and mitigated the overall decline. Revenue from IT services was mainly generated by the subsidiary UAB Baltic Data Center. Further growth of the segment is expected, especially after a recent acquisition of UAB Hostex, one of the leading webhosting and data center services providers in Lithuania.

Despite of a decline in revenues from TEO's core services, overall expectations towards the Group are positive due to strong orientation into more advanced services (over EUR 20m of investments are being allocated for this purpose every year) and its outstanding cost management.

In the third quarter TEO stayed strong at cost control and a minor 1.2 % increase of expenses during the nine months of 2010 was generated only by the growth of internet and TV customers. Ebitda margin for the same period went down from 45.2% to 41.3%, but was still above 40%. Profit during the nine first months of 2010 decreased by 6.8 % to EUR 36.2m.

TEO still remains a very cash rich company with liquid assets amounting up to one third of the balance sheet. Good cash flow generation and high dividends continue to keep investors' interest for the Group.

EAST EUROPEAN DEBT FINANCE

East Capital Explorer and Intrum Justitia, together with the East Capital Financials Fund, have created a joint venture, EEDF AG, which seeks to purchase portfolios of non-performing consumer loans that are non-secured with focus on the Russian market. The total investment for East Capital Explorer will amount to EUR 5m. On 30 September 2010 EUR 0.3m had been drawn, while the remaining funds were held in short-term investments.

The decrease in the value of East Capital Explorer's holding in EEDF of 7.7% occurred due to currency exchange rate fluctuations relating to the value of underlying assets held by the company.

SHORT-TERM INVESTMENTS

East Capital Explorer have investments in a portfolio of USD and EUR denominated liquid bonds as a short-term cash management tool to create more attractive returns on cash while remaining liquid for future investments. On 30 September 2010, the fair value of the bond portfolio amounted to EUR 41.5m (15.8m).

Cash and cash equivalents

EUR 44m (EUR 42m) that have not yet been invested or drawn-down, are placed in cash and cash equivalents. Interest income from cash and cash equivalents during the first nine months amounted to EUR 0.1m (EUR 2.9m).

Results

The Group consists of the Parent Company East Capital Explorer AB, the subsidiary East Capital Explorer Investments AB as well as the consolidated funds East Capital Power Utilities Fund, East Capital Special Opportunities Fund and the East Capital Bering New Europe Fund. East Capital Explorer currently holds 73% of the share of equity in the East Capital Power Utilities Fund and its subsidiary Consibilink Ltd, 82% of the share of equity in the East Capital Special Opportunities Fund and 86% of the share of equity in the East Capital Bering New Europe Fund. These funds are therefore regarded as subsidiaries and consolidated with the East Capital Explorer Group. The investments in the consolidated funds are reported as investments in the portfolio report on page 2 but are consolidated in the financial statements.

Group

Net profit for the reporting period 1 January – 30 September 2010 amounted to EUR 77m (EUR 80m), corresponding to earnings per share to shareholders of the parent company of EUR 1.70 (EUR 1.80).

For the reporting period, main items of the net profit include EUR 50.1m (EUR 89.9m) in unrealized change in the value of investments, EUR 30.5m (EUR -7.8m) in realized change in the value of investments, which relates to sale of shares held in the consolidated funds and EUR 4.6m (EUR 0.2m) in dividends. Financial income amounted to EUR 5.8m (EUR 3.3m) and includes net result from bond portfolio EUR 2.9m (EUR 0.5m) and exchange gain in subsidiary EUR 2.9m (EUR -0.3m). The bond portfolio net result includes EUR 1.4m (EUR 0.2m) in interest income, result from exchange losses from forward contract on bonds EUR -1.5m (EUR 0.2m) and fair value change in the bond portfolio EUR 2.6m (EUR 0.4m). Other items include EUR -14.4m (EUR -4.3m) in operating expenses (described further below) and EUR -0.1m (EUR -0.6m) in income taxes.

Of the total operating expenses of EUR -14.4m (EUR -4.3m) during the reporting period, EUR -1.4m (EUR -0.8m) relates to ordinary operating expenses within the Parent Company. The remaining EUR -13.0m (EUR -3.5m) relates to operating expenses in consolidated funds and subsidiaries. The increase in operating expenses largely depends on performance fees EUR -12.1m (EUR -3.4m) in consolidated funds due to the fund's improved performance during 2010. The total fees payable to the Investment Manager generated by the fund investments and direct investments held by East Capital Explorer amounted to EUR 14.9m (EUR 10.2m was related to performance) during the reporting period. For more details about fees, please see page 56 in the Annual report 2009.

Parent Company

The Parent Company's net profit for the first nine months 2010 amounted to EUR 45.0m (EUR 62.9m) of which EUR 46.0m (EUR 63.5m) referred to a reversal of write down of shares in group companies. These shares had been valued to the lower of fair value and acquisition value. Operating expenses amounted to EUR -1.4m (EUR -0.8m). No investment activities were carried out within the Parent Company.

Tax

East Capital Explorer's consolidated tax of EUR -0.1m (EUR - 0.6m) for the reporting period comprises the net effect of deferred income tax within the Parent Company of EUR 0.4m (EUR 0.2m) and actual tax related to subsidiaries of EUR -0.5m (EUR -0.8m).

Financial position

Cash flow from operating activities during the first nine months was EUR -1.9m (EUR -4.7m).

The Group's cash, cash equivalents and other short-term investments at the end of the period amounted to EUR 96.0m (EUR 99.7m). The Group's cash, cash equivalents and other short-term investments differ from the portfolio on page two since cash and cash equivalents in the consolidated funds are included in the Group. Excluding the consolidated funds; cash, cash equivalents and other short-term investments amounted to EUR 88.8m (EUR 80.6m) and interest income from these amounted to EUR 1.5m (EUR 3.1m) during the reporting period. On 30 September, EUR 49m was available for future commitments and investments.

East Capital Explorer had no debt on 30 September 2010.

Commitments and draw-downs

EUR 5m has been committed to a direct investment in a new venture, which, together with Intrum Justitia and East Capital Financial Funds, will seek to invest in portfolios of non-performing consumer loans mainly in Russia. On 30 September, total draw-downs of EUR 0.3m had been made.

OTHER INFORMATION

Risks and uncertainty factors

The dominant risk in East Capital Explorer's operations is commercial risk in the form of exposure to certain sectors, geographic regions or individual holdings. The current volatile financial markets may increase the risks associated with our investments. Our evaluation is that the risks for the coming six months are the same as described in the annual report 2009.

Related party transactions

No changes or transactions have occurred during the year other than fee payments according to agreements. For information on related party transactions please see pages 56 and 87 in the 2009 annual report.

Organizational and investment structure

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

The investment activities of the company are governed by an investment policy within an Investment Management Agreement between the Company and East Capital PCV Management AB (the Investment Manager), a company within the East Capital Group.

For further information about the organization and investment structure of the Company, please see the corporate governance report for 2009 that has been included in the annual report and on our web site www.eastcapitalexplorer.com in the section, 'About East Capital Explorer/Corporate Governance'

Share buy-back mandate

The Annual General Meeting 2009 issued a new repurchase authorization for the Board to decide on acquiring the company's own shares until the Annual General Meeting 2010. On 8 March 2010, East Capital Explorer announced that the Company's Board had decided to utilize the authorization for the purpose of giving the Board wider freedom of action in the work with the Company's capital structure and thus creating more value for the shareholders.

The utilization of the authorization allowed the Company to repurchase own shares from 8 March 2010 up to and including 9 April 2010. During the period, East Capital Explorer repurchased 647,485 own shares, corresponding to 1.8% of the shares in the Company. Average price per share paid was SEK 78.46. At the Annual General Meeting held in Stockholm on 28 April 2010, the 647,485 repurchased shares were resolved to be cancelled. Following the cancellation of shares, the new total number of shares in the Company amount to 34,851,675.

On 28 April 2010, the Annual General Meeting 2010 issued a new repurchase authorization for the Board to decide on acquiring the company's own shares until the Annual General Meeting 2011. The new authorization has not been utilized.

EVENTS OCCURING AFTER THE END OF QUARTER

During October East Capital Explorer further increased its holding in TEO, buying additional shares for EUR 1.4m. The initial bridge loan to Populi of EUR 3.7m was converted into shares and options. The announced investment of EUR 35m into East Capital Special Opportunities Fund II was completed and the announced direct investment of EUR 12m into Komercijalna Banka Skopje is pending regulatory approval.

NAV on 31 October 2010

NAV per share per 31 October 2010 amounted to EUR 11.43 (corresponding to SEK 106), compared to EUR 11.40 (corresponding to SEK 104) on 30 September 2010. The share price on 31 October 2010 was SEK 74 (corresponding to EUR 7.96). Cash, cash equivalents and other short-term investments on 31 October 2010 amounted to EUR 52m (SEK 487m) corresponding to EUR 1.50 (SEK 14) per share. Of those, EUR 36m (SEK 335m) were available for future investments.

Portfolio on 31 October 2010	NAV per share, EUR	NAV, EURm	% of NAV
Fund Investments			
East Capital Bering Russia	1.07	37.1	9%
East Capital Bering Ukraine A	0.20	7.0	2%
East Capital Bering Ukraine R	0.16	5.5	1%
East Capital Bering Balkan	1.18	41.3	10%
East Capital Bering Central Asia	0.63	22.1	6%
East Capital Bering New Europe	0.53	18.5	5%
East Capital Power Utilities Fund	2.48	86.3	22%
East Capital Special Opportunities Fund	1.51	52.7	13%
East Capital Special Opportunities Fund II	1.01	35.2	9%
East Capital (Lux) Eastern European Fund	0.41	14.2	4%
	9.18	**320.0**	**80%**
Direct Investments			
OAO Melon Fashion Group (MFG)	0.30	10.4	3%
TEO LT, AB	0.38	13.2	3%
East European Debt Finance[1)]	0.01	0.3	0%
Populi	0.10	3.6	1%
	0.79	**27.5**	**7%**
Short-term Investments[1)]			
Short-term Investments (incl. bonds)	0.82	28.5	7%
Cash and cash equivalents	0.69	23.9	6%
	1.50	**52.4**	**13%**
Total Portfolio	**11.48**	**399.9**	**100%**
Other assets and liabilities net	-0.05	-1.7	0%
Net Asset Value (NAV)	**11.43**	**398.2**	**100%**

1) In January 2010, the company announced an investment of EUR 5m in East European Debt Finance together with Intrum Justitia and East Capital Financials Fund. At the end of October EUR 0.3m had been drawn down. The remaining commitment is still held in short term investments.
Note that certain numerical information may not sum up due to rounding.

DEFINITIONS

Please see the Annual Report 2009, pages 56-57 and 91 for a list of definitions.

ACCOUNTING PRINCIPLES

The consolidated interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with The Swedish Annual Accounts Act Chapter 9, interim report. The accounting principles that have been applied for the Group and Parent Company are in agreement with the accounting principles and the methods of computation used in last year's annual report.

The Group applies the revised versions of IFRS 3 and IAS 27 as of 1 January 2010. The changes in these standards will affect future acquisitions. New or revised IFRS principles and interpretations of the IFRIC have not had any material effect on the financial position or results of the Group or Parent Company.

Stockholm, 11 November 2010

Gert Tiivas
Chief Executive Officer

CONTACT INFORMATION

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Mathias Pedersen, CFO,+46 8 505 977 48

FINANCIAL CALENDAR

- Monthly net asset value report on the fifth working day after the end of each month
- Year-end Report 2010 on 16 February 2011
- Annual Report 2010, available in the week of 28 Mars 2011
- Annual General Meeting 2011 on 12 April 2011
- Interim Report, 1 January – 31 March 2011 on 10 May 2011
- Interim Report, 1 January – 30 June 2011 on 26 August 2011
- Interim Report, 1 January – 31 September 2011 on 9 November 2011

The information in this interim report is that which East Capital Explorer AB is required to disclose under Sweden's Securities Market Act. It was released for publication at 07:00 a.m. CET on 11 November 2010.

Review Report

To the Board of East Capital Explorer AB (publ)

Corporate identity number 556693-7404

Introduction

We have reviewed the interim report for East Capital Explorer AB (publ) as of 30 September 2010, and the nine-month reporting period ending on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, “Review of Interim Financial Information Performed by the Independent Auditors of the Entity”. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

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

Stockholm, 11 November 2010
KPMG AB

Carl Lindgren
Authorized Public Accountant

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

Statement of Comprehensive Income

EUR thousands	2010 Jan-Sep	2009 Jan-Sep	2010 July-Sep	2009 July-Sep
Result from financial assets at fair value through profit and loss	50,085	89,907	21,021	44,037
Realized gains/losses from financial assets through profit and loss	30,538	-7,793	11,810	-967
Dividends	4,579	173	2,774	26
Total operating income	**85,202**	**82,287**	**35,604**	**43,096**
Staff expenses	-550	-401	-170	-157
Other operating expenses	-13,855	-3,922	-8,404	-2,528
Operating profit/loss	**70,796**	**77,963**	**27,030**	**40,411**
Financial income	5,818	3,253	856	732
Financial expense	-21	-173	-1	-
Profit/loss before tax	**76,594**	**81,044**	**27,884**	**41,143**
Income tax	-57	-608	-137	-128
NET PROFIT/LOSS FOR THE PERIOD	**76,537**	**80,436**	**27,747**	**41,015**
Other comprehensive income:				
Exchange differences on translating foreign operations	2,850	-1,644	-8,665	-1,644
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**79,387**	**78,792**	**19,082**	**39,371**
Net profit/loss for the period distribution:				
Shareholders of the Parent company	59,474	64,252	21,635	34,088
Non-controlling interest	17,063	16,184	6,112	6,927
	76,537	**80,436**	**27,747**	**41,015**
Total comprehensive income distribution:				
Shareholders of the Parent Company	61,819	62,916	12,465	32,752
Non-controlling interest	17,568	15,876	6,617	6,619
	79,387	**78,792**	**19,082**	**39,371**
Earnings per share, EUR				
- shareholders of the Parent Company	1.70	1.80	0.62	0.96
No dilution accumulated effects				
No dilution effects during period				

Statement of Financial position

EUR thousands	2010 30 Sep	2009 31 Dec	2009 30 Sep
ASSETS			
Shares and participations in investing activities	358,225	292,174	239,004
Deferred tax assets	-	-	201
Total non-current assets	**358,225**	**292,174**	**239,205**
Other short term receivables	6,440	1,286	30,209
Accrued income and prepaid expenses	72	388	503
Short-term Investments[1]	41,523	36,138	15,777
Deposits	-	-	74,700
Cash and cash equivalents	54,513	57,909	9,223
Total current assets	**102,549**	**95,721**	**130,412**
Total assets	**460,773**	**387,895**	**369,617**
EQUITY AND LIABILITIES			
Equity			
Share capital	3,628	3,628	3,628
Other contributed capital	379,149	384,376	384,376
Translation reserve	1,228	-1,117	-1,652
Retained earnings	-45,518	-125,938	-125,938
Profit/loss for the period	59,474	80,421	64,252
Equity attributable to shareholders of the Parent Company	**397,962**	**341,370**	**324,666**
Non-controlling interest	49,777	40,171	36,564
Total Equity	**447,739**	**381,541**	**361,230**
Deferred tax liabilities	713	713	589
Total long-term liabilities	**713**	**713**	**589**
Current liabilities			
Tax liabilities	169	1,950	2,518
Other liabilities	585	1,686	4,872
Accrued expenses and deferred income	11,568	2,005	408
Total current liabilities	**12,321**	**5,641**	**7,798**
TOTAL EQUITY AND LIABILITIES	**460,773**	**387,895**	**369,617**

1) In the Annual report 2009 the bond portfolio is presented on several rows in the Statement of financial position. In this report all items related to the bond portfolio are accounted for under short-term investment. The figures for 2009 have been adjusted accordingly.

Statement of Changes in Equity

EUR thousands 2010	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit /loss for the period	Total equity shareholders in Parent Company	Non-controll-ing interest	Total equity
Opening equity 1 Jan 2010	**3,628**	**384,376**	**-1,117**	**-45,517**	**341,370**	**40,171**	**381,541**
Total comprehensive income	-	-	2,345	59,474	61,819	17,568	79,387
Dividends	-	-	-	-	-	-7,924	-7,924
Share buy-back	-	-5,227	-	-	-5,227	-39	-5,266
Bonus issue	0	0	-	-	0	-	0
Per 30 September 2010	**3,628**	**379,149**	**1,228**	**13,957**	**397,962**	**49,777**	**447,739**

EUR thousands 2009	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit /loss for the period	Total equity shareholders in Parent Company	Non-controll-ing interest	Total equity
Opening equity 1 Jan 2009	**3,627**	**387,652**	**-316**	**-125,938**	**265,025**	**10,425**	**275,450**
Total comprehensive income	-	-	-1336	64,252	62,916	15,876	78,792
Acquired subsidiaries						10,263	10,263
Share buy-back	-	-3,275	-	-	-3,275	-	-3,275
Bonus issue	1	-1	-	-	0	-	0
Per 30 September 2009	**3,628**	**384,376**	**-1,652**	**-61,686**	**324,666**	**36,564**	**361,230**

Statement of Cash Flow

EUR thousands	1 Jan – 30 Sep 2010	1 Jan – 30 Sep 2009
Operating activities		
Operating profit/loss	70,796	77,964
Adjusted for unrealized change in value	-49,749	-89,907
Capital gain/loss from divestment	-30,538	7,793
Interest received	1,642	4,943
Interest paid	-21	-9
Tax paid	-1,671	-243
Cash Flow From Current Operations Before Changes In Working Capital	**-9,541**	**541**
Cash flow from changes in working capital		
Increase (-)/decrease (+) in other current receivables	-870	-267
Increase (+)/decrease (-) in other current payables	8,464	-5,013
CASH FLOW FROM OPERATING ACTIVITIES	**-1,947**	**-4,739**
Investing activities		
Investment in shares and participations	-84,477	-122,292
Sale of shares and participations	95,890	30,866
CASH FLOW FROM INVESTING ACTIVITIES	**11,412**	**-91,426**
Financing activities		
Payment to non-controlling interest	-7,924	-
Share buy-back	-5,266	-3,275
CASH FLOW FROM FINANCING ACTIVITIES	**-13,190**	**-3,275**
CASH FLOW FOR THE PERIOD	**-3,725**	**-99,440**
Cash and cash equivalents at beginning of the year[1)]	57,909	183,643
Exchange rate differences in cash and cash equivalents	329	-110
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**54,513**	**84,093**

1) Cash equivalents comprise deposits and cash.

Segment reporting

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

EUR thousands 1 Jan – 30 Sep 2010	Fund Investments	Direct Investments	Short-term Investments	Unallocated	Total consolidated
Result from financial assets at fair value through profit or loss	48,072	2,013	0	-	50,085
Realized gains on financial assets through profit or loss	30,174	0	364	-	30,538
Dividends	3,562	1,017	-	-	4,579
Staff expenses	-	-	-	-550	-550
Other operating expenses	-12,697	-316	-5	-837	-13,855
Operating profit/loss	**69,111**	**2,713**	**359**	**-1,387**	**70,796**
Financial income	2,933		2,885		5,818
Financial expense	-12		0	-9	-21
Profit/loss before tax	**72,033**	**2,713**	**3,244**	**-1,396**	**76,594**
Assets	**338,919**	**22,109**	**99,704**	**41**	**460,773**

EUR thousands 1 Jan – 30 Sept 2009	Fund Investments	Direct Investments	Short-term Investments	Unallocated	Total consolidated
Result from financial assets at fair value through profit or loss	89,907	-	-	-	89,907
Realized gains on financial assets through profit or loss	-7,793	-	-	-	-7,793
Dividends	173	-	-	-	173
Staff expenses	-	-	-	-401	-401
Other operating expenses	-3,288	-186	-66	-382	-3,922
Operating profit/loss	**78,999**	**-186**	**-66**	**-783**	**77,963**
Financial income	0	0	3,234	19	3,253
Financial expense	-164	0	-9	0	-173
Profit/loss before tax	**78,835**	**-186**	**3,159**	**-764**	**81,044**
Assets	**259,301**	**9,941**	**99,736**	**639**	**369,617**

Consolidated key figures

Key figures	9m 2010	6m 2010	3m 2010	12m 2009	9m 2009	6m 2009	3m 2009	12m 2008
Net asset value, EURm	398	383	410	341	325	292	259	265
Change in NAV during the quarter	3.8%	-6.5%	20.2%	5.1%	11.2%	12.6%	-2.2%	-16.7%
Equity ratio, %	97.2%	97.8%	95.8%	98.3%	97.7%	98.1%	98.5%	97.9%
Market capitalization, SEKm	2,501	2,492	2,884	2,378	2,245	2,192	1,696	1,458
Market capitalization, EURm	273	261	296	232	220	202	155	134
Outstanding number of shares, m	34.9	34.9	35.0	35.5	35.5	35.5	35.8	36.3
Weighted average number of shares, m	35.0	35.1	35.3	35.7	35.7	35.8	36.1	36.3
Number of employees	4	3	3	4	4	4	4	4

Key figures per share	9m 2010	6m 2010	3m 2010	12m 2009	9m 2009	6m 2009	3m 2009	12m 2008
Earnings per share, EUR	1.70	1.08	1.92	2.26	1.80	0.84	-0.12	-3.56
NAV, SEK	105	105	114	99	93	89	79	80
NAV, EUR	11.42	11.01	11.73	9.61	9.12	8.22	7.25	7.31
Share price, SEK	71.75	71.50	82.5	67	63.25	61.75	47.4	40.2
Share price, EUR	7.84	7.50	8.47	6.53	6.19	5.70	4.33	3.69
SEK/EUR, Source Reuters	**9.15**	**9.53**	**9.74**	**10.26**	**10.21**	**10.84**	**10.95**	**10.88**

Income statement – Parent company

EUR thousands	2010 Jan-Sep	2009 Jan-Sep	2010 July-Sep	2009 July-Sep
Staff expenses	-550	-401	-170	-157
Other operating expenses	-837	-382	-243	-63
Operating profit/loss	**-1,387**	**-783**	**-413**	**-220**
Financial income[1]	46,006	63,498	-	32,917
Financial expense	-11	-	-2	-
Profit/loss before tax	**44,608**	**62,715**	**-415**	**32,697**
Income tax	368	201	110	55
NET PROFIT/LOSS FOR THE PERIOD	**44,976**	**62,916**	**-306**	**32,752**

1) Financial income in Parent Company comprises reversal of write down of shares in Group companies.

Statement of Comprehensive Income – Parent Company

EUR thousands	2010 Jan-Sep	2009 Jan-Sep	2010 July-Sep	2009 July-Sep
NET PROFIT/LOSS FOR THE PERIOD	**44,976**	**62,916**	**-306**	**32,752**
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**44,976**	**62,916**	**-306**	**32,752**

Balance Sheet – Parent Company

EUR thousands	30 Sep 2010	31 Dec 2009	30 Sep 2009
Participations in group companies	380,576	339,570	322,645
Deferred tax assets	368	-	201
Total non-current assets	**380,944**	**339,570**	**322,846**
Other short-term receivables	1,040	2,540	1,399
Accrued income and prepaid expenses	19	59	95
Cash and cash equivalents	188	247	546
Total current assets	**1,248**	**2,846**	**2,040**
Total assets	**382,191**	**342,416**	**324,886**
Share capital	3,628	3,628	3,628
Share premium reserve	379,149	384,376	384,376
Profit/loss brought forward	-45,854	-125,413	-126,254
Net profit/loss for the period	44,976	79,559	62,916
Total equity	**381,899**	**342,150**	**324,666**
Tax liabilities	-	-	39
Other liabilities	32	84	35
Accrued expenses and prepaid income	260	182	146
Total current liabilities	**292**	**266**	**220**
Total equity and liabilities	**382,191**	**342,416**	**324,886**
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets	-	-	-
Contingent liabilities	-	-	-

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