Interim Report
1 January – 31 March 2011

EAST CAPITAL
EXPLORER

Interim Report 1 January - 31 March 2011

- Net asset value per share on 31 March 2011 amounted to EUR 12.07 (EUR 11.73 on 31 March 2010[1]). The total net asset value amounted to EUR 421m (EUR 410m), corresponding to a change of -2.1% (20.1%) during the first quarter (quarter-on-quarter). Since 31 March 2010 the net asset value increased 2.5% (58%), year-on-year
- During the first quarter 2011, the net profit for the Group was EUR 1m (EUR 86m). For the shareholders of the Parent Company there was a net loss of EUR 2m (EUR 68m) and earnings per share amounted to EUR -0.05 (EUR 1.94). Exchange rate changes in EUR v.s. USD during the quarter had an impact of EUR -10m (EUR 5m) which was reported in "other comprehensive income"
- Cash, cash equivalents and other short-term investments on 31 March 2011 amounted to EUR 30m (EUR 88m), corresponding to EUR 0.86 (EUR 2.38) per share
- In February and April of 2011, East Capital Explorer made follow-on direct investments of EUR 0.3m in the Georgian food retailer, Populi. The investments were made at a valuation 41% below the initial USD 5m (EUR 3.6m) investment
- In February 2011, East Capital Explorer completed the direct investment of EUR 12m in Komercijalna Banka Skopje. During April East Capital Explorer received a dividend payment from the bank in the amount of approximately EUR 0.7m
- Also in February 2011, East Capital Explorer divested EUR 5m through reducing its holding in East Capital (Lux) Eastern European Fund. In the beginning of March, EUR 5m was invested in East Capital Bering Balkan Fund
- In April 2011, East Capital Explorer received approximately EUR 13m from the East Capital Special Opportunities Fund and EUR 20m from the East Capital Power Utilities Fund
- Also in April 2011, the AGM of East Capital Explorer approved the Board's proposal under the Company's new dividend policy to pay a dividend to the shareholders of SEK 0.80 per share from the 2010 results. This was paid out on 20 April 2011
- The total net asset value on 30 April 2011 amounted to EUR 401m, corresponding to EUR 11.51 (SEK 103) per share. Cash, cash equivalents and other short-term investments per the same date amounted to EUR 59m (SEK 531m) corresponding to EUR 1.70 (SEK 15) per share. EUR 55m (SEK 490m) of those were available for future investments
- During the quarter, East Capital Explorer made additional investments into TEO LT totalling EUR 1.1m. At the end of April the TEO LT AGM decided to pay a dividend to the company's shareholders. East Capital Explorer expects to receive a dividend of approximately EUR 1.2m in May

[1] Comparable figures for the corresponding period 2010 are stated in parentheses.

Portfolio on 31 March 2011

	Fair Value 31 Mar 2011, tEUR	NAV/ Share, EUR	% of NAV	Fair Value 31 Dec 2010, tEUR	Value increase Jan-Mar 2011, %[1)]
Fund Investments					
East Capital Bering Russia Fund	41.5	1.19	10	42.8	-3.0
East Capital Bering Ukraine Fund Class A	7.9	0.23	2	7.9	-0.1
East Capital Bering Ukraine Fund Class R	6.0	0.17	1	6.4	-6.4
East Capital Bering Balkan Fund	50.9	1.46	12	42.0	8.2
East Capital Bering Central Asia Fund	24.3	0.70	6	25.4	-4.1
East Capital Bering New Europe Fund	19.2	0.55	5	19.1	0.5
East Capital Power Utilities Fund	86.0	2.47	20	93.4	-7.9
East Capital Special Opportunities Fund	57.7	1.66	14	58.6	-1.5
East Capital Special Opportunities Fund II	37.2	1.07	9	37.1	0.4
East Capital (Lux) Eastern European Fund	10.7	0.31	3	15.4	2.3
Total Fund Investments	**341.4**	**9.80**	**81**	**347.9**	**-1.9**
Direct Investments					
Melon Fashion Group	13.8	0.40	3	13.8	0.0
TEO LT	15.7	0.45	4	15.2	-4.0
East European Debt Finance	0.3	0.01	0	0.3	3.8
Populi	2.3	0.07	1	3.6	-39.4
Wimm-Bill-Dann	7.2	0.21	2	7.1	1.4
Komercijalna Banka Skopje	13.1	0.38	3	0.0	8.7
Total Direct Investments	**52.4**	**1.50**	**12**	**40.0**	**-1.8**
Short-term Investments					
Short-term Investments	26.8	0.77	6	26.5	
Cash and cash equivalents	3.0	0.09	1	17.8	
Total Short-term Investments	**29.8**	**0.86**	**7**	**44.3**	
Total Portfolio	**423.6**	**12.16**	**101**	**432.3**	
Other assets and liabilities net	-3.0	-0.09	-1	-2.4	
Net Asset Value (NAV)	**420.6**	**12.07**	**100**	**429.9**	**-2.1**

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 Balkan, EUR 0.1m into Populi, EUR 1.1m in TEO LT, and a new investment into Komercijalna Banka Skopje of EUR 12.1m, as well as a divestment of EUR 5.0m from East Capital (Lux) Eastern European Fund.

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

CEO COMMENTS ON THE FIRST QUARTER

2011 started rather well, but the situation changed in March and our NAV decreased by two percent during the first quarter 2011. Our investments in Central Asia, Ukraine and in the utilities sector contributed to the decline, while our investments into the Balkans performed well and provided some compensation. The latter bodes well, as we chose to increase our exposure to the Balkans during the quarter.

> "We have continued to be an active shareholder"

In January and February, most of our markets were performing well. Risk appetite was high, with even the smaller frontier markets back in investor focus. Among the five best performing markets in the world, three were from the Balkans. However, the impact of the Japanese natural disaster as well as the ongoing events in the Middle East weighed heavily on investor sentiment from mid-March onward.

During the first quarter we finalized our latest direct investment by purchasing approximately ten percent of the leading Macedonian bank, Komercijalna Banka Skopje, for EUR 12m. We also appointed a representative to the Board of the bank. The bank has recently been performing very well, growing its market share and profits. In April the bank paid a dividend, yielding approximately six percent.

As a result of becoming fully invested, our focus has shifted towards capital reallocation to maximize performance. This has already led to changes in the portfolio. We decided to invest into East Capital Bering Balkan Fund reflecting our belief that this region has yet to fully benefit from the recovery after the financial crisis. In order to finance that investment, we partially exited our investment in East Capital (Lux) Eastern European Fund by redeeming units worth EUR 5m, realizing a loss of EUR 0.9m corresponding to fifteen percent of the original investment in 2007.

> "Our focus has shifted towards capital reallocation to maximize performance"

We made another partial exit from the East Capital Power Utilities Fund in April, releasing EUR 20m that is now available for new investments. This represented a twenty-five percent return on investment since December 2007. The divestment was decided after the fund had continued to perform very well, but when the Investment Manager sensed a worsening in the short term outlook for the sector due to upcoming elections in Russia. However, we remain committed to investments within the sector.

East Capital Special Opportunities Fund, which has also performed very well and increased by sixty-five percent since investment, has completed its investment phase and entered the harvesting phase. So when the fund began to reduce its exposure to some of its positions, notably the Romanian privatization fund Fondul Propriatatea, it passed the proceeds on to its investors. As a result East Capital Explorer received EUR 13m in April that is now also available for new investments.

East Capital Special Opportunities Fund II, which was launched in September 2010, is now almost fully invested. In this report we disclose the fund's portfolio for the first time.

Lithuanian telecom operator TEO LT, our largest direct investment, is doing well in a tough and competitive environment. In April the company, once again, decided to pay out a large part of its profits as dividend to shareholders, resulting in a dividend yield of almost eight percent. Together with the Investment Manager, we have continued to be an active shareholder. As a result, our candidate was recently elected to the Supervisory Board of TEO. We will continue active discussions with TeliaSonera, the majority owner of TEO, on how to maximize value for all shareholders.

Russian fashion retailer Melon Fashion Group, our second largest direct investment, has started the year very strongly, particularly in Russia, with comparable store sales up by nineteen percent year-on-year. By the end of the first quarter Melon Fashion Group operated 510 retail shops in Russia and Ukraine. We expect the growth to continue, even though management's focus has shifted to increasing profitability.

Same store sales in Populi, the Georgian food retailer, grew by twelve percent year-on-year. Although this was decent, it was below projections. The economic recovery in Georgia has been slower than expected. We participated in a new financing round during the quarter, investing at a substantially lower valuation than before and subsequently wrote down the value of our entire holding by forty-one percent. With twenty-seven percent of Populi held directly and a further eight percent indirectly through the East Capital Bering Central Asia Fund, we are now the largest shareholder, and have taken an active role to help guide the company forward.

> "The investment pipeline looks promising and we expect to deploy the recently released capital in due course"

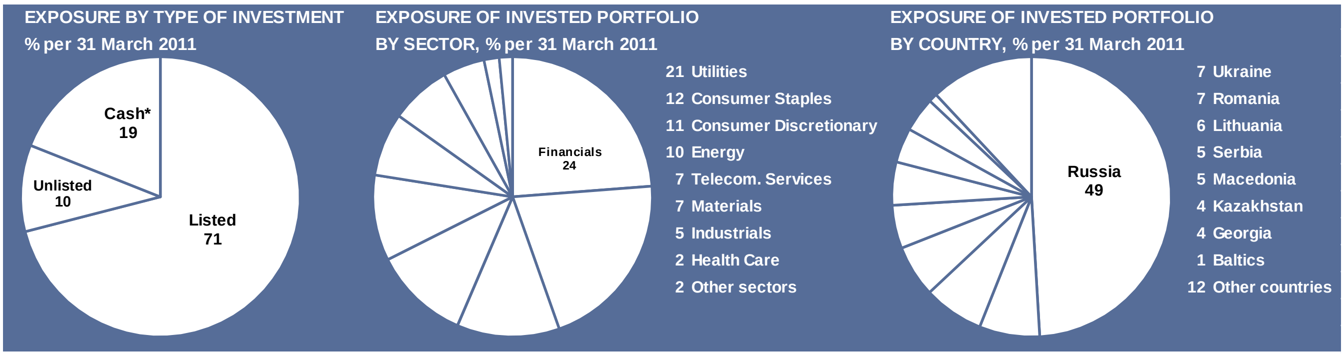
In April, our Annual General Meeting approved the board's proposal to pay a dividend of SEK 0.80 per share and on April 20 the dividends were distributed to our shareholders.

Once again we find ourselves in a position with substantial cash, 15 percent of NAV at the end of April, available for future investment. The investment pipeline looks promising and we expect to deploy the recently released capital in due course. As always, we continue to work actively with our investment portfolio with the aim to maximize returns for our shareholders.

Gert Tiivas, CEO

Top 10 in East Capital Explorer on a see-through basis[1]					
Company	**% of NAV**	**Value in portfolio 31 Mar, EURm**	**Country**	**Sector**	**East Capital Explorer's Investment Vehicles**
TEO	4.9	20.4	Lithuania	Telecommunication Services	East Capital Special Opportunities Fund East Capital (Lux) Eastern European Fund Direct Investment
Melon Fashion Group	3.3	13.9	Russia	Consumer Discretionary	Direct Investment
Fondul Proprietatea	3.1	13.1	Romania	Financials	East Capital Bering Balkan Fund East Capital Special Opportunities Fund East Capital (Lux) Eastern European Fund
Komercijalna Banka Skopje	3.1	13.0	Macedonia	Financials	Direct investment East Capital (Lux) Eastern European Fund
Integra	2.8	11.8	Russia	Energy	East Capital (Lux) Eastern European Fund East Capital Special Opportunities Fund East Capital Special Opportunities Fund II
Wimm-Bill-Dann	2.6	10.8	Russia	Consumer Staples	East Capital Bering Russian Fund East Capital (Lux) Eastern European Fund East Capital Special Opportunities Fund II Direct Investment
OGK-6	1.7	7.1	Russia	Utilities	East Capital Power Utilities Fund
MRSK Centre	1.6	6.9	Russia	Utilities	East Capital Power Utilities Fund East Capital (Lux) Eastern European Fund
OGK-4	1.6	6.9	Russia	Utilities	East Capital Power Utilities Fund
Bank of Georgia	1.6	6.8	Georgia	Financials	East Capital Bering Central Asia Fund East Capital (Lux) Eastern European Fund
Total Top 10	26.3	110.8			

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.



* Includes cash, cash equivalents and other short-term investments of EUR 30m in addition to any cash in the underlying funds per 31 March 2011

NET ASSET VALUE

The net asset value on 31 March 2011 amounted to EUR 421m (EUR 410m), corresponding to EUR 12.07 (EUR 11.73) per share. This corresponds to a change of -2.1% compared to the net asset value on 31 December 2010 which was EUR 430m (EUR 12.33 per share) and a increase of 2.5% compared to the net asset value on 31 March 2010.

On 31 March 2011, cash, cash equivalents and other short-term investments amounted to EUR 30m (EUR 88m) corresponding to EUR 0.86 (EUR 2.38) per share, which was 7% (20%) of the total net asset value per share. The closing price per share on 31 March 2011 was SEK 85.50 (corresponding to EUR 9.55).

Net asset value, share price and index development

(% change in EUR)	1 Jan – 31 Mar 2011	April 2011	1 Jan – 30 Apr 2011
Net asset value	-2.1	-4.6	-6.7
East Capital Explorer share	1.0	-6.0	-5.0
SAX[1]	-1.0	2.5	1.5
RTS Index[2]	7.9	-5.1	2.4
RTS 2 Index[3]	-0.8	-5.9	-6.7
MSCI EM Europe[4]	5.2	-0.8	4.4

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 31 March 2011, East Capital Explorer had fund and direct investments totaling EUR 394m compared to EUR 312m on 31 March 2010.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 34%.

Fund Performance

	Q1 2011	2010	Since Dec 07
East Capital Bering Russia Fund, EUR[1)]	-3%	35%	-41%
RTS-2 Index, EUR[2)]	0%	68%	1%

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	21.6
Energy	18.6
Materials	17.8
Consumer Discretionary	13.4
Financials	13.2
Health Care	4.7
Consumer Staples	4.5
Other	6.2

Country weighting

Country	% of fund
Russia	86.3
Kazakhstan	6.0
Ukraine	5.9
Baltics	1.7
Other	0.1

10 largest holdings

Company	Weight % Q1 2011	Weight % Q4 2010	% Perf.[1]	Country	Sector
FESCO	11.1	11.5	-0.6	Russia	Industrials
Kuzbassrazrezugol	7.4	7.4	2.2	Russia	Energy
Rosinter	6.8	7.4	-11.8	Russia	Cons. Discr.
Korshunovsky GOK	6.0	5.5	12.7	Russia	Materials
Bank Tsentrkredit	6.0	5.9	4.3	Kazakhstan	Financials
Neftekamsky Avto	5.0	4.2	20.5	Russia	Industrials
Verofarm	4.3	4.4	-10.7	Russia	Health Care
Nova Liniya	4.0	4.0	0.0	Ukraine	Cons. Discr.
Wimm-Bill-Dann	3.4	3.2	7.3	Russia	Cons. Staples
Ufimsky NPZ	3.0	3.4	-11.3	Russia	Energy

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
57	11	106

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

Truck and bus producer, Neftekamsky Avto contributed the most to the performance during the quarter. The share gained 20%, as a state supported cash-for-clunkers program for heavy trucks and buses worth USD 1.2bn was approved for 2012-2014. The government plans to subsidize 30-50% of bus prices and 10% of truck prices, which is expected to create large additional demand. The program is not finalized, but last time we spoke to the management they expected it to go through. The company trades at an enterprise value 5 times expected 2012 Ebitda.

The real estate developer LSR Group continued to perform, and gained 26% during the quarter after comments by the financial authorities that starting from 2012 the American Depositary Receipt (ADR) quota might be cancelled. As a result, the 30% discount of LSR Group's local shares to the ADRs narrowed to 15% in March.

FESCO, our largest holding, lost 0.6% during the quarter, after a strong performance in previous quarters. FESCO underperformed Globaltrans (+2%), and Transcontainer (+10%) during the quarter, which partly erased the previous premium FESCO had in relation to the two peers. FESCO performed strongly towards the end of 2010, when positive news, such as the successful sale of National Container Company for USD 900mn (at 15 times Ebitda) and the acquisition of a 12% stake in Transcontainer, were released. The latter improved FESCO's position to bid for the upcoming privatization of a 51% stake in Transcontainer. Our board representative is taking an active role in shaping the new strategy of the company.

The worst contributor during the period was restaurant operator Rosinter, which lost 12%. Rosinter performed very well in 2010, and gained more than 200% for the full year, and 33% in the last quarter alone. As a result, it reached a valuation with an enterprise value 9 times expected 2011 Ebitda at the beginning of 2011, i.e. almost in line with its Eastern European peers. However, the stock has since lost more than 20% from its peak on the back of the Middle East situation and the Japanese tsunami impacting equity markets. However, the outlook for Rosinter remains positive. In 2010, the company published a strong recovery in restaurant traffic several months consecutively, with sales growing 18% year-on-year, and Rosinter expects growth to continue, with plans for 15% to 20% growth in the next three years. The management is also pondering a dividend policy, and might expand into the beer & grill segment through acquisitions. Rosinter is a potential M&A target itself, trading at a 60% discount on recent transaction multiples within the Russian retail and consumer universe, where the bid for Wimm Bill Dann at 18 times Ebitda 2010 by Pepsi was recently accepted.

The nuclear disaster in Japan and the subsequent announcements of potential revisions in the expansion of nuclear power generation in China and the EU has sent spot uranium prices down by 33% in a few days and they currently are 20% lower than in January. As a result, Uranium producers Mashstroy's and Novosibirsk's stocks fell 27% during the quarter. Nuclear crisis may result in increased share of coal and gas fired generation in the long-term. That is supportive for coal and gas prices to which we have a significant exposure in the fund's portfolio.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 30%.

Fund Performance

	Q1 2011	2010	Since Jan 2008
East Capital Bering Ukraine Fund Class A, EUR[1)]	0%	83%	-46%
PFTS Index, EUR[2)]	5%	87%	-39%

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	46.8
Utilities	17.4
Consumer Discretionary	9.1
Materials	8.9
Financials	8.9
Telecom. Services	4.3
Health Care	1.7
Energy	1.5
Industrials	0.9
Other	0.5

Country weighting

Country	% of fund
Ukraine	97.1
Russia	2.5
Baltics	0.5
Other	0.0

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
Tsentr Energo	14.2	12.6	17.0	Ukraine	Utilities
Slavutich	8.8	8.1	12.5	Ukraine	Cons. Staples
Anthousa	8.8	1.5	10.9	Ukraine	Cons. Staples
Kreativ Gruppa	8.5	9.2	-5.0	Ukraine	Cons. Staples
Retail Group	8.1	8.5	-0.7	Ukraine	Cons. Staples
Avangard	5.7	5,4	11.4	Ukraine	Cons. Staples
Galnaftogaz	4.5	14.3	12.7	Ukraine	Cons. Discr.
Ukrtelecom	4.1	0.6	-1.6	Ukraine	Telecom. Services
Bank Forum	3.7	4.4	-13.8	Ukraine	Financials
Poltavsky GOK	3.4	3.8	-8.2	Ukraine	Materials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
70	2	37

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

As was the case during the fourth quarter of 2010, utilities once again showed strong performance. Tsentr Energo delivered the highest contribution during the quarter, gaining 17%. It should be noted, however, that Tsentr Energo remains largely a sentiment play on potential privatization and sector liberalization, which would release the intrinsic value of electricity generating companies. Recent growth was fuelled mainly by interest from smaller local investors. Even if electricity tariffs for all generating companies have been hiked by some 33% for residential customers and 13% for industrial clients year-to-date, the 15-20% annual increase in coal prices will swallow most of the increase. In addition, residential tariffs remain at a quarter of economically justifiable levels, according to the government. Therefore, fundamentally, the stock does not look attractive on earnings multiples of an enterprise value 20 times expected 2011 Ebitda. On the other hand, enterprise-value-to-capacity valuation of USD 150 per kilowatt implies an approximate 50% discount on Russian peers. Therefore, we believe that greater interest from institutional investors will resume once there is more clarity on the sector reform, expected by the end of the first half of 2011.

Avangard, the dominant agro-industrial company with a 43% market share in industrial shell-eggs production gained 11% during the first quarter. Initially, investors reacted positively to the news that the company, as promised, redeemed all the outstanding debt to the bank controlled by Avangard’s principal shareholder Oleg Bakhmatyuk. Avangard’s share price weakened in the beginning of March however, when it became known to the market that Oleg Bakhmatyuk was planning to sell 10% of his holding in a secondary share placement. While this would be good news for the stock’s liquidity, it was expected that the placement would be done at a discount to the market following the example of Warsaw-listed Astarta. Expectedly-strong 2010 results announced at the beginning of March did not have any significant impact on the share price.

After some 10 years of speculations, we finally saw a resolution in Ukrtelekom’s privatisation story, when the Austria-based Epic Financial Consulting Gesellschaft accepted the government’s offer, which valued the company at EUR 1bn. Expecting fixed-line tariff hikes, we increased our holding in Ukrtelekom from 0.6% of the fund at the end of the fourth quarter of 2010 to 4.1% at the end of the period. At the time of writing, the regulator has approved a two-stage 35% tariff boost. We also bought smaller positions in Bank Aval and the freight railcar producer Stahanovskiy Vagonobudiniy, increased our allocation in Bogdan Motors and continued selling Galnaftogaz.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 12%.

Fund Performance

	Q1 2011	2010	Since Dec 2009
East Capital Bering Ukraine Fund Class R, EUR[1)]	-6%	20%	12%
PFTS Index, EUR[2)]	5%	87%	-39%

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	46.0
Consumer Discretionary	34.0
Consumer Staples	14.3
Information Technology	3.9
Industrials	1.8
Other	0.0

Country weighting

Country	% of fund
Ukraine	94.3
Baltics	3.9
Estonia	1.8
Other	0.0

Largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
Nova Liniya	34.1	33.9	0.0	Ukraine	Cons. Discr.
Kantik	22.4	21.5	3.7	Ukraine	Financials
Henryland	20.5	19.9	2.1	Ukraine	Financials
Chumak Class A	14.4	16.0	-10.7	Ukraine	Cons. Staples
ELKO	3.9	3.9	0.0	Baltics	IT
Trev-2 Grupp	1.8	1.7	5.7	Estonia	Industrials
Sablink	1.1	1.1	0.5	Ukraine	Financials

Largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
100	100	7

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

As noted in earlier reports, the operative performance of Nova Liniya was mediocre throughout 2010. During the first quarter of 2011, the company continued to underperform the budget. In addition, a fire destroyed one of Nova Liniya's stores at the end of February. However, the building was insured, and the company is seeking compensation for the cost of the interruption in business. Trying to reverse the trend of lower-than-expected performance, shareholders in the company reached a joint decision to partly change the management. We are confident that Yaroslav Bilous, the new CEO with vast professional experience in construction and agricultural sectors, and Tomas Fiala, the new Chairman of the Board and founder of Dragon Capital which owns 46% of the company, will not only put Nova Linya's recently deteriorating operational and financial results back on track, but also resume the company's expansion across the country. Nova Liniya remains the largest holding of the fund with a weighting of 34%.

The real estate sector weighting in the fund increased slightly during the first quarter 2011. No new investments have been made in the sector, and the two companies, Kantik and Henryland, represent together 42% to the fund's net assets. Over the quarter, Kantik and Henryland added 3.7% and 2.1% to their NAV respectively. The changes in value of Kantik and Henryland reflect a decrease of the respective company's net debt by the amount of cash the company generated during the period. At the same time, the market value of the property portfolios remained unchanged compared to the valuation performed by an independent appraisal just three months ago, as there have been no major events on the property market or with the properties. On the operational side, the management is considering opportunities to tap credit markets in order to refinance some of the expensive construction facilities on more favorable terms. We are also expecting a positive long-term effect on the value of the companies from the change of management in Nova Liniya, which is Kantik and Henryland's single largest tenant.

The management change at Chumak in the second half of 2010 has affected the company positively. The tangible acceleration of sales that we saw during the last months of 2010 has continued this year. Revenues in during the quarter grew 23%, largely thanks to an aggressive marketing campaign, with a budget increase that was more than fourfold, and strong exports, which grew 40% in volume terms during the first quarter. Like many food companies, Chumak, on the other hand, has been experiencing rapidly-increasing input costs, with prices for tomato paste, sunflower oil, sugar, starch and flour having increased. Some of the increase has been passed on to the end-consumer, but the management intends to implement further price increases to improve profitability. The first quarter gross margin of 32% is below the budget, although the Ebitda margin of 1% is in line with management's expectations. The value reduction of 11% reflects the decision to write-down the value of the company based on Ernst & Young's final valuation in addition to the preliminary write-down of 8.2% at the end of 2010.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 56%.

Fund Performance

	Q1 2011	2010	Since Dec 07
East Capital Bering Balkan Fund, EUR[1)]	10%	11%	-43%

Source: Bloomberg

1) Data representing the fund's master series.

Sector weighting

Sector	% of fund
Financials	61.2
Consumer Staples	14.1
Consumer Discretionary	10.2
Telecom. Services	5.8
Industrials	3.1
Energy	2.8
Materials	1.9
Utilities	0.5
Health Care	0.4
Other	0.0

Country weighting

Country	% of fund
Romania	32.5
Serbia	21.4
Turkey	14.3
Slovenia	11.3
Bosnia	9.3
Macedonia	6.3
Montenegro	3.5
Croatia	1.4
Other	0.0

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
Fondul Proprietatea	10.0	23.5	31.7	Romania	Financials
Pinar Et Ve Un	6.4	7.3	-0.5	Turkey	Cons.Staples
Komercijalna Banka Skopje	4.7	4.5	26.3	Macedonia	Financials
B92	4.6	5.2	6.0	Serbia	Cons. Discr.
Abanka	4.3	6.0	-14.6	Slovenia	Financials
Zavarovalnica Triglav	3.3	1.6	4.0	Slovenia	Financials
AIK Banka	3.0	2.9	24.4	Serbia	Financials
Pif Big	2.9	1.5	85.0	Bosnia	Financials
Agrobanka	2.7	2.4	37.4	Serbia	Financials
Pinar Sut	2.7	2.7	-7.4	Turkey	Cons.Staples

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
45	8	69

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

It took slightly more than five years from the set up of Fondul Proprietatea, the Romanian restitution fund, until its listing. Expectations of a listing were one of the main reasons behind our investment. We believed that transparency and liquidity would improve after the listing, which in turn would unlock the intrinsic value in the company. Fondul Proprietatea started trading on the Bucharest Stock Exchange on 25 January 2011. Compared to the valuation of the company in the fund by the end of 2010, Fondul Proprietatea closed the quarter with a 32% gain. The appreciation of the Romanian currency RON against the USD during the quarter contributed 9.8% to the gain. Although we believe that there is still value in the company, as of the last day of the quarter it traded with a 48% discount to the reported end-February NAV, we decided to reduce our exposure during the quarter for diversification purposes. At the end of the first quarter, Fondul Proprietatea did however remain the largest holding in the fund, with a 10% weighting.

The two Serbian banks in the portfolio, AIK Banka and Agrobanka, posted an impressive performance during the first quarter. AIK Banka (preferred shares) gained 24%, while Agrobanka gained 37%. In general, Serbian equities saw increased interest from investors, as Serbia is one of the markets that are still trading far below pre-crisis levels. Both banks reported good 2010 results during the quarter. We believe that both banks will continue performing in the upcoming period, as the Serbian economy continues its recovery and as the valuation of the two banks are still very low: AIK Banka trades at 5 times estimated 2011 earnings and 0.7 times estimated 2011 book value, while Agrobanka trades at 4.2 times estimated 2011 earnings and 0.3 times estimated 2011 book value. In the fund, we own preferred shares in AIK Banka, which are trading at a 63% discount to common shares.

In Macedonia, Komercijalna Banka Skopje gained 26% during the quarter. The bank's 2010 results exceeded our expectations, with the return on equity reaching 18%. We believe that there is further room for a share price appreciation, as the bank has recently undergone a share capital increase, which should support further growth. In addition, Komercijalna Banka Skopje remains one of the most attractively valued banks in the region, trading at 5.8 times estimated 2011 earnings and 0.9 times estimated 2011 book value.

In Turkey, the dairy producer Pinar Sut lost part of its gains achieved during the fourth quarter of 2010 and closed the first quarter with a 7.4% decline. The fourth quarter 2010 results were slightly worse than our expectations. However, the company expects 10%-12% growth in revenues during 2011 and is expected to pay a dividend in the coming weeks yielding around 7%.

In the beginning of March 2011, East Capital Explorer invested an additional EUR 5m into the East Capital Bering Balkan Fund.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 43%.

Fund Performance

	Q1 2011	2010	Since Jan 2008
East Capital Bering Central Asia Fund, EUR[1]	-4%	26%	-44%
KASE Index, EUR[2]	-3%	5%	-44%

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	50.7
Energy	31.3
Consumer Staples	10.5
Materials	6.0
Utilities	1.2
Telecom. Services	0.2
Industrials	0.1
Other	0.0

Country weighting

Country	% of fund
Kazakhstan	44.9
Georgia	39.8
Turkmenistan	10.2
Ukraine	3.4
Armenia	1.1
Russia	0.5
Uzbekistan	0.2
Other	0.0

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
Bank Of Georgia	27.0	28.3	-1.4	Georgia	Financials
Kazmunai Gas	14.8	12.8	12.9	Kazakhstan	Energy
Dragon Oil	10.2	9.5	13.7	Turkmenistan	Energy
Bank Tsentrkredit	8.1	7.5	4.3	Kazakhstan	Financials
Caucasus Agro	6.4	6.0	2.3	Georgia	Cons.Staples
Chagala Group	5.6	5.3	2.9	Kazakhstan	Financials
Halyk Bank	4.7	4.6	-0.8	Kazakhstan	Financials
Henryland	3.4	3.3	2.5	Ukraine	Financials
Populi	2.4	3.7	-41.2	Georgia	Cons.Staples
Eksimbank	2.0	1.9	1.5	Kazakhstan	Financials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
85	14	30

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

After large gains in the fourth quarter of 2010, we saw a more mixed performance at the beginning of this year. Oil stocks outperformed the market, while banking and mining stocks were lagging behind.

Given that oil prices were testing new post-crisis highs, it is no surprise that the best performers in our portfolio during the quarter were holdings in the oil sector. Kazmunai Gas EP (KMG EP) and Dragon Oil gained 13% and 14% respectively. KMG EP released its fiscal year 2010 production figures which were in line with market expectations and a reserve update that surprised the market on the upside with a better-than-expected reserve-replacement ratio, signaling an improvement in the company's exploration record. At the same time, Dragon Oil issued a very strong trading update showing 57 thousand barrels per day production at the end of 2010, compared to the average 47 thousand barrels per day throughout the year. We increased the weighting of Dragon Oil in our portfolio at the beginning of the quarter to capitalise on the upward trend in the oil price, but cut it again at the end of the quarter, seeing increasing downside risk to the oil price. KMG EP and Dragon Oil are trading at 5.1 times and 10.8 times estimated 2011 earnings and enterprise values 2.9 times and 4.5times estimated 2011Ebitda.

The situation in the Kazakh banking sector remains challenging given only marginal loan growth this year, asset quality issues and continuing pressure on margins. In this context, downbeat 2011 guidance by Halyk Bank and Bank Tsentrcredit did not help the sentiment, though Bank Tsentrkredit still managed to close the quarter in the black, gaining 4.3%, while London-traded GDRs of Halyk Bank lost 0.8% during the quarter. Currently, the market is looking at the developments around the state program aimed to clear the balance sheets of Kazakh banks of bad debts, but the impact, if any, will only be felt at the end of this year. Among other banking stocks, our largest holding, Bank of Georgia, lost 1.4% after adding 44% during the fourth quarter of 2010. The bank is trading at 1.4 times and 1.2 times 2011 and 2012 expected book values, representing a 10% discount on the CIS average.

Also, during the quarter, together with East Capital Explorer the fund participated in the capital increase of Populi, a Georgian food retailer. The investment was made at a valuation 41% below the prior rounds of investments, and as a result the entire holding was written down to the new valuation. Since 2006, the company has opened 45 stores and has ambitious plans for further expansion in the region. However, Populi is still dealing with the consequences of the economic downturn in Georgia, which hurt its sales and put constraints on financing options. We are working closely with the management on improving the company's performance.

Among other changes in the portfolio we increased the weighting of Kazakhmys, the Kazakh copper producer, and added the iron ore and ferrochrome producer ENRC to our portfolio, expecting both stocks to regain strength after underperformance since the start of the year.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 86%.

Fund Performance

	Q1 2011	2010	Since May 2008
East Capital Bering New Europe Fund, EUR[1]	15%	12%	17%

Source: Bloomberg

1) Data representing the fund's master series.

Sector weighting

Sector	% of fund
Materials	17.0
Industrials	16.2
Utilities	16.2
Consumer Staples	15.7
Consumer Discretionary	12.2
Financials	9.6
Information Technology	8.7
Energy	3.8
Health Care	0.3
Other	0.3

Country weighting

Country	% of fund
Poland	58.2
Hungary	24.3
Slovakia	5.9
Baltics	4.9
Estonia	3.1
Lithuania	1.5
Czech Rep.	2.1
Other	0.0

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
E-Star	13.6	10.3	42.4	Hungary	Utilities
Morpol	13.5	13.2	9.7	Poland	Cons.Staples
Mennica Polska	7.4	8.0	-1.1	Poland	Materials
Pannergy	6.4	5.8	17.6	Hungary	Materials
Budimex	4.6	4.8	4.7	Poland	IT
ELKO	4.6	4.9	0.0	Baltics	IT
Warimpex Finanz	4.1	4.3	2.3	Poland	Cons. Discr.
Asseco Slovakia	4.0	4.0	7.2	Slovakia	IT
Bank BPH	3.8	3.7	11.5	Poland	Financials
Bogdanka	3.6	3.3	17.1	Poland	Energy

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
65	7	60

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

Valuations for small and mid-cap stocks remain relatively high in the region, particularly in Poland, where the average is 15 times current year earnings. However, as we continue into the year, focus will gradually turn to 2012 valuations, and these look more acceptable, at around 12 times due to the relatively strong expected earnings growth. On other markets, we see a similar situation emerging in many companies as the economic recovery is resulting in profit growth. The fund benefited significantly from certain sector stories in the first quarter, some of which are described below.

In terms of positive contributors we find E-Star, previously RFV, which again became the largest holding in the fund, as the shares appreciated by as much as 42% during the quarter. The company provides energy efficiency improvement services, especially for the outdated heating systems in Hungary and Romania. On 7 March, the company announced its 5-year strategy plan and we participated in the presentation after this announcement. The company plans to increase its Ebitda from last year's EUR 7m to EUR 53m by 2015. The main part of this growth is to be realized in Poland; a market that the company will enter this year. Another part of the plan was to list its shares in Warsaw which happened on 21 March 2011, making the shares also available for Polish investors. All these steps were taken very positively by the market. The fund invested into E-Star in June 2009 when it bought 3.6% of the company, and all in all, by the end of March 2011, the fund had made a 333% return on the investment.

The tragic events in Japan had an impact on some holdings in the portfolio in the first quarter. A positive contributor was the Hungarian geothermal energy company Pannergy, gaining 18% in the period, while Czech biogas company BGS Energy gained 22%, due to the increased focus on alternative energy sources. However, the likelihood of increasing coal demand also meant that the Polish coal-related stocks did well, with the Bogdanka coal mine and Famur, a coal mining equipment maker, gaining 17% and 51% respectively. Fertilizers were also strong. In the fourth quarter of 2010, the fund built a position in Pulawy, which gained 39% during the first quarter.

The main negative contributors were stocks related to Polish residential construction. Koelner, which is Europe's leading fastener and fixings maker, lost 12% after reporting losses also for 2010. Decora, which produces interior house decorations, lost 17%, but this was mainly due to profit taking after a very strong stock price performance during the fourth quarter of last year. Centrum Klima, which is a leading ventilation wholesaler in Poland, lost 11%.

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.

At the end of the reporting period East Capital Explorer´s share of the fund was 73%.

Fund Performance

	Q1 2011	2010	Since Dec 2007
East Capital Power Utilities Fund, EUR	-8%	55%	40%
RTS Electric Utilities Index[1)]	-6%	43%	-36%

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	0.9
Energy	0.4
Other	0.0

Country weighting

Country	% of fund
Russia	98.2
Georgia	1.0
Ukraine	0.8
Other	0.0

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
MRSK Tsentra	7.7	6.7	-1.0	Russia	Utilities
OGK-6	7.2	7.8	-7.9	Russia	Utilities
OGK-4	7.2	7.6	-5.5	Russia	Utilities
MRSK Tsentra I Privolzhya	7.1	7.2	-3.2	Russia	Utilities
TGK-5	6.1	5.8	-12.7	Russia	Utilities
OGK-2	5.3	5.0	-13.1	Russia	Utilities
MRSK Holding	4.5	9.6	-8.7	Russia	Utilities
MRSK Volgi	3.6	3.1	0.6	Russia	Utilities
OGK-5	3.5	0.5	14.7	Russia	Utilities
TGK-13	3.1	3.0	-10.8	Russia	Utilities

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
55	1	46

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

The utilities sector index dropped by 6.5% in EUR terms in the first quarter, while the RTS index gained 7.9% in the same period. During the quarter there were sell-offs in the utilities sector due to recent negative comments from government officials protesting against significant increases in electricity prices for end-users and arguing for the necessity of taking urgent measures to curb such a trend. Later in March, the Energy Minister Sergey Shmatko hosted a meeting for sell-side analysts to communicate the position of the government and get feedback from market participants. According to him, in 2011 the government will implement all the changes proposed by Deputy Prime Minister Igor Sechin, but this will not change the fundamentals in the sector. However, the government would still work to prevent abnormal price hikes in certain regions. No actions have been taken so far, as the regional authorities are waiting for steps to be taken first at the federal level(i.e. with regards to the Federal Grid Company).

Regarding individual stock performance, Federal Grid Company increased by 12% during the quarter after support from continued strong inflows into Russian exchange traded funds, as the stock has a 21% weighting in the index. Additionally, the company has launched global depositary receipts trading on the London Stock Exchange, which was taken positively by the market. OGK-5 performed strongly, up 15%. The new CFO hosted a meeting with analysts to share a positive long-term view of Enel on Russian utilities. Indeed the Italian utilities company Enel recently made a presentation on its global strategy, and revealed that a substantial part of future growth is likely to come from its Russian assets, including OGK-5.

Furthermore, the Caucasus Energy & Infrastructure holding started to perform, adding 7.0% during the quarter as the Overseas Private Investment Corporation (OPIC) approved USD 58m in financing for the completion of construction of the Mtkvari hydropower plant in Georgia located on the Mtkvari River next to the Turkish border. MRSK South and TGK-11 were among the weakest performing stocks during the period, losing 20% and 18% respectively, mainly due the overall negative sentiment for the sector as described above.

During the first quarter 2011 it was decided once again to return 25% of the originally invested money to the fund's investors, as the fund had grown beyond its optimal size. The liquidity in the Russian Utilities sector remains low outside the large-cap stocks, which makes it difficult to exploit investment opportunities in less liquid but fundamentally attractive stocks quickly enough. Thus we were mostly sellers in March, targeting to accumulate USD 40m in cash to conduct dividend distribution. We sold the fund's entire positions in Federal Grid Company and TGK-9 in March due to strong performance in the former and uncertainty over consolidation of KES-Holding TGKs for the latter.

EAST CAPITAL SPECIAL OPPORTUNITIES FUND

The aim of the fund is to invest in companies with a solid business model and outlook which for market or owner specific reasons could be acquired at low valuation levels. The fund has targeted investments with both a clear trigger for revaluation and an exit opportunity within four years from the launch of the fund. 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.

At the end of the reporting period East Capital Explorer´s share of the fund was 82%.

Fund Performance

	Q1 2011	2010	Since May 09
East Capital Special Opportunities Fund, EUR	-1%	49%	56%

Source: Bloomberg

Sector weighting

Sector	% of fund
Materials	19.3
Financials	19.0
Consumer Discretionary	16.5
Energy	16.2
Telecom. Services	10.5
Health Care	7.3
Consumer Staples	6.1
Information Technology	4.5
Industrials	0.7
Other	0.0

Country weighting

Country	% of fund
Russia	59.3
Romania	17.3
Lithuania	10.5
Ukraine	10.2
Serbia	2.0
Croatia	0.8
Other	0.0

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
Fondul Proprietatea	14.1	22.5	31.7	Romania	Financials
Sollers	11.7	12.7	-3.2	Russia	Cons. Discr.
Integra	10.3	10.7	-1.0	Russia	Energy
TEO	8.5	8.7	1.4	Lithuania	Telecom. Services
Korshunovsky GOK	5.9	5.5	10.6	Russia	Materials
Sibirskiy Cement	5.9	11.3	0.5	Russia	Materials
Verofarm	4.9	5.7	-10.4	Russia	Health Care
Sintal	4.1	4.2	1.9	Ukraine	Cons. Staples
Armada	3.7	3.1	24.1	Russia	IT
Stirol	3.2	3.4	-4.3	Ukraine	Materials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
72	0	18

1) Share price development in USD during the first quarter 2011

Portfolio comment first quarter

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

Compared to the valuation of the company in the fund by the end of 2010, Fondul Proprietatea closed the quarter with a 32% gain. The appreciation of the Romanian currency RON against the USD during the quarter contributed 9.8% to the gain. Although we believe that there is still value in the company, we decided to reduce our exposure during the first quarter of 2011 for diversification purposes. At the end of the quarter, Fondul Proprietatea still remained the largest holding in the fund, with a 14% weight. See portfolio comment regarding the East Capital Bering Balkan Fund above for more information regarding Fondul Proprietatea.

Serbian Agrobanka, a relatively small holding in the fund posted an impressive performance during the quarter, gaining 37%. The performance is due to increased interest in Serbian equities in general, as well as good 2010 results posted by the bank. We believe that there is further room for share price appreciation in the stock, as Agrobanka is one of the lowest valued banks in our investment region, trading at 4.2 times estimated 2011 earnings and 0.3 times estimated 2011 book value.

The best performing holding in Russia was the software maker Armada, gaining 24% during the quarter. We decided to start decreasing our position on the back of strong performance. The company is currently trading at an enterprise value 10 times estimated 2011 Ebitda. Later in the quarter the company announced a secondary public offering at a discount to the market.

The Russian drug maker Verofarm lost 10% during the quarter. There has been no specific news flow for the stock and at the current valuation of an enterprise value 7 times estimated 2011 Ebitda we are not looking to sell. The company might also be a takeover candidate.

EAST CAPITAL SPECIAL OPPORTUNITIES FUND II

The fund aims to invest in companies with a positive outlook but which, due to market or owner-specific reasons, can be acquired at valuations much lower than those suggested by the companies' fundamentals. The target is to achieve a 30% IRR from a concentrated portfolio of our top picks selected on return potential. Proceeds will be distributed as investments are realized but no later than within four years.

At the end of the reporting period East Capital Explorer´s share of the fund was 67%.

Fund Performance

	Q1 2011	2010	Since Oct 2010
East Capital Special Opportunities Fund II, EUR	0%	6%	6%

Source: Bloomberg

Sector weighting

Sector	% of fund
Financials	40.6
Consumer staples	30.9
Energy	19.0
Materials	5.4
Industrials	4.1
Other	0.0

Country weighting

Country	% of fund
Russia	35.6
Slovenia	23.7
Serbia	23.6
Ukraine	13.8
Guernsey	3.0
Sweden	0.2
Other	0.1

10 largest holdings

Company	Weight % of fund Q1 2011	Weight % of fund Q4 2010	% Perf.[1]	Country	Sector
Integra	13.3	18.0	-8.5	Russia	Energy
Zavarovalnica Triglav	12.1	9.6	-0.6	Slovenia	Financials
Anthousa	9.7	4.0	4.8	Ukraine	Cons. staples
AIK Banka	9.5	8.2	22.7	Serbia	Financials
Bambi	6.9	1.1	12.8	Serbia	Cons. staples
Wimm-Bill-Dann	5.1	7.2	1.3	Russia	Cons. staples
NFD 1 Delniski Investici	4.5	0.0	-16.5	Slovenia	Financials
Sibirskiy Cement	3.7	10.4	-6.3	Russia	Materials
Neftekamsky Avto	2.8	3.6	1.8	Russia	Industrials
Ablon Group	2.1	0.0	-23.0	United Kingdom	Financials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
70	0	12

1) Share price development in EUR during the first quarter 2011

Portfolio comment first quarter

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

Among the five best performing markets globally during the first quarter of 2011, three are from the Balkans. Bulgaria was up 31%, Serbia 25% and Romania 24%. Most emerging markets are above pre-crisis levels, but the Balkan ones, despite recent gains, are still far from the peak (e.g. Serbia is still down 77%). It is therefore not surprising that some of the strongest performers are from the region.

AIK Banka, the most profitable bank in Serbia, was up 31% during the quarter. The bank is currently at a weighting of 9.5% of the fund. We wanted to increase our position in the bank, but this requires Central Bank approval. The process of obtaining the approval began in December, however the process is much slower and bureaucratic than expected. At the time of writing we have not yet obtained approval for increasing our stake but we remain cautiously optimistic that we will obtain it. In the meantime we purchased preferred shares of the company at 65% discount to common shares, pre-crisis the discount was around 30%. The preferred shares can be bought without Central Bank approval.

Another holding in Serbia is Bambi, a cookie and biscuit producer, representing 6.7% of the fund. The company has been prepared to be sold and it seems potential buyers will be invited to bid already this year. We believe it is likely the company could be sold at 8 times Ebitda or perhaps more. Currently the company trades at 4.2 times 2011 Ebitda. Recently we initiated a close dialogue with management and main owners of the company in order to get better insight into the sales process. The company has launched a share buyback program and has relatively aggressively bought shares in the market.

There have been a number of new holdings added to the portfolio. One of them is Rusforest, a Russian company active in harvesting logs and sawing wood. We invested 7% of the fund in this company in a complicated deal, which effectively meant that we bought out a distressed seller in another company. Rusforest issued shares at 12.50 SEK per share (when the market price was around 14 SEK) that the fund acquired. It was approved at an extraordinary general meeting of its shareholders that was held on April 15. The company is currently in a turnaround phase and a new management team was recently put in place. Very few brokers cover the stock, but that might change after this transaction since the company would be the largest listed forestry company with assets in Russia and a market capitalization of around USD 200m.

In Slovenia we bought shares of NFD, a closed-end fund, at a 25% discount to NAV. The fund is to become open ended in a couple months time. This would allow us to redeem shares at NAV. The fund is holding positions in some of the largest Slovenian companies. Slovenia has been lagging other Balkan markets this year for a number of reasons, but that might change, hence the holding provides an upside both in terms of being able to sell at NAV as well as consisting of inexpensive underlying holdings.

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).

At the end of the reporting period East Capital Explorer´s share of the fund was 14%.

Fund Performance

	Q1 2011	2010	Since Dec 07
East Capital (Lux) Eastern European Fund, EUR	3%	34%	-13%
MSCI Emerging Europe Index, EUR	6%	23%	-22%

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

Sector weighting

Sector	% of fund
Energy	34.1
Financials	33.3
Materials	7.9
Industrials	5.6
Consumer Discretionary	5.4
Consumer Staples	5.3
Utilities	4.0
Telecom Services	3.7
Health Care	0.5
Other	0.2

Country weighting

Country	% of fund
Russia	61.6
Eastern Europe	9.7
Turkey	9.2
Poland	4.6
Romania	3.7
Hungary	1.5
Slovenia	1.4
Czech Rep.	1.3
Lithuania	1.1
Other	5.9

10 largest holdings

Company	Weight % of fund Q1 2011	Q4 2010	% Perf.[1]	Country	Sector
Sberbank	6.5	7.0	10.5	Russia	Financials
Gazprom	6.4	6.2	27.5	Russia	Energy
Lukoil	6.2	5.3	25.9	Russia	Energy
Surgut NG	3.1	2.3	17.7	Russia	Energy
Raiffeisen International	3.0	3.4	2.2	Eastern Europe	Financials
Rosneft	3.0	1.0	27.6	Russia	Energy
Transneft	2.7	2.6	18.0	Russia	Energy
EC Explorer	2.2	1.9	8.0	Eastern Europe	Financials
LSR Group	1.9	1.8	26.8	Russia	Materials
GMK Norilsky Nikel	1.8	2.6	9.8	Russia	Materials

10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings
37	0	158

1) Share price development in EUR during the first quarter 2011

In February 2011, East Capital Explorer announced a divestment of EUR 5m through reducing its holding in East Capital (Lux) Eastern European Fund by nearly one-third.

Direct Investments

Gert Tiivas**,** CEO of East Capital Explorer, comments below on the development of the Group's direct investments during the first quarter.

MELON FASHION GROUP

Melon Fashion Group's (MFG) turnover during the first quarter 2011 amounted to RUR 1,308m (EUR 32m), an increase of 74% over the first quarter 2010 (72% increase in EUR). It should be noted that the revenue for the Ukrainian operations of the three new concepts that were acquired during 2010 (Springfield, Women's Secret and Co&Beauty) were not included in the 2010 comparative numbers, and the revenue from the Russian operations of the same concepts were included only from 1 March 2010.

MFG's sales in comparable shops increased by 19% during the quarter compared to the same period 2010 in RUR terms (increase by 18% in EUR terms). As of 31 March 2011, MFG operated 510 shops, an increase of 10 shops since 1 January 2011.

MFG's strong sales performance during the quarter is partly attributable to a strong Russian demand, but even more to company-specific factors. The acquired concepts are now fully integrated, and initial operational problems related to the acquisition have been resolved. While the Russian operations (94% of revenue) are performing very well, the Ukrainian business is still considerably below its plans: MFG is a new actor on the Ukrainian market and brand recognition is still only a fraction of what it is in Russia.

In the end of 2010, Ernst & Young performed an external valuation of MFG. As a result, the total value of our investment in MFG was increased by 33% as of 31 December 2010, to a total of EUR 13.8m. The valuation reflected in our NAV as of 31 March 2011 remains the same as three months earlier.

TEO LT

TEO LT is a leading telecommunications operator in Lithuania, providing fixed line, internet and TV services. East Capital Explorer has been investing into the company since the third quarter of 2009, and as of 31 March 2011 held 2.9% of TEO shares, corresponding to a total value of EUR 15.7m after having purchased additional shares for EUR 1.1m during the first quarter 2011. Our holding of TEO shares decreased in value by 4% during the quarter. In total, East Capital's (including East Capital Explorer) holding in TEO amounted to 7.2% of the company.

TEO's first quarter 2011 revenue came in at EUR 54m, 3% less than a year ago. On the positive side the decline of TEO revenue has been at a slower rate than the overall Lithuanian telecommunications market.

Fixed line services still account for more than half of TEO's revenue and 8% contraction of the segment had a critical impact on the overall result during the quarter. Revenue from voice telephony services decreased with the number of fixed lines dropping by 1.4% during the quarter.

Internet and data communication services, comprising over 34% of TEO's revenues, suffered a slower 3% contraction quarter-on-quarter, despite an 11% year-on-year increase in the number of customers. Revenue from Internet services remained almost the same quarter-on-quarter, while revenue from data communication and network capacity services decreased 8%. By the end of the quarter 32% of TEO broadband Internet users had fiber optic access. As a result by the end of March, TEO penetrated around 48% of the country's households (up 4.1% quarter-on-quarter) placing Lithuania among the leaders in the EU in FTTH (Fiber to the home) penetration.

TV and IT services segments increased 27.4% and 31% respectively. While TEO market share of the pay-TV services market was 21% in terms of customers. On 31 December 2010 digital pay-TV penetration per 100 households of Lithuania was still just 21% signifying further growth potential.

TEO continued to show good cost control resulting in flat operating expenses year-on-year. Considering heavy capital investments in 2010, depreciation expenses have decreased just 1.4%. Hence, considering declining revenues the operating margin has declined from 25.3% to 22.3% and net profit decreased by 12%. Ebitda has declined by 9% and the Ebitda margin went down to just below 40% from the 42.4% last year.

The TEO AGM held on April 28, 2011 approved a dividend for 2010 of LTL 0.18, yielding almost 8% on the share. The AGM also held a vote regarding distributing excess cash from the company in the form of a capital reduction, which would have paid out LTL 120m (6.5% of MCAP) of excess cash unused in the operations. However, the shareholders meeting did not approve this proposal.

TEO's first quarter results again confirmed its strong investment case as a cost efficient cash generator yielding an attractive dividend and having a very strong balance sheet and interesting growth opportunities in new internet technologies, IT and TV services.

EAST EUROPEAN DEBT FINANCE

EEDF AG, a joint venture between East Capital Explorer, East Capital Financials Fund and Intrum Justitia was established in early 2010, for the purpose of acquiring NPL portfolios in Russia. In October 2010, a cooperation agreement was signed between EEDF AG and the EBRD, culminating on 22 December 2010 with the founding of a new investment company, owned by EBRD and EEDF AG. The new joint venture is aiming at expanding the financial capabilities of EEDF AG and making acquisitions of bigger NPL portfolios possible.

The overall commitments from East Capital Explorer, East Capital Financials Fund and Intrum Justitia remain unchanged. The investment capacity of this joint venture for the coming three years, however, could be increased. The current commitment of East Capital Explorer amounts to EUR 5m, of which EUR 0.3m had been drawn down at the end of the quarter, while the remaining funds were held in short-term investments.

The decrease in the value of East Capital Explorer's holding in EEDF of 7.6% occurred due to currency exchange rate fluctuations relating to the value of underlying assets held by the company.

POPULI

The Georgian food retailer Populi recorded a turnover of Georgian currency GEL 21.2m (EUR 8.8m) for the first quarter 2011, an increase of 9% compared to the same period 2010. Like-for-like sales (same store) increased by 12% during the quarter compared to the first quarter of 2010. The revenue increase is slightly lower than projected, reflecting that the growth in the Georgian economy has been weaker than predicted.

Populi's core business – convenience stores – performed better than the company's average, with a like-for-like growth of 17% during the quarter. The larger "XL" supermarket format, however, showed a meager 2% growth. During this spring, management is testing a number of improvement measures for the XL format to increase sales.

In February, Populi decided to raise USD 2m in new equity, to be used mainly for working capital. The capital increase is executed in three tranches during 2011, of which the first tranche was paid in the end of February, and the following planned for April and June. East Capital Explorer is participating in the capital increase with a total amount of approximately USD 770k. The capital increases are carried out at a valuation 41% below the initial USD 5m investment, and as a result the entire holding was written down to this new valuation level. In March East Capital Explorer also executed part of its free option at nil cost. As a result, East Capital Explorer's ownership in Populi was 27% by March 31, up from 22% at the beginning of the year.

WIMM-BILL-DANN

During the fourth quarter of 2010, East Capital Explorer made a direct investment of EUR 6.8m into Wimm-Bill-Dann Foods, a leading dairy and juice company in Russia listed in Moscow and New York.

On 2 December 2010, PepsiCo announced it had agreed to acquire 66% of Wimm-Bill-Dann for USD 3.8 billion at a price of USD 132 per common share. In accordance with Russian Law, PepsiCo is required to purchase the remaining 34% of the company within 35 days after the close of the transaction at buyout price not below the deal price. PepsiCo has a successful track record of completing similar M&A transactions on the Russian market and implementing strong corporate governance standards.

On 27 January 2011, PepsiCo announced it has obtained all necessary regulatory approvals required to close the acquisition. East Capital Explorer expects to realize a premium of approximately 17% (based on the currency exchange rate at the time of writing) from the average price of USD 117.46 paid per share upon completion of the buyout from PepsiCo towards the end of June 2011.

Should the buyout by PepsiCo not be completed, Wimm-Bill-Dann is still considered a sound company with strong fundamentals and a professional management team.

KOMERCIJALNA BANKA SKOPJE

East Capital Explorer completed a direct investment into Komercijalna Banka Skopje (KBS) during the first quarter of 2011. KBS is a leading bank in Macedonia, holding around 22% market share in total banking assets of the country.

The overall process of acquiring shares in KBS, started in late spring of 2010. It was a challenging process subject to many regulatory approvals and difficult negotiations with existing and potential investors. In December 2010, the Investment Manager managed to obtain a license to acquire up to 20% of the bank from the Central bank of Macedonia. This was a new precedent in the Balkans, as funds and investment companies were before denied in their attempts to buy significant stakes in local banks. Thus obtaining Central bank approval was a key step to completing the transaction. Later, we faced another challenge as the local SEC blocked the transaction on the grounds that Macedonian regulations do not regard investment companies as institutional investors, a necessary element for carrying out a directed share capital increase through private placement. With the backing of KBS' shareholders at the EGM in January 2011, the deal was closed on February 11 through a share capital increase carried out as a public offering in Macedonia. Thus we were able to acquire 9.3% of the company at the price negotiated earlier. Following the investment, East Capital Explorer directly and indirectly holds 10.9% of the company's share capital. Prior to the transaction East Capital Explorer indirectly held 1.6% of the company through its 52% holding in East Capital Bering Balkan Fund.

Looking on the business side, the bank is performing fine. 2010 was better than expected with a loan growth of 5%, while net profit of EUR 23.3m was above our earlier estimates, bringing return-on-equity to 18%. Higher net profit was mainly the result of provision reversals as the bank managed to recover some of the losses it had booked due to asset quality deterioration in previous years. KBS is expected to continue to pay dividends according to their dividend policy, and East Capital Explorer received a dividend for 2010 as well which with a 6% yield on its acquisition price in the capital increase. For 2011, KBS has presented a rather conservative plan which envisages an 8% loan growth and a small growth in net profit, but lower return-on-equity of 16-17% due to higher capital base after the capital increase. The return-on-equity would be higher with cheaper funding if the bank was owned by a foreign bank, which increases the attractiveness of the bank as a takeover target. KBS shares are currently trading at 5.5 times estimated 2011 earnings and 0.9 times estimated 2011 book value. The share is up 5.7% since the capital increase, while total return together with dividend payment is 11.4%.

We continue to work hands on with this investment. The first successful step was the election of our representative to the bank's supervisory board.

SHORT-TERM INVESTMENTS

East Capital Explorer has 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 31 March 2011, the fair value of the bond portfolio amounted to EUR 26.8m (53.1m).

The net result from bond portfolio for the first quarter 2011 was EUR 0.3m. This includes EUR 0.4m in interest income, EUR 1.4m in profit from exchange rates changes from forward contract on bonds and fair value change in the bond portfolio of EUR -1.4m.

Cash and cash equivalents

The EUR 3.0m (EUR 30m) that had not yet been invested or drawn-down, were placed in cash and cash equivalents. Interest income from cash and cash equivalents during 2011 amounted to EUR 0.0m (EUR 0.0m).

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 AB, East Capital Special Opportunities Fund, East Capital Bering Balkan 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 AB and its subsidiary Consibilink Ltd, 82% of the share of equity in the East Capital Special Opportunities Fund, 56% of the share of equity in the East Capital Bering Balkan 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 3 but are consolidated in the financial statements.

During the first quarter of 2011 new investors entered the East Capital Special Opportunities Fund II. As a result East Capital Explorer, from an accounting prespective, no longer has a controlling influence over the fund and therefore does not need to treat it as a subsidiary. Consequently, the fund has been reclassified from a subsidiary to shares and participations in investing activities.

While the global economy has continued its slow and irregular recovery impacted in part by recent political and natural crises, there are still major and hard to assess risks which remain and could affect the current positive trends and our investments. In addition, the global financial markets remain volatile and may increase the level of risk associated with our investments. For the coming months we remain in the same scenario as at the end of 2010 where we anticipate a continued trend of economic growth but at levels below long-term potential. While the current market comes with a high degree of risk, it also provides significant opportunities for positive profitability growth and development in sound portfolio companies.

Group

Total comprehensive income for the reporting period 1 January – 31 March 2011 amounted to EUR -9.0m (EUR 90.4m), which included exchange rate differences on translation of foreign operations of EUR -10.2m (EUR 4.9m).

Net profit for the period amounted to EUR 1.2m (EUR 85.9m). Of this a net loss of EUR 1.8m (profit of EUR 67.8m) was attributable to the shareholders of the Parent Company corresponding to earnings per share of EUR -0.05 (EUR 1.94).

For the reporting period, main items of the net profit include EUR -14.4m (EUR 87.0m) in unrealized change in the value of investments, EUR 21.6m (EUR 7.8m) in realized change in the value of investments, which relates to sale of shares held in the consolidated funds as well as shares in one of the fund investments.

Financial income amounted to EUR 0.3m (EUR 2.6m) and includes net result from bond portfolio EUR 0.3m (EUR 2.1m) and exchange gain in subsidiaries of EUR 0.0m (EUR 0.5m). The bond portfolio net result includes EUR 0.4m (EUR 0.7m) in interest income, result from exchange profits from forward contract on bonds EUR 1.4m (EUR -1.9m) and fair value change in the bond portfolio EUR -1.4m (EUR 3.3m).

Financial expenses amounted to EUR 1.4m (EUR 0.0m) which largely come from exchange rate losses in consolidated funds and subsidiaries.

Other items include EUR -4.2m (EUR -11.7m) in operating expenses (described further below) and EUR -0.7m (EUR -0.4m) in income taxes.

Of the total operating expenses of EUR -4.2m (EUR -11.7m) during the reporting period, EUR -0.5m (EUR -0.3m) relates to ordinary operating expenses within the Parent Company. The remaining EUR -3.7m (EUR -11.4m) relates to operating expenses in consolidated funds and subsidiaries. The decrease in operating expenses largely depends on decreased performance fee expenses, EUR -1.5m (EUR -10.2m), which mainly relates to the negative movements in the markets for the Power Utilities Fund and Special Opportunities Fund sectors as described further earlier in this report.

In order to calculate the fees related only to the shareholders in East Capital Explorer AB, we should exclude the non-controlling interest in the consolidated fund and add back fees generated in non-consolidated funds. Then the total fees payable to the Investment Manager generated by the fund investments and direct investments held by East Capital Explorer amounted to EUR 3.4m for the period. Of this EUR 1.5m was related to performance. It is worth noting that the performance for many of the fund investments are measured in USD and that the EUR strengthened 5.8 percent against the dollar during the quarter which explains the existence of performance fees in funds that measured in EUR have not increased in value. For more details about fees, please see the Annual Reports available at our website.

Parent Company

The Parent Company's net loss for the reporting period amounted to EUR -0.5m (EUR 45.7m) of which EUR 0m (EUR 46m) 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 -0.5m (EUR -0.3m). No investment activities were carried out within the Parent Company.

Tax

East Capital Explorer's consolidated tax of EUR -0.7m (EUR -0.4m) for the reporting period comprises the net effect of actual income tax within the Parent Company of EUR 0.0m (EUR 0.1m), actual tax related to subsidiaries of EUR -0.4m (EUR -0.5m) and deferred tax related to subsidiaries of EUR -0.3m (EUR 0m).

Dividend

As East Capital Explorer is fully invested, the Board of Directors earlier this year decided to change the dividend policy to start paying dividends. On 12 April the Annual General Meeting decided to pay out 0.80 SEK per share to shareholders, which was paid out on 20 April 2011.

Financial position

Cash flow from operating activities during the first quarter was EUR -12.3m (EUR -0.4m).

The Group's cash, cash equivalents and other short-term investments at the end of the period amounted to EUR 90m (EUR 99m). 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 30m (EUR 83m) and interest income from these amounted to EUR 0.4m (EUR 0.7m) during the reporting period.

The reclassification from subsidiary to share and participation of the holdings in East Capital Special Opportunities Fund II has affected the cash flow analysis in the investment activities by EUR 17m, of which EUR 16m refer to cash and EUR 1m to other balance sheet items relating to the fund, included in the closing balance as of 31 December 2010.

The major cash inflows in the investing activities refer to sales of shares held in the East Capital Power Utilities Fund, EUR 36m, and East Capital Special Opportunities Fund, EUR 14m, to facilitate the planned partial exits in the funds which are discussed below.

East Capital Explorer had no debt on 31 March 2011.

Commitments and draw-downs

EUR 5m has been committed to a direct investment in a joint venture, which together with Intrum Justitia and East Capital Financial Funds, seeks to invest in portfolios of non-performing consumer loans mainly in Russia. On 31 March, 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. A more detailed description of East Capital Explorer's material risks and uncertainties is provided in the company's 2010 Annual Report. An assessment for the coming months is provided in the Results section above.

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 page 89 in the 2010 Annual Report.

Organizational and investment structure

East Capital Explorer is a public limited liability company that indirectly and directly invests in Russia and other countries within the Commonwealth of Independent States (CIS), the Balkans, the Baltic States, Central Asia and Central Eastern Europe. Our indirect investments are made through a selection of East Capital's current and future funds.

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.

In addition to the related party transactions referenced above, East Capital Explorer has made direct investments into companies where East Capital Group also invests through one of its controlled companies or products, which during the period included investments in TEO LT, East European Debt Finance, Populi, Komercijalna Banka and Wimm-Bill-Dann.

For further information about the organization and investment structure of the Company, please see the corporate governance report for 2010 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

On 12 April 2011, the Annual General Meeting 2011 issued a new repurchase authorization for the Board to decide on acquiring the company's own shares until the Annual General Meeting 2012. The new authorization has not been utilized.

Annual Meeting 2011

East Capital Explorer's Annual General Meeting 2011 was held on Tuesday 12 April 2011, at Nalen, Regeringsgatan 74, Stockholm.

EVENTS OCCURING AFTER THE END OF QUARTER

During April East Capital Explorer made a partial exit from East Capital Special Opportunities Fund and received EUR 12.5m. East Capital Explorer made a second partial exit during April from the utilities sector through the East Capital Power Utilitites Fund and received EUR 20m. In April additional investments have been made in Komercijalna Banka of EUR 0.2m.

Also in April 2011, East Capital Explorer invested an additional EUR 0.2m into Populi as the second of three tranches of the company's equity financing announced in February of 2011 and received shares representing approximately an additional 1% of the company's share capital. In addition, during April East Capital Explorer received a dividend payment from Komercijalna Banka Skopje in the amount of approximately EUR 0.7m.

NAV on 30 April 2011

NAV per share per 30 April 2011 amounted to EUR 11.51 (corresponding to SEK 103), compared to EUR 12.07 (corresponding to SEK 108) on 31 March 2011. The share price on 30 April 2011 was SEK 80.25 (corresponding to EUR 8.98). Cash, cash equivalents and other short-term investments on 30 April 2011 amounted to EUR 59 m (SEK 531 m) corresponding to EUR 1.70 (SEK 15) per share. Of those, EUR 55 m (SEK 490 m) were available for future investments.

Portfolio on 30 April 2011	NAV per share, EUR	NAV, EURm	% of NAV
Fund Investments			
East Capital Bering Russia Fund	1.12	39.0	10%
East Capital Bering Ukraine Fund A	0.22	7.7	2%
East Capital Bering Ukraine Fund R	0.16	5.7	1%
East Capital Bering Balkan Fund	1.45	50.7	13%
East Capital Bering Central Asia Fund	0.64	22.4	6%
East Capital Bering New Europe Fund	0.55	19.0	5%
East Capital Power Utilities Fund	1.64	57.1	14%
East Capital Special Opportunities Fund	1.23	42.8	11%
East Capital Special Opportunities Fund II	1.07	37.5	9%
East Capital (Lux) Eastern European Fund	0.30	10.4	3%
	8.39	**292.2**	**73%**
Direct Investments			
Melon Fashion Group	0.40	13.8	3%
TEO LT	0.45	15.6	4%
East European Debt Finance	0.01	0.3	0%
Populi	0.07	2.5	1%
Wimm-Bill-Dann	0.21	7.3	2%
Komercijalna Banka Skopje	0.38	13.2	3%
	1.51	**52.6**	**13%**
Short-term Investments			
Short-term Investments (incl. bonds)	0.77	26.8	7%
Cash and cash equivalents	0.93	32.5	8%
	1.70	**59.3**	**15%**
Total Portfolio	**11.60**	**404.2**	**101%**
Other assets and liabilities net	-0.09	-3.0	-1%
Net Asset Value (NAV)	**11.51**	**401.2**	**100%**

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

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.

New or revised IFRS principles effective as of 1 January 2011 have not had any material effect on the financial position or results of the Group or Parent Company.

Stockholm, 6 May 2011

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
- Interim Report, 1 January – 30 June 2011 on 5 August 2011
- Interim Report, 1 January – 31 September 2011 on 11 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 6 May 2011.

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 31 March 2011, and the three-month reporting period ending on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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, 6 May 2011
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	2011 Jan-Mar	2010 Jan-Mar
Result from financial assets at fair value through profit or loss	-14,416	87,034
Realized gains/losses from financial assets through profit or loss	21,572	7,813
Received dividends	33	195
Total operating income	**7,189**	**95,042**
Staff expenses	-171	-179
Other operating expenses	-4,029	-11,503
Operating profit	**2,989**	**83,360**
Financial income	319	2,608
Financial expense	-1,398	-27
Profit before tax	**1,910**	**85,941**
Income tax	-697	-430
NET PROFIT FOR THE PERIOD	**1,213**	**85,511**
Other comprehensive income:		
Exchange differences on translating foreign operations	-10,242	4,918
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-9,029**	**90,429**
Net profit/loss for the period distribution:		
Shareholders of the Parent Company	-1,843	67,783
Non-controlling interest	3,056	17,728
	1,213	**85,511**
Total comprehensive income distribution:		
Shareholders of the Parent Company	-9,239	72,701
Non-controlling interest	210	17,728
	-9,029	**90,429**
Earnings per share, EUR		
- shareholders of the Parent Company	-0.05	1.94
No accumulated dilution effects		
No dilution effects during period		

Statement of Financial position

EUR thousands	2011 31 Mar	2010 31 Dec	2010 31 Mar
ASSETS			
Shares and participations in investing activities	432,798	455,302	386,363
Deferred tax assets	-	-	92
Total non-current assets	**432,798**	**455,302**	**386,455**
Other short term receivables	3,142	2,092	3,546
Accrued income and prepaid expenses	273	76	74
Short-term Investments	26,793	26,494	53,134
Cash and cash equivalents	63,352	62,874	45,682
Total current assets	**93,561**	**91,536**	**102,436**
Total assets	**526,359**	**546,838**	**488,891**
EQUITY AND LIABILITIES			
Equity			
Share capital	3,628	3,628	3,628
Other contributed capital	379,149	379,149	380,553
Translation reserve	-4,063	3,333	3,281
Retained earnings	43,742	-45,517	-44,997
Profit/loss for the period	-1,843	89,260	67,783
Equity attributable to shareholders of the Parent Company	**420,613**	**429,853**	**410,248**
Non-controlling interest	92,189	95,581	57,900
Total Equity	**512,802**	**525,434**	**468,148**
Deferred tax liabilities	1,483	1,182	713
Total long-term liabilities	**1,483**	**1,182**	**713**
Current liabilities			
Tax liabilities	61	252	798
Other liabilities	1,781	8,670	6,430
Accrued expenses and deferred income	10,232	11,300	12,802
Total current liabilities	**12,074**	**20,222**	**20,030**
TOTAL EQUITY AND LIABILITIES	**526,359**	**546,838**	**488,891**

Statement of Changes in Equity

EUR thousands 2011	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 2011	**3,628**	**379,149**	**3,333**	**43,743**	**429,853**	**95,581**	**525,434**
Net profit/losss for the period	-	-	-	-1,843	-1,843	3,056	1,213
Other comprehensive income	-	-	-7,396	-	-7,396	-2,847	-10,242
Total comprehensive income	**-**	**-**	**-7,396**	**-1,843**	**-9,239**	**210**	**-9,029**
Reclassification from subsidiary to investment	-	-	-	-	-	-1,812	-1,812
Dividend and redemption to/from non-controlling interest	-	-	-	-	-	-1,790	-1,790
Per 31 March 2011	**3,628**	**379,149**	**-4,063**	**41,899**	**420,613**	**92,189**	**512,802**

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**
Net profit for the year	-	-	-	67,783	67,783	17,728	85,511
Other comprehensive income	-	-	4,398	520	4,918	-	4,918
Total comprehensive income	**-**	**-**	**4,398**	**68,303**	**72,701**	**17,728**	**90,429**
Share buy-back	-	-3,823	-	-	-3,823	-	-3,823
Per 31 March 2010	**3,628**	**380,553**	**3,281**	**22,786**	**410,248**	**57,900**	**468,148**

Statement of Cash Flow

EUR thousands	1 Jan – 31 Mar 2011	1 Jan – 31 Mar 2010
Operating activities		
Operating profit	2,989	83,360
Adjusted for unrealised change in value	14,416	-87,034
Capital gain/loss from divestment	-21,572	-7,813
Interest received	302	351
Interest paid	-181	-27
Tax paid	-581	-1,582
Cash Flow From Current Operations Before Changes In Working Capital	**-4,628**	**-12,745**
Cash flow from changes in working capital		
Increase (-)/decrease (+) in other current receivables	-69	-2,038
Increase (+)/decrease (-) in other current payables	-7,564	14,391
CASH FLOW FROM OPERATING ACTIVITIES	**-12,261**	**-392**
Investing activities		
Investment in shares and participations	-38,931	-32,031
Reclassification from subsidiary to investment[2]	-17,246	-
Sale of shares and participations	71,198	23,936
CASH FLOW FROM INVESTING ACTIVITIES	**15,020**	**-8,095**
Financing activities		
Dividend and redemption to/from non-controlling interest	-1,790	-
Share buy-back	-	-3,823
CASH FLOW FROM FINANCING ACTIVITIES	**-1,790**	**-3,823**
CASH FLOW FOR THE PERIOD	**969**	**-12,310**
Cash and cash equivalents at beginning of the year[1]	62,874	57,909
Exchange rate differences in cash and cash equivalents	-491	83
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**63,352**	**45,682**

1) Cash equivalents comprise deposits and cash.
2) Holdings in East Capital Special Opportunities Fund II have been reclassified from subsidiary to investments, please refer to Financial Position section above for more information.

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 – 31 Mar 2011	Fund Investments	Direct Investments	Short-term Investments	Unallocated	Total consolidated
Result from financial assets at fair value through profit or loss	-13,437	-979	-	-	-14,416
Realized gains on financial assets through profit or loss	21,572	-	-	-	21,572
Dividends	33	-	-	-	33
Staff expenses	-	-	-	-171	-171
Other operating expenses	-3,510	-212	-	-307	-4,029
Operating profit/loss	**4,658**	**-1,191**	**-**	**-478**	**2,989**
Financial income	13	-	306	-	319
Financial expense	-1,396	-	-	-2	-1,398
Profit/loss before tax	**3,275**	**-1,191**	**306**	**-480**	**1,910**
Assets	383,744	52,429	90,145	40	526,359

EUR thousands 1 Jan – 31 Mar 2010	Fund Investments	Direct Investments	Short-term Investments	Unallocated	Total consolidated
Result from financial assets at fair value through profit or loss	84,606	2,428	-	-	87,034
Realized gains on financial assets through profit or loss	7,813	-	-	-	7,813
Dividends	195	-	-	-	195
Staff expenses	-	-	-	-179	-179
Other operating expenses	-11,221	-120	-	-162	-11,503
Operating profit/loss	**81,393**	**2,308**	**-**	**-341**	**83,360**
Financial income	559	-	2,049	-	2,608
Financial expense	-	-	-18	-9	-27
Profit/loss before tax	**81,952**	**2,308**	**2,031**	**-350**	**85,941**
Assets	368,215	21,690	98,816	170	488,891

Consolidated key figures

Key figures	3m 2011	12m 2010	9m 2010	6m 2010	3m 2010	12m 2009	9m 2009	6m 2009
Net asset value, EURm	421	430	398	383	410	341	325	292
Change in NAV during the quarter	-2.2%	8.0%	3.8%	-6.5%	20.2%	5.1%	11.2%	12.6%
Equity ratio, %	97.4%	96.1%	97.2%	97.8%	95.8%	98.4%	97.7%	98.1%
Market capitalization, SEKm	2,980	2,954	2,501	2,492	2,884	2,378	2,245	2,192
Market capitalization, EURm	333	329	273	261	296	232	220	202
Outstanding number of shares, m	34.9	34.9	34.9	34.9	35.0	35.5	35.5	35.5
Weighted average number of shares, m	34.9	35.0	35.0	35.1	35.3	35.7	35.7	35.8
Number of employees	4	4	4	3	3	4	4	4

Key figures per share	3m 2011	12m 2010	9m 2010	6m 2010	3m 2010	12m 2009	9m 2009	6m 2009
Earnings per share, EUR	-0.05	2.55	1.70	1.08	1.92	2.26	1.80	0.84
NAV, SEK	108	111	105	105	114	99	93	89
NAV, EUR	12.07	12.33	11.42	11.01	11.73	9.61	9.12	8.22
Share price, SEK	85.50	84.75	71.75	71.50	82.5	67	63.25	61.75
Share price, EUR	9.55	9.43	7.84	7.50	8.47	6.53	6.19	5.70
SEK/EUR, Source Bloomberg	**8.95**	**8.99**	**9.15**	**9.53**	**9.74**	**10.26**	**10.21**	**10.84**

Income statement – Parent company

EUR thousands	2011 Jan-Mar	2010 Jan-Mar
Staff expenses	-171	-179
Other operating expenses	-307	-162
Operating profit/loss	**-478**	**-341**
Financial income[1]	0	46,006
Financial expense	-2	-9
Profit/loss before tax	**-480**	**45,656**
Income tax	0	92
NET PROFIT/LOSS FOR THE PERIOD	**-480**	**45,748**

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

Statement of Comprehensive Income – Parent Company

EUR thousands	2011 Jan-Mar	2010 Jan-Mar
NET PROFIT/LOSS FOR THE PERIOD	**-480**	**45,748**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-480**	**45,748**

Balance Sheet – Parent Company

EUR thousands	31 Mar 2011	31 Dec 2010	31 Mar 2010
Participations in group companies	380,076	380,576	380,576
Deferred tax assets	-	-	92
Total non-current assets	**380,076**	**380,576**	**380,668**
Other short-term receivables	2,566	2,566	1,040
Accrued income and prepaid expenses	40	39	34
Cash and cash equivalents	160	272	2,622
Total current assets	**2,766**	**2,878**	**3,696**
Total assets	**382,842**	**383,454**	**384,364**
Share capital	3,628	3,628	3,628
Share premium reserve	379,149	379,149	380,553
Profit/loss brought forward	147	-44,361	-45,854
Net profit/loss for the period	-480	44,507	45,748
Total equity	**382,444**	**382,924**	**384,075**
Other liabilities	64	99	79
Accrued expenses and prepaid income	334	431	210
Total current liabilities	**398**	**530**	**289**
Total equity and liabilities	**382,842**	**383,454**	**384,364**

PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets	-	-	-
Contingent liabilities	-	-	-

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