

Year-End Report 2009



**EAST CAPITAL
EXPLORER**

Year-End Report 2009

- Net asset value per share on 31 December 2009 amounted to EUR 9.61 (EUR 7.31). The total net asset value amounted to EUR 341m (EUR 265m), which is a change of 5.1% (-16.7%) during the quarter and a change of 29% (-33%) during the reporting period
- For the reporting period, the net profit amounted to EUR 99m (EUR -151m), including EUR 109m (EUR -152m) in unrealised value gain on investments. Earnings per share amounted to EUR 2.27 (EUR -3.56)
- Net profit for the fourth quarter amounted to EUR 19m (EUR -60m), including EUR 19m (EUR -56m) in unrealised value gain on investments. Earnings per share amounted to EUR 0.53 (EUR -1.48)
- Cash, cash equivalents and bonds on 31 December 2009 amounted to EUR 88m (EUR 176m), corresponding to EUR 2.47 (EUR 4.85) per share
- In October East Capital Explorer announced a direct investment of EUR 9.0m in TEO LT, a Lithuanian telecom company
- Net asset value per share on 31 January 2010 amounted to EUR 10.20 (SEK 104). Cash, cash equivalents and bonds per the same date amounted to EUR 88m (SEK 904m) corresponding to EUR 2.49 (SEK 25.50) per share. EUR 44m (SEK 453m) of those, corresponding to EUR 1.25 (SEK 13) per share were available for further investments
- In January, East Capital Explorer announced a EUR 5m direct investment in a new venture which, together with Intrum Justitia and the East Capital Financials Fund, will seek to invest in portfolios of non-performing consumer loans in Russia

PORTFOLIO ON 31 DECEMBER 2009

	Number of units	Acquisition value tEUR	Fair value 31 Dec 2008 tEUR	Fair value 31 Dec 2009 tEUR	Fair value change 2009, % ¹	Fair value change Q4 2009, % ¹	NAV/share EUR	% of NAV
Equity Fund Investments								
East Capital Bering Russia Fund ²	1,660,805	43,590	7,377	33,130	21.0	12.2	0.93	9.7
East Capital Bering Ukraine Fund	1,212,296	24,411	7,630	7,053	-7.6	9.1	0.20	2.1
East Capital Bering Balkan Fund ³	6,220,853	44,938	17,631	35,262	27.6	-4.4	0.99	10.3
East Capital Bering Central Asia Fund ⁴	5,933,960	29,478	7,389	20,989	21.1	19.3	0.59	6.1
East Capital Bering New Europe Fund ⁵	2,516,097	14,972	6,842	16,767	41.9	3.9	0.47	4.9
East Capital Power Utilities Fund	162,000	81,000	26,515	73,394	176.8	14.3	2.07	21.5
East Capital Special Opportunities Fund ⁶	4,897,249	35,000	-	39,293	12.3	1.7	1.11	11.5
East Capital Russian Property Fund ⁷	400	1,425	513	991	n/a	n/a	0.03	0.3
East Capital (Lux) Eastern European Fund (EUR)	182,500	18,250	5,814	11,467	97.2	10.0	0.32	3.4
Total Equity Fund Investments		293,064	79,710	238,346	49.3	7.7	6.71	69.9
Direct investments								
MFG (OAO Melon Fashion Group)	4,996	9,941	9,941	10,402	4.6	4.6	0.29	3.0
TEO LT, AB	16,722,875	8,964	-	8,860	-1.2	-1.2	0.25	2.6
Total Direct Investments		18,905	9,941	19,262	1.9	1.9	0.54	5.6
Short-term Investments								
Short-term investments		36,000		37,406			1.05	11.0
Cash and cash equivalents			175,789	50,314			1.42	14.7
Total short-term investments			175,789	87,720			2.47	25.7
Total Portfolio			265,440	345,328			9.73	101.2
Other assets and liabilities net			-415	-3,958			-0.11	-1.2
Net Asset Value (NAV)			262,025	341,369	28.8	5.1	9.61	100.0

¹ The fair value change measures the return on the actual invested amount during each respective period.

² An additional investment of EUR 20m, corresponding to an additional 1,122,961 newly issued shares, was made into the fund in October 2009.

³ An additional investment of EUR 10m, corresponding to an additional 1,682,166 newly issued shares, was made into the fund in October 2009.

⁴ An additional investment of EUR 10m, corresponding to an additional 3,447,506 newly issued shares, was made into the fund in May 2009.

⁵ An additional investment of EUR 5m, corresponding to an additional 956,097 newly issued shares, was made into the fund in May 2009.

⁶ The East Capital Special Opportunities Fund was launched during the second quarter of 2009. The full committed amount of EUR 35m had been drawn-down per 30 June 2009.

⁷ EUR 40m has been committed to the East Capital Russian Property Fund. To date, no investments have been made in the fund. Total draw-downs of EUR 1.5m have been made to cover costs in the fund, amounting to EUR 0.4m. The remaining committed EUR 38.5m is still placed in short-term investments.

An indicative net asset value is calculated monthly and published through a press release and on the website www.eastcapitalexplorer.com on the fifth working day after the end of each month.

Comparable figures for the corresponding period 2008 are stated in parentheses. The income statement for 2008 has been restated following the amended IAS 1, see Accounting Principles on page 12. Note that certain numerical information may not sum due to rounding.

CEO COMMENTS ON THE FOURTH QUARTER

Despite the prevalence of fear at the beginning of the year, 2009 turned into quite a good year for the financial markets. The gradual increase in risk appetite throughout the year benefited, in particular, the emerging markets, amongst them, the majority of the Eastern European markets.

The macroeconomic situation has continued to stabilize and many of our countries will return to growth in 2010. Investors' confidence in Eastern European markets has improved significantly, and certain Euro zone members now experience higher risk spreads than Eastern European countries. The majority of Eastern European countries have managed the crisis quite well, although challenges remain.

We have decided to increase the amount of information which we disclose about our portfolio externally as market expectations for transparency have increased. As of this report, we will publish East Capital Explorer's top ten holdings on a see-through basis, as well as the top ten holdings of each of our fund investments. Our ambition is also to provide investors more information about the portfolio companies, and to provide a more detailed description of the portfolio managers' work during the reporting period. You will also notice that our portfolio is very well diversified: our ten largest holdings count for only 21% of our NAV and through East Capital Explorer we offer access to approximately 400 underlying holdings.

Our single largest holding is TEO, a Lithuanian telecom company, in which we made a direct investment during the third quarter 2009. This is a solid company, which we bought at a very attractive valuation. At the time of this report, the stock is up approximately 25%. TEO just released its year-end report, which was relatively strong, considering that Lithuania was one of the countries hardest hit by the economic downturn in 2009. Although the fourth quarter was weak, revenues and EBITDA for the full year were only marginally down, whereas the company managed to grow its bottom line. TEO's Board decided to put the cancellation or sale of the treasury shares to a shareholder vote. Either outcome would be positive for the company's shareholders and we are pleased that the Board of TEO has taken this shareholder-friendly action.

Our second largest position is Fondul Proprietatea, a Romanian investment company. The company remains attractively valued, its assets trading at a large discount, and our fund manager has been increasing the holding in this company in recent months. We have been expecting the company to finalize the management agreement with Templeton and commit to a clear listing timeline. Although the speed of those developments has been slower than we had hoped, which explains why the share price was down during Q4, things have been moving in the right direction. Just last week, the company's EGM confirmed the signing of the management agreement and the CEO reiterated his commitment to list the company in 2010. Both of those steps, when executed, will be a major step ahead.

Our third largest holding, a direct investment into Melon Fashion Group, continued its fast growth by opening 81 new shops in

2009. This enabled the company to grow its turnover for the full year 2009 by 43% in RUR (18% in EUR), compared to 2008, in spite of the fact that the Russian retail market experienced a significant contraction. MFG's sales in comparable stores decreased by 3% in RUR terms (decreased 20% in EUR terms) during the period. In spite of opening shops at a fast pace, the company ended 2009 with a higher level of cash than it had in the beginning of the year. Management is actively investigating various alternatives for growth, including acquisitions, international expansion and partnerships. We follow this process very closely as organic growth with existing concepts has its natural limits. In late 2009, we requested E&Y to perform an independent valuation of our holding in MFG. As a result of this, the fair value of the holding was increased by 4.6% compared to acquisition cost.

Five of the names on our top ten list are utility companies, as our largest fund investment, to date, is in the East Capital Power Utilities Fund. This fund performed very well during the year, both in absolute and in relative terms. Its value increased by 177% in 2009, and as of the end of January 2010, the fund's net asset value was back to its level at inception. You will find additional information concerning the largest utility holdings in the fund section. We remain positive to the sector, and see further potential for value growth, although repeating the 2009 performance will not be easy.

The company's net asset value increased by 5.1% during the fourth quarter, taking the total gains in 2009 to 29%. Since inception, the net asset value, as of the end of 2009, was down 10.4% in EUR-terms, and 1.6% in SEK-terms. We are pleased that as at 31 January 2010, the net asset value in SEK-terms had surpassed the levels reached before the financial crisis.

Although still no deals have been made in the East Capital Russian Property Fund, activity level in this segment is high, and we expect to see results shortly. As no investments have been made by the fund, the management fees charged for 2008 and 2009 have been refunded to us by East Capital.

In January, we announced our third direct investment which is a venture together with Intrum Justitia and the East Capital Financials Fund. This new venture will seek to acquire portfolios of consumer debt in Russia. This is a new market segment in Russia, and we are excited to be one of the first players to enter the market and to start building a franchise. We are also pleased to have partners who can bring a lot to the table in terms of knowhow and access to deal flow. Our commitment to this venture is EUR 5m.

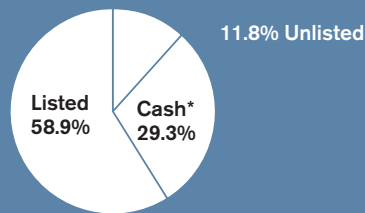
We are looking forward to another interesting year and we will keep investing, expecting to be fully invested during 2010. We also expect to see improvements in the performance of those fund investments that did not perform according to expectations in 2009.

Gert Tiivas, CEO

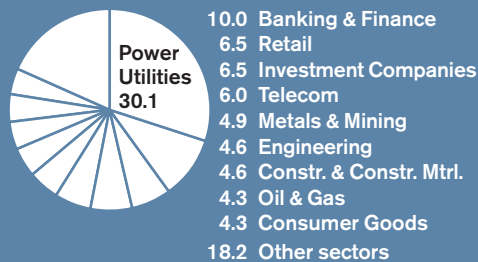
Top 10 in East Capital Explorer on a see-through basis

Company	% of NAV	Value of the holding on 31 Dec 2009 EURm	Country	Type of company	Market capitalisation on 31 Dec 2009 EUR m	East Capital Explorer's investment vehicle	Read more on page
TEO	3.8	12.8	Lithuania	Telecom	568	Direct investment East Capital Special Opportunities Fund East Capital (Lux) Eastern European Fund	14
Fondul Proprietatea	3.3	11.2	Romania	Investment Company	999	East Capital Special Opportunities Fund East Capital Bering Balkan Fund	13
Melon Fashion Group	3.0	10.4	Russia	Fashion retailer	Unlisted	Direct investment	13
TGK-7	1.8	5.9	Russia	Power generator	952	East Capital Power Utilities Fund East Capital Bering Russia Fund	11
Bank CenterCredit	1.7	5.7	Kazakhstan	Banking & Finance	565	East Capital Bering Central Asia Fund East Capital Bering Russia Fund East Capital (Lux) Eastern European Fund	9
Sollers	1.7	5.6	Russia	Automotive	344	East Capital Special Opportunities Fund East Capital (Lux) Eastern European Fund	13
MRSK Holding	1.6	5.6	Russia	Power Utility holding company	4 000	East Capital Power Utilities Fund East Capital Bering Russia Fund East Capital (Lux) Eastern European Fund	11
RusHydro	1.4	4.6	Russia	Hydro power generator	8 220	East Capital Power Utilities Fund East Capital (Lux) Eastern European Fund	12
MRSK Center Volga Region	1.3	4.3	Russia	Power Distribution	617	East Capital Power Utilities Fund East Capital (Lux) Eastern European Fund	12
MRSK Center	1.3	4.3	Russia	Power Distribution	838	East Capital Power Utilities Fund East Capital (Lux) Eastern European Fund	12
Total top 10	21.0	71					

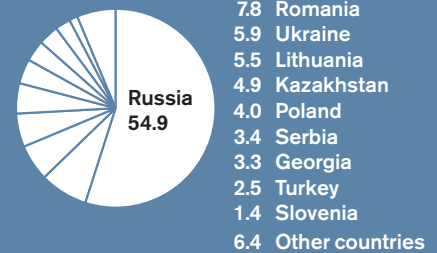
EXPOSURE BY TYPE OF INVESTMENT, % per 31 December 2009



EXPOSURE OF INVESTED PORTFOLIO BY SECTOR, % per 31 December 2009



EXPOSURE OF INVESTED PORTFOLIO BY COUNTRY, % per 31 December 2009



* Includes cash, cash equivalents and bonds of EUR 88m as well as any cash in the underlying funds per 31 December 2009.

NET ASSET VALUE

The net asset value on 31 December 2009 amounted to EUR 341 m (EUR 265m), corresponding to EUR 9.61 (EUR 7.31) per share. This corresponds to a change of 5.1% compared to the net asset value on 30 September 2009 which was EUR 325m (EUR 9.15 per share) and a change of 29% compared to the net asset value on 31 December 2008.

On 31 December 2009, cash, cash equivalents and bonds amounted to EUR 2.47 (EUR 4.85) per share which corresponds to 26% (66%) of the total net asset value per share.

The closing price per share on 31 December 2009 was SEK 67.00 (corresponding to EUR 6.53).

Net asset value, share price and index development

Net asset value, share price and index (SEK)	1 Oct – 31 Dec 2009	1 Jan – 31 Dec 2009	January 2010
Net asset value (EUR)	5.1%	28.8%	6.9%
East Capital Explorer share	5.9%	66.7%	4.1%
OMXSPI ¹	6.8%	46.7%	0.7%
RTS Index ²	18.4%	112.6%	6.3%
RTS 2 Index ³	12.3%	65.2%	6.0%
MSCI EM Europe ⁴	20.1%	143.5%	8.7%

¹ OMXSPI includes all equities listed on NASDAQ OMX Stockholm.

² RTS Index includes the 50 largest companies traded on the Russian Trading System (RTS).

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.

MACRO ECONOMIC DEVELOPMENT DURING THE FOURTH QUARTER

The economic recovery gained momentum across Eastern Europe in the fourth quarter. Although many economic indicators are still in negative territory on a year-on-year basis, they have turned positive on a monthly or quarterly basis. The growth forecasts have also turned even more positive for 2010.

Russia and Ukraine

The upward revision of growth is perhaps most evident in Russia where the consensus has edged upwards throughout the fall, and is starting to approach our Investment Manager's view of 5% GDP growth in 2010. Inflation continued to decline during the period and the Central Bank cut the refinancing rate to 8.8%.

The most important news on the political front was President Medvedev's annual address to the Federal Assembly in November. Medvedev, once again, stressed the need to accelerate political development, as well as economic modernisation and diversification, increasing energy efficiency, reducing the tax burden, fighting corruption and developing advanced technology in Russia, thus setting the long-term targets for the Russian government.

The Ukrainian economy continued to underperform in the fourth quarter and is likely to have contracted 14% in 2009, whereas inflation remained the highest in the region at 12.3% in December. Analysts have been debating the probability of a major balance of payments problem, but it would appear that the Central Bank has sufficient reserves to support the economy until the IMF program is resumed. The budget for 2010 remains unclear and is a key item in order to secure the next tranche from the IMF.

The presidential election in early 2010 dominated the last months of the year in Ukraine. Yanukovich appears to have emerged the winner and there is a possibility that the political situation could stabilise in 2010 if Tymoshenko and Yanukovich are able to strike a constructive dialogue. They do have constructive views on certain important issues, such as integration with Europe without the effect of destroying the important relationship with Russia. Tymoshenko proved this successfully when brokering a gas deal with Russia during the period and, thereby, avoided a gas conflict at the end of the year.

Central Asia

The Kazakh economy, which was one of the first to suffer from the crisis through the leveraged banking sector and high dependence on natural resources, has started to recover and experienced only marginal contraction in 2009. A new three year budget was passed in November, forecasting 2.4% growth in 2010, gradually accelerating to 3.9% in 2012, while inflation is expected to stay in single digits. The forecast is based on a crude oil price of USD 50-60 per barrel, which is on the conservative side. The other resource-dependent economies in Central Asia, most notably Turkmenistan and Uzbekistan, will, together with Azerbaijan, show strong growth in 2009 and 2010. The European Bank for Reconstruction and Development (EBRD) recently upgraded its forecasts, arguing that the three economies will grow 6%, 7% and 9%, respectively, in 2009 and 14%, 8% and 9%, respectively, in 2010.

Baltic States

The Baltics have also seen an upward revision of growth forecasts for 2010. SEB revised its 2010 GDP forecast for Lithuania from

-4% to +1% on the back of more positive exports, industrial production, transportation and quarterly growth numbers. The SEB growth upgrade is an important signal, and although consensus still believes in an economic contraction in 2010 in Lithuania, upgrades from other forecasters are also to be expected. Growth in Estonia is expected to be flat or slightly positive in 2010, whereas it looks like Latvia will see its economy further contract this year. Estonia will, however, be in the spotlight, as it is widely expected to obtain the formal approval to join the Euro zone in 2011. The official convergence rate will be set during the first half of 2010. The three countries have chosen different strategies in tackling the financial crisis. Estonia has been running a tight budget in order to qualify for Euro entry in 2011, Latvia has cut the budget in line with the IMF/EU conditions, whereas Lithuania has turned to the Eurobond market without committing to any budget constraints.

Central Europe

The macro economic indicators for Central Europe continued to improve slowly and, generally, in line with expectations. A notable exception was Polish industrial production, which grew much faster than expected in November, 9.8% year-on-year. The central banks have further cut official rates, and they are now at 3.5% in Poland, 1.0% in the Czech Republic, and 6.25% in Hungary. The IMF approved a USD 1.2bn standby loan for Hungary. The governments throughout the region have passed budgets for 2010 without any major political obstacles.

Southeastern Europe

In relation to Serbia, the EU decided to unfreeze the interim trade portion of the Stabilization and Association Agreement (SAA). The visa requirement for travel to the EU was abolished, and President Tadic submitted the EU membership application in December. Moreover, third quarter GDP was down by only 2.3%, which was less than the majority of the peers in the region, and better than expected. The Central Bank cut the rate by another 50bp to 9.50%, which is far below the 17.75% at the beginning of 2009.

The incumbent President in Romania, Basescu, won a second five-year term at the beginning of December after a slim victory. Subsequently, there was uncertainty regarding the formation of a new government, which put a drag on the Romanian stock market towards the year-end. The new government prepared a 2010 budget in line with IMF requirements and this was later approved in parliament. This will, likely, lead to the release of further funds from the IMF, the EU and the World Bank.

Rating institute Fitch made a two-notch rating upgrade of Turkey. This provided the Turkish market with strong positive momentum, which was not hampered by the Constitutional Court's decision to close the pro-Kurdish party. The Court's decision created a certain degree of nervousness, but this has not created any major tensions in the country. Towards the end of the month, newspapers reported that Prime Minister Erdogan told senior members of the ruling party that the government is close to reaching an agreement with the IMF on a two-year standby arrangement. The market did not react strongly to the news that third quarter GDP came in slightly better than expected, at -3.3% year-on-year, nor that the Central Bank signalled that it had reached the end of the rate cut cycle by keeping the reference rate at 6.5%.

Portfolio overview

Per 31 December 2009, East Capital Explorer had investments totalling EUR 258m compared to EUR 90m on 31 December 2008.

Changes in the portfolio during the quarter

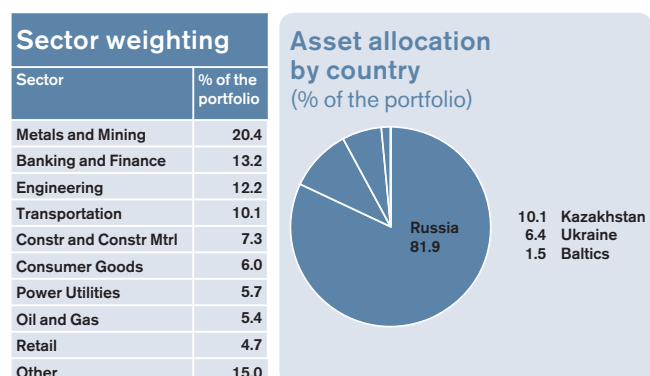
On 30 September 2009, East Capital Explorer made additional investments in some of the East Capital Bering Funds. EUR 20m was invested in 1,122,961 newly issued shares in East Capital Bering Russia Fund, bringing East Capital Explorer's total holding in the fund to 1,660,805 shares. EUR 10m was invested in 1,682,166 newly issued shares in East Capital Bering Balkan Fund, bringing East Capital Explorer's total holding in the fund to 6,220,853 shares. The fund units were received in the beginning of October.

At the end of September, East Capital Explorer together with some of the East Capital Funds, started acquiring shares in TEO LT. On 31 December 2009, East Capital Explorer's direct investment in TEO totaled EUR 9.0m, corresponding to 2.1% of the shares in the company.

EAST CAPITAL BERING RUSSIA FUND

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

Fund portfolio on 31 December 2009



10 largest holdings				
Company	% of the fund	Q4 change*	Country	Sector
Bank CenterCredit	9.7	-0.3	Kazakhstan	Banking and Finance
Fesco	9.2	-4.9	Russia	Transportation
Kuzbassrazrezugol	8.7	-0.5	Russia	Metals and Mining
Neftekamsk Auto Plant	5.3	5.3	Russia	Engineering
Nova Liniya	4.5	-1.1	Ukraine	Retail
Korshunovsky GOK	4.4	-0.8	Russia	Metals and Mining
Ostankinsky Molochny	3.5	0.6	Russia	Consumer Goods
Bamtonnelstroy	3.5	0.0	Russia	Constr and Constr Mtrl
Belon	3.4	3.4	Russia	Metals and Mining
Verofarm	3.3	-1.4	Russia	Pharmaceuticals
10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings		
55.5	8.2	120		

* Percentage change in weighting during the fourth quarter.

Fund performance

	Q4 2009	FY 2009	Since inception May 2004
East Capital Bering Russia Fund, EUR	+12.8%	+44%	+143%
RTS2 Index, EUR ¹	+19.4%	+154%	+71%
East Capital Explorer's share of the fund on 31 December 2009:			34%

¹ 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.

Market comment fourth quarter

The fourth quarter was very volatile in Russian stock markets. After reaching 52-week highs, international investors started to take profits in commodities and emerging market equities, and the Russian sovereign fund sold stakes in Russian large-caps. However, good industrial production figures, banking and consumer statistics, supported equity purchases and contributed to an improved market sentiment, and the RTS, the main market index, increased 15% during the fourth quarter.

Portfolio comment fourth quarter

The under-performance of the fund during the fourth quarter, compared to RTS2 index, continues to be largely explained by composition differences between the fund and the benchmark index. Investor interest has returned to the mid-caps, but not to small-caps; however, the Investment Manager expects investor interest to reach these companies in 2010. Moreover, certain companies in the benchmark index that performed very well during the quarter are too large to be considered for the fund.

Bank CenterCredit was the top contributor to the fund's returns. Throughout the year, the stock had been lagging behind peers due to low liquidity. On a price-to-book ratio, this is still one of the cheapest banks in the investment universe of the fund, with a price-to-book ratio of 1.0x expected in 2010 and 0.8 in 2011, compared to Kazakhstan and Russian peers in the 1.5x-2.0x range. Price-earnings ratio for 2010 is 5x. During the first half of 2010, bad loan provisions will start to decline, according to the forecast of the Investment Manager. The bank has a strong main owner in Kookmin, a large Korean bank.

Another top contributor was Kuzbassrazrezugol, which previously has had an issue with transfer pricing. The Investment Manager expects significant increase in profitability as a result of abolished transfer pricing practices. The upcoming IPO of Siberian Coal Energy Co., another large Russian thermal coal producer also known as SUEK, might also be a trigger, as valuation guidance prior to the IPO indicates USD 140 per metric tonne of production capacity, while Kuzbassrazrezugol trades only at USD 70 per metric tonne.

Korshunovsky Mining and Processing, an iron ore mine and part of Mechel, also performed well, as steel companies were among the favourites in Russia during the quarter. With an enterprise valuation of USD 30 per metric tonne iron ore concentrate output, the company still offers cheap exposure to low-cost raw materials production in Russia. The only real peer would be Ferrexpo in the Ukraine, trading at USD 220 per metric tonne. The valuation corresponds to a price-earnings ratio of 3x during a mid-cycle for steel. The company is located close to the Chinese border, which is a business advantage.

IT wholesaler, ELKO, was the worst performer in the fund during the quarter, following an external revaluation at the end of the year (see also page 10). Shares in the engineering companies, Krasny Kotelschik and Almetevsky Trubny, failed to recover during the quarter, despite strong underlying fundamentals, such as increased infrastructure investments in the energy sector and increased steel prices. Both companies belong to a large integrated holding company, EM Alliance, which recently announced plans for an IPO.

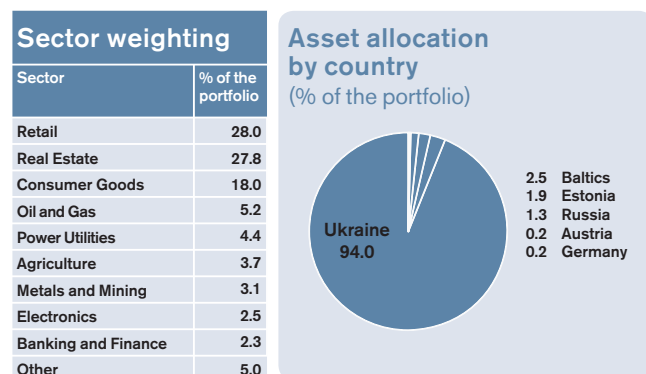
The fund acquired a 10% stake in Nefaz during the quarter. The company produces trailers and buses, and the latter enjoys government support and is, in spite of the crisis, doing relatively well. The stock was down 85% since its peak and is expected to turn around in 2010 with increased spending on trucks and buses.

The export commodity markets have stabilised during 2009. 2010 is expected to be positive as regards domestic consumption. Manufacturing, construction and retail sectors are expected to outperform as real incomes in Russia continue to recover, the cost of debt declines and new debt could restore consumer demand. Combined, these sectors represent 40% of the fund's holdings and the Investment Manager believes that the portfolio is well positioned for the expected developments in 2010.

EAST CAPITAL BERING UKRAINE FUND

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

Fund portfolio on 31 December 2009



10 largest holdings

Company	% of the fund	Q4 change*	Country	Sector
Nova Liniya	26.4	2.6	Ukraine	Retail
Chumak Class A	15.5	-1.2	Ukraine	Consumer Goods
Henryland	13.0	-0.2	Ukraine	Real Estate
Kantik	12.7	2.1	Ukraine	Real Estate
Galnaftogaz	4.3	0.6	Ukraine	Oil and Gas
Centrenerg	3.2	-0.2	Ukraine	Power Utilities
ELKO	2.4	-2.1	Baltics	Electronics
Kreativ Group	2.3	1.3	Ukraine	Agriculture
Bank Forum GDR	2.1	-0.3	Ukraine	Banking and Finance
Trev-2	1.8	0.2	Estonia	Constr and Constr Mtrl
10 largest holdings (% of portfolio)	83.7		Unlisted holdings (% of portfolio)	71.1
			Total number of holdings	45

* Percentage change in weighting during the fourth quarter.

Fund performance

	Q4 2009	FY 2009	Since inception July 2005
East Capital Bering Ukraine Fund, EUR	+7.2%	-8.3%	-29%
PFTS Index ¹	+9.5%	+78%	-4.7%
East Capital Explorer's share of the fund on 31 December 2009:			12%

¹ The PFTS Index is the Ukraine stock market index composed of the twenty largest shares on the stock exchange in Kiev.

Market comment fourth quarter

The Ukrainian stock market was rather volatile during the fourth quarter, as it maintained a weak upwards trend in anticipation of the presidential election in January-February 2010. Uncertainty regarding IMF financing, lack of political will, and a stand-still in reforms have been the major factors behind the strong volatility.

Portfolio comment fourth quarter

The performance of the fund is primarily dependent on changes in the fundamentals of the private equity holdings representing 71% of the total fund. Hence, a short-term comparison with a stock market index is less relevant. The Ukrainian stock market has been moving up on improved sentiment for three consecutive quarters. The Ukrainian real economy is expected to return to growth in 2010, and only then can positive effects on the fundamentals in private equity holdings be expected.

The largest private equity holding in the fund, the Nova Liniya do-it-yourself (DIY) chain, has been revalued by an independent valuer. The new value is 16% higher than last year's valuation, which was undertaken at the trough of the crisis. The new valuation implies a trailing EV/Ebitda of 8 times. The outlook for the company has improved in line with the outlook of the general economy. After a 29% sales decline in 2009, revenues are expected to grow by 17% in 2010, with two new stores to be opened in the spring. Despite the crisis, Nova Liniya continues its roll-out of new stores, albeit at a lower pace, with at least three new stores planned for 2010.

Real estate development company, Kantik, controlled by East Capital funds, was also revalued in an external valuation. The stock gained 26%, because of the better-than-expected lease-out in the shopping centre under development, as well as higher-than-expected rental income in existing retail properties.

The holding in the IT wholesaler, ELKO, was also revalued at the end of the year, contributing negatively to fund performance (see also page 10).

One of the highest gains in the fund was posted by the Ukrainian oil and fats producer, Kreativ Group, after the successful launch of two new processing plants. The stock is still undervalued compared to peers, at a 2010 estimated EV/Ebitda of 3 times. We have increased our stake in this company from 2.3% to 2.7%.

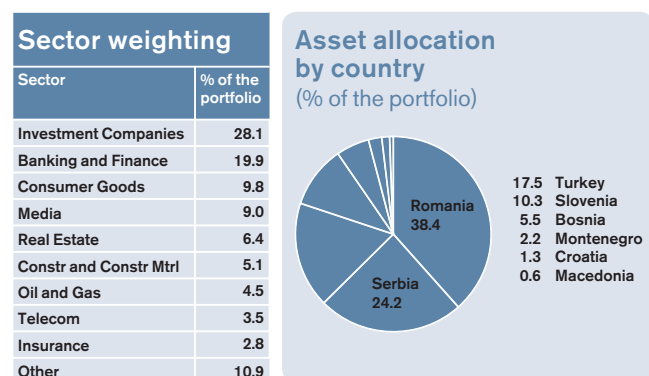
The fund acquired shares in Darnitsa, the largest Ukrainian pharmaceutical producer in terms of volume, which is attractively valued at 2.3 times EV/Ebitda. This is a debt-free company with expected sales growth of 30% in 2010. Apart from the high organic growth of 20-30% per year, the company is a likely M&A target for multinationals. The size of the Ukrainian pharmaceuticals market is presently just USD 36 per capita, i.e. much less than the average for Eastern Europe of USD 140 per capita.

The fund has also been adding additional Ukrainian large caps, such as Ukrnafta and Ukrtelecom. Our Investment Manager believes that the Ukrainian stock market is set for a strong post-election rally, supported by resumed IMF assistance. Liquid holdings in the fund will comprise the primary beneficiaries. As the Ukrainian economy will start showing signs of real growth in 2010, upwards forecast revisions for corporate results are expected to follow, which should increase the fundamental value of the private equity holdings of the fund.

EAST CAPITAL BERING BALKAN FUND

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

Fund portfolio on 31 December 2009



10 largest holdings

Company	% of the fund	Q4 change*	Country	Sector
Fondul Proprietatea	12.7	2.4	Romania	Investment Companies
B92	8.1	-1.2	Serbia	Media
Abanka	6.7	-0.3	Slovenia	Banking and Finance
Pinar Et Ve Un	4.7	0.5	Turkey	Consumer Goods
Impact	4.1	0.3	Romania	Real Estate
Rompetrol Rafinare	3.5	0.2	Romania	Oil and Gas
Finans Leasing	3.4	0.1	Turkey	Banking and Finance
Agrobanka	3.3	-1.3	Serbia	Banking and Finance
Zavarovalnica Triglav	2.5	-0.2	Slovenia	Insurance
Aik Banka	2.4	-0.8	Serbia	Banking and Finance
10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings		
51.4	23.4	62		

* Percentage change in weighting during fourth quarter.

Fund performance

	Q4 2009	FY 2009	Since inception July 2006
East Capital Bering Balkan Fund, EUR	-6.0%	+4.4%	-28%
East Capital Explorer's share of the fund on 31 December 2009:	47%		

There is currently no relevant benchmark available for the fund.

Market comment fourth quarter

The Balkan equity markets showed a mixed performance in the fourth quarter. Turkish equities gained the most, as valuations were relatively attractive and as the country's sovereign rating was upgraded by Fitch at the beginning of December. Serbian equities performed least well, despite positive news on the EU front.

Portfolio comment fourth quarter

During the quarter, the fund further increased its holding in the Romanian privatisation fund Fondul Proprietatea. By the end of 2009 this was the largest holding in the fund (see also page 13).

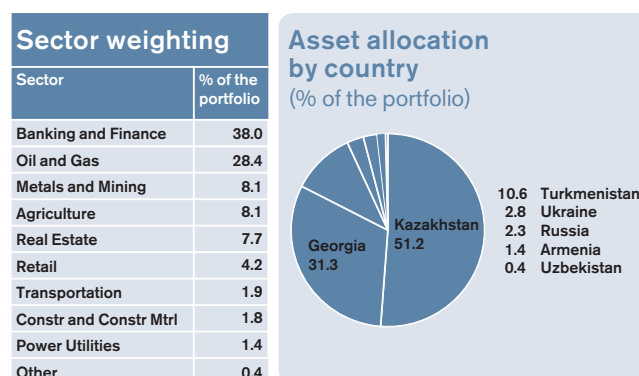
Impact, the Romanian real estate developer, was among the top performers, gaining 13.6% during the fourth quarter, as a competing portfolio investor announced that it had acquired a 6% stake in the company. In addition, investors are expecting a pick-up in demand for residential units as a result of declining interest rates.

In Serbia, shares in Agrobanka lost 25.6% of their value during the quarter. In the fund manager's opinion, the drop came without explanatory negative news. The bank continues to trade at one of the most attractive valuations in the region: 2009 price-earnings ratio of 4x and a price-to-book ratio of 0.35 based on management's expectations for the year. The bank nearly reached its entire 2009 profit target during the first nine months 2009. Some support should come for Serbian equities going forward, as the market was still 83% below its all-time-high by the end of 2009, despite the positive news on the EU front and relatively strong macroeconomic data.

EAST CAPITAL BERING CENTRAL ASIA FUND

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

Fund portfolio on 31 December 2009



10 largest holdings

Company	% of the fund	Q4 change*	Country	Sector
Bank of Georgia	16.1	-0.3	Georgia	Banking and Finance
Kazmunaigas EP	13.8	-0.8	Kazakhstan	Oil and Gas
Bank CentreCredit	11.1	1.8	Kazakhstan	Banking and Finance
Dragon Oil	10.2	0.0	Turkmenistan	Oil and Gas
Caucasus Agro Development	6.9	-0.9	Georgia	Agriculture
Chagala Group	4.7	1.5	Kazakhstan	Real Estate
Halyk Bank	4.2	2.5	Kazakhstan	Banking and Finance
Populi	4.1	-0.7	Georgia	Retail
Kazakhmys	3.5	1.3	Kazakhstan	Metals and Mining
Bmb Munai	3.2	0.2	Kazakhstan	Oil and Gas
10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings		
77.8	14.9	34		

* Percentage change in weighting during the fourth quarter.

Fund performance

	Q4 2009	FY 2009	Since inception February 2007
East Capital Bering Central Asia Fund, EUR	+19.4%	+18.0%	-28%
KASE Index, EUR ¹	+22%	+43%	-47%
East Capital Explorer's share of the fund on 31 December 2009:			39%

¹The Kazakhstan Stock Exchange index is composed of the seven most traded companies on the exchange.

Market comment fourth quarter

Kazakhstan was the best-performing Eastern European market in the fourth quarter of 2009, advancing by 19%. Bank shares were the best performers, due to the rising optimism in the sector. The debt restructuring process for both BTA and Alliance banks finally came close to completion and the other banks were able to meet obligations vis á vis creditors according to plan. Metals and Mining stocks, however, have been under-performing compared with the index after a strong rally in the third quarter, as producers are still facing some uncertainty in demand.

Portfolio comment fourth quarter

The performance of the fund is catching up with its benchmark index, held back, however, by the lagging non-Kazakh holdings, as well as by the private equity holdings. Half of the fund is invested in non-Kazakh holdings and 15% of the fund is invested in private equity.

Banks emerged as the best performers in the fund. Bank CenterCredit was the major contributor to the fund's performance. The bank has survived the crisis and is now entering 2010 well capitalised and with plans to grow the business. In spite of the rally, CenterCredit remains one of the cheapest banks, not only in Kazakhstan but also across global emerging markets banking universe, trading at 2009 price-to-book value of around 1x. The largest holding of the fund, Bank of Georgia, underperformed compared to the sector. However, fundamentally, Bank of Georgia reported strong third quarter results, with 15.3% quarter-on-quarter deposit growth, a decline in the non-performing loan ratio and an indication that the bank intends to start delivering credit growth again. Nevertheless, geopolitical and economic risks in conjunction with dependence on external financial support, have overshadowed the attractive forecasted valuation for 2010 with a price-to-book value of 0.77x.

In the light of the strong bank rally, the fund added Halykbank and acquired shares in Kazkommertsbank. However, due to the remaining credit-risk exposure and deteriorating interest income situation, the latter holding was exited, realising a 32% gain for the two months during which it was held. Halyk, having better asset quality, a stronger liquidity position, and being considerably less leveraged (loans-to-deposits ratio of 86%) compared to Kazkommertsbank (loans-to-deposits ratio >200%), stands out as a safer investment in the recovery.

The mining sector, the backbone of the region's economy, positively surprised investors in the fourth quarter. It expanded by 6.1% in 2009, thereby boosting all industrial production to overcome the year-to-date decline and to post positive growth for 2009. Strong crude oil output growth of 7.7% led the sector performance in 2009. Kazmunaigas EP's stock added 12.5%, showing continued strong performance supported by increasing oil price, acquisitions and a strong balance sheet. Trading at a 35% dis-

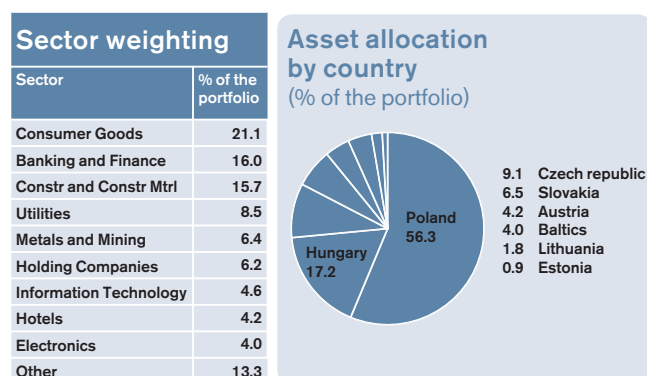
count on 2011 EV/EBITDA to Russian peers, this oil major still has a significant upside potential as it has so far been aggressively discounted by the market due to its enormous cash position of USD 4bn, which the market fears might be unsafe as it is held at Kazakh banks. Dragon Oil's stock showed some weakness after the rejected bid by the minorities. Bid expectations from the majority shareholder have been dominating the news flow regarding Dragon Oil for several quarters already, and a resolution may help the company to re-focus on the development of the core fields in Turkmenistan, prompting the expansion in that area.

Furthermore, the optimism on the market has finally spilled over into the second tier stocks as well. Two of the fund's holdings, Caspian Services and Chagala Group, gained 71% and 55%, respectively, as their operations are highly correlated to the oil and gas sector. Both companies are expected to capitalise on the major off-shore developments in the Caspian Kashagan field, servicing the global oil giants as part of a USD 136bn investment program. Caspian Services boosted its 2009 revenues by 35%, year-on-year, generated by new contracts, while the bottom-line increased almost five times. Chagala group, having delivered a very strong year with 2009F, with sales increasing 21% and profitability surging more than ten times, is expected to strengthen its operational results even further in 2010. In addition to this, the company remains attractively valued at 9.4x 2010 forecasted earnings, corresponding to a 13% discount to peers.

EAST CAPITAL BERING NEW EUROPE FUND

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

Fund portfolio on 31 December 2009



10 largest holdings				
Company	% of the fund	Q4 change*	Country	Sector
RFV Nyrt	7.9	1.2	Hungary	Utilities
Pegas Nonwovens	7.6	-3.3	Czech republic	Consumer Goods
Pannenergy	6.2	0.7	Hungary	Holding Companies
CEDC	5.5	-0.5	Poland	Consumer Goods
Bogdanka	5.1	0.0	Poland	Metals and Mining
Bank BPH	5.0	1.3	Poland	Banking and Finance
Assoco Slovakia	4.5	-0.2	Slovakia	Information Technology
Budimex	4.4	-0.4	Poland	Constr and Constr Mtrl
Warimpex Finanz	4.2	3.3	Austria	Hotels
ELKO	3.9	-3.0	Baltics	Electronics
10 largest holdings (% of portfolio)	54.3		Unlisted holdings (% of portfolio)	7.4
			Total number of holdings	68

* Percentage change in weighting during the fourth quarter.

Fund performance

	Q4 2009	FY 2009	Since inception April 2008
East Capital Bering New Europe Fund, EUR	+2.7%	+51%	+4.2%
mWIG40 Index, EUR ¹	+6.4%	+58%	-39%
East Capital Explorer's share of the fund on 31 December 2009:	86%		

¹ The mWIG40 index is composed of 40 Polish stocks listed on the main stock exchange in Warsaw.

Market comment fourth quarter

In the fourth quarter, the performance of Central European and Baltic small and mid-cap stocks was mixed. The Polish mid-cap mWIG40 index gained 6.4%, which was very much below the performance in preceding quarters. The other markets in the fund's universe were all in the red. The OMX Baltic Index was hit especially hard and fell by 15.5%. The Hungarian mid-cap index, BUMIX, fell 1.9%, the Czech composite PXGLOB Index fell 3.8% and the Slovak SAX Index lagged again and lost 11%.

Portfolio comment fourth quarter

During the quarter, the fund continued to decrease certain of the holdings which had performed very well earlier in the year. The position in Pegas, the Czech specialised textile maker, which was the largest holding throughout year, was decreased and it is now the second largest holding. Pegas presented better-than-expected third quarter results, with sales reaching EUR 93m and net profit decreasing only 6% year-on-year, amounting to EUR 22m.

The p/e ratio of the company increased from 3.5x, at the time of the fund's investment, to near 10x at the time of writing, and the share has gained 138% since the initial investment. However, in the fourth quarter, the share price dropped by 7.1% in line with a negative movement in the Czech market, with a negative impact on the performance of the fund.

RFV Nyrt, a Hungarian energy saving consultancy company, is now the largest position in the fund, and the company performed positively, up 16.1% in the fourth quarter after a positive profit warning and news of new orders. The company said it expects a HUF 810mn net profit this year, which is around 10% higher than market expectations for 2009. Net sales are expected to be around HUF 4.6bn, approximately 55% higher than in 2008, despite the crisis. In coming years, on the basis of just the current order book, the company's profit could rise an additional 60%. However there is a significant demand in the region for energy saving projects, so the order book could grow notably from its current level. The fund invested in the company during the summer in conjunction with a capital increase at a 2009 price-to-earnings ratio of 6x, which since then has risen to 14x.

The sixth largest holding, the Polish mid-size Bank BPH, made the largest positive contribution in the quarter as its shares gained 32% due to its strengthening financial position. Its valuation, thereby, caught up with the valuations of other Polish banks. The fund acquired shares during the third quarter when the bank was still trading 0.9x book value, which represented an approximate 30–40% discount compared to the sector average. Since that time, the price-to-book value of BPH has caught up with the average, however, given its restructuring potential, further upside is possible.

The largest negative contributor to performance was ELKO, a Baltic non-listed IT wholesaler. The shares were marked down by 44%, following an external revaluation to reflect a sharp decrease in sales and also a receivables write-down. The fund lost 3.1% nominal performance on this position. However, as the company faces no further significant risks in receivables collection, and as the management expects to grow sales by 10% in 2010 and end the year profitably, the Investment Manager expects that the valuation has bottomed out at an enterprise value of 0.15 times sales vs. peers' values of 0.2 times.

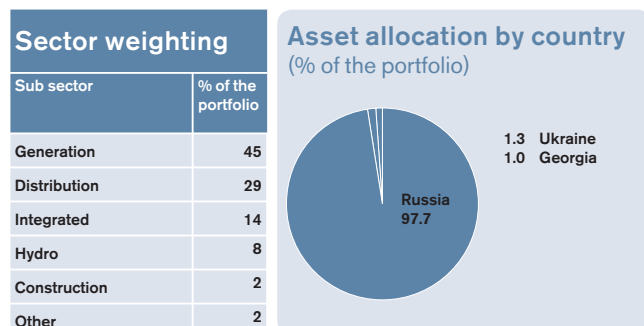
IPO activity has increased lately, particularly in Poland, and the fund participated in two smaller transactions: a ventilation equipment maker and a paper company with attractive upside potential. The fund also added two positions in Hungary by the end of the quarter; a security printing company and an automobile and agricultural machine part manufacturer.

The strategy established during the third quarter is still valid and the fund remains fully invested. The positive mood is expected to continue, and the fund will continue to participate in attractive IPOs and secondary public offerings. A new element in the strategy is that the exposure Polish mid and small-caps has been reduced after the very strong performance, while the Baltic markets have become more attractive. Within Central Europe, Hungary could be interesting, as the macro indicators have stabilised and there is still room for rate cuts and a continued rebound after a 7% drop in GDP in 2009.

EAST CAPITAL POWER UTILITIES FUND

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

Fund portfolio on 31 December 2009



10 largest holdings				
Company	% of the fund	Q4 change*	Country	Sub sector
MRSK Holding	7.4	-0.8	Russia	Distribution
TGK-7	7.3	0.6	Russia	Generation
Rus Hydro	6.1	2.5	Russia	Generation
MRSK Center	6.0	-1.6	Russia	Distribution
MRSK Center Volga	5.9	-1.2	Russia	Distribution
OGK-4	5.3	-0.3	Russia	Generation
Bashkir Energo	5.1	0.8	Russia	Integrated
OGK-6	4.9	0.7	Russia	Generation
TGK-5	4.2	-0.1	Russia	Generation
TGK-1	4.2	0.7	Russia	Generation
10 largest holdings (% of portfolio)	56.4		Unlisted holdings (% of portfolio)	3.3
			Total number of holdings	59

* Percentage change in weighting during the fourth quarter.

Fund performance

	Q4 2009	FY 2009	Since inception December 2007
East Capital Power Utilities Fund, EUR	+14.4%	+177%	-9.7%
RTS Utilities Index, EUR ¹	+11.5%	+127%	-53%
East Capital Explorer's share of the fund on 31 December 2009:			72%

¹ The Russian Trading System Utilities index is a sector index comprising 14 utility equities listed on RTS.

Market comment fourth quarter

The share price development of the utility sector was flat during the fourth quarter after several months of strong performance. In late autumn, concerns increased as regards approval of lower-than-expected tariffs for the new season and the disappointing RAB (Regulatory Asset Base) tariff system parameters for the Federal Grid Company. However, increased inflows into Russian equities boosted risk appetite for less liquid names, and utility stocks continued to remain popular among investors. Utility stocks delivered the third strongest return in the Russian equity universe during 2009, after the consumer and metals and mining sectors.

On the electricity market side, extremely cold weather positively affected the electricity production during the quarter, supporting increased electricity prices. Reported annual electricity consumption data was also encouraging with just 4.6% drop in 2009 ver-

sus market expectations of 6% year-on-year, signalling that electricity demand has continued to recover.

Portfolio comment fourth quarter

East Capital Power Utilities Fund performed exceptionally well during the year with an annual performance of 177% in 2009, outperforming its benchmark index with 50 percentage points which gained 127% during the same period. At the end of 2009, the fund was just 10% below its initial level at inception in December 2007. The Investment Manager was very active during the year with a significant portfolio reshuffling undertaken in late spring, when the focus was switched from highly liquid power generating names to promising distribution companies, largely forgotten by investors. By year end the portfolio breakdown changed considerably, once again, and became less concentrated, with the top ten holdings share decreasing from 63% to 55%.

During the quarter, the fund's main contributor was expanding consolidator, InterRAO, who was granted the Federal Anti Monopoly Service's approval for 100% acquisition of TGK-11, in which it had previously secured a 34% stake. The company also purchased a USD 1.5bn power utilities fund from Russian investment bank, Otkrytie. This fund was derived from a 5% stake in RAO UES which Otkrytie acquired prior to UES's breakup, valued at USD 2.5bn at the time of the breakup. Another reason for the InterRAO share price spike was a technical delisting for the period of one month, which led to a 25% jump on the first day of trading, 27 November. Additionally, in November, InterRAO was included in the MSCI Russian index with a weight of 0.53%, clearly boosting interest from index-related funds.

Allocation to territory generation companies has been raised over the quarter at expense of outperformed MRSK Holding (+263% YTD), Federal Grid Company (+151% YTD) and certain OGKs, as start of RAB implementation into distribution sector was a kind of support for possible RAB launch in the heat business. Other exceptionally strong names were RAO Far East, adding 74%, and TGK-13 which was up 55%, while Novosibirskenergo lost 23.5% and Dniproenergo shares dropped 18.5% on tiny trading volumes.

TGK-7 is one of the biggest TGKs in Russia with assets of total installed electricity capacity 6.9GW and another 31,000 Gcal/hr of heat capacity located in Volga region. The company is controlled by IES Systems in a consortium with Gazprom. Recently, rumors about possible ownership changes have appeared on the market, as IES Systems was not able to provide financing for the stake it took during privatization. Not only Gazprom is considered among possible acquirers, but other strategic investors as well. The stock is still rather cheap, trading at an enterprise value to installed capacity of USD196/kW, implying 20% discount to Russian peers average.

MRSK Holding is a 52% state-controlled power distribution holding with controlling stakes in 11 interregional low-voltage distribution companies. According to the sector reform, MRSK Holding is to be transferred to the Regulatory-Asset Based (RAB) methodology from 1 January 2011, which would boost company's profitability and predictability of return on investments. The underlying MRSKs are already in the process of transition to RAB regulation. Possible concepts, still under discussion, are the consolidation

of all interregional distribution companies on the base of MRSK Holding or partial privatization of the distribution assets. The latter would be clearly more desired by the market. Currently MRSK Holding stock provides the most liquid exposure to the grid sector and might be included into MSCI Russia index during coming index reweighting in February 2010. The stock is now traded with 60% discount to the estimated RAB base vs. international peers trading close to their RAB.

MRSK Center is a low-voltage distribution company with assets located in the Central region of Russian Federation. 50% of company's assets are already transferred to Regulatory-Asset-Based methodology, while for the rest part RAB would be implemented from 1 January 2011. The company is controlled by MRSK holding with the blocking stake of 16% accumulated by Prosperity CM. The company may be transferred to a single share with MRSK Holding, while the final decision is not yet taken. The company trades at 62% discount to its estimated RAB base.

MRSK Center-Volga is a low-voltage distribution company with assets located in the Volga region of Russian Federation. 45% of company's assets are already transferred to Regulatory-Asset-Based methodology, while for the rest part RAB would be implemented from 1 January 2011. The company is controlled by MRSK holding with the blocking stake of 17% accumulated by Prosperity CM. The company may also be transferred to a single share with MRSK Holding and currently trades at 57% discount to its estimated RAB base.

RusHydro (HydroOGK) is the second largest renewable energy producer in the world with installed capacity of 25GW (however not adjusted to destroyed capacity after the accident at its main production facility Sayano-Shushenskaya HPP in August 2009). RusHydro capitalizes on zero fuel costs which allowed it to show some 33% EBITDA margin and a 16% net profit margin in for the first nine months of 2009. The company lost 30% of its capacity in the accident in August 2009. The estimated cost of restoring the plant has been revised several times and now is expected to amount to approximately USD700mn, some 30% lower than the initial guidance. The company has so far restored two generation units out of ten that are out of order, which would become operational already in 2010. Positive news for the company was the appointment of a permanent CEO. Evgeniy Dodd, the former CEO of Inter RAO, was appointed CEO, succeeding Vasiliy Zubakin who was temporary CEO for over a year.

Despite the extremely strong performance of the sector during 2009, both in absolute terms and relative to other sectors, the Investment Manager still sees room for a significant upside in Russian utilities. The year 2010 is expected to see M&A activity in the utilities landscape and may also positively surprise on further increases in power generators' efficiency and, consequently, healthier profitability, as we saw relatively successful initiatives launched already last year. More news in the direction of capacity market implementation and heat business regulation will be welcomed by investors, as well. The near future should bring further clarity on the timeline of RAB implementation into the different regions, given that the MRSK Holding has committed to presenting a summary of the transition process. There could be positive developments for the regions with higher lobbying power. Further-

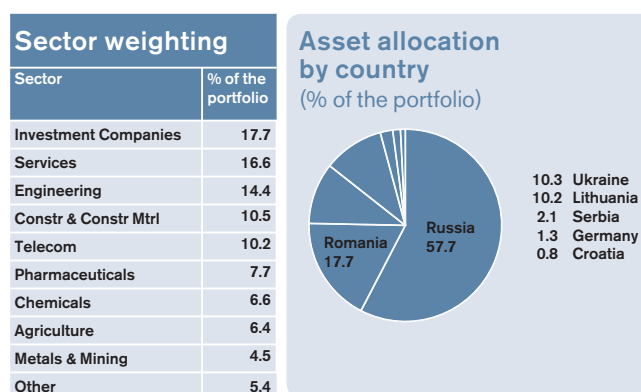
more, the next step in market liberalization that was taken on 1 January 2010 will be a positive factor for efficient generators.

EAST CAPITAL SPECIAL OPPORTUNITIES FUND

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

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

Fund portfolio on 31 December 2009



Holdings in the portfolio

Company	% of the portfolio	Country	Sector
Fondul Proprietatea	17.1	Romania	Investment Companies
Sollers	14.0	Russia	Engineering
TEO	9.9	Lithuania	Telecom
Integra Group	9.6	Russia	Services
Sibirskiy Cement	8.1	Russia	Constr & Constr Mtrl
Centrenergogaz	6.6	Russia	Services
Verofarm	6.2	Russia	Pharmaceuticals
Sintal	6.2	Ukraine	Agriculture
Belon	4.3	Russia	Metals & Mining
Stirol	3.8	Ukraine	Chemicals
10 largest holdings (% of portfolio)	85.8	Unlisted holdings (% of portfolio)	17.1
		Total number of holdings	17

Fund performance

	Q4 2009	FY 2009	Since inception May 2009
East Capital Special Opportunities Fund, EUR	+0.8%	n/a	+13.7%
East Capital Explorer's share of the fund on 31 December 2009:	82%		

Portfolio comment fourth quarter

The largest positive contributors to performance were Sibirskiy Cement and Armada, gaining 13% and 41%, respectively. Agrobanka and Fondul Proprietatea contributed negatively, losing 26% and 19%, respectively.

Belon, a coking coal producer, the majority of which is owned by Russian steel maker, MMK, is one of the new investments made during the quarter. The company is benefiting from increased production levels and increasing prices for coking coal due to Chinese demand. Spot prices for coking coal globally have increased 21.0% in the past three months, and further increases are expected. Belon's production is expected to grow from 2.9 million tons in 2008 to 4.9 million tons in 2011, implying EV/EBITDA of 2.3x and 1.6x in 2010 and 2011, and p/e of 2.8x and 1.7x in 2010 and 2011. Compared to its main peer, Raspadskaya, the company is 52% cheaper on EV/Production. At the time of writing, the stock is up 16% during 2010, but still down 68% since its peak.

Another new holding is Russian Mashinostroitelny Zavod. This little-known company produces nuclear fuel rods for power plants. The company is a value stock, trading at 3.7x p/e for 2010 and 1.2x EV/EBITDA. The company sells its products in Russia and on the basis of exports, with long-term contracts for volume but priced at the uranium spot price. Although the long-term equation for uranium demand/supply implies increasing prices – one of the reasons for this being that uranium is a carbon dioxide-neutral energy source – input prices are not expected to increase significantly in the short term.

Fondul Proprietatea lost 19% during the quarter. The share price decreased on the OTC market due to uncertainty regarding contract closure with Franklin Templeton following the change in government in Romania. Coupled with the currency depreciation, the holding was revalued downward. The company has a new CEO, who has established two main targets: 1) to sign the management agreement, transferring management from the state to Templeton and; 2) to proceed with a formal listing of the company (currently only OTC traded). An Extraordinary General Meeting on 10 February 2010, approved the final contract with Templeton and confirmed that the company expects to list during 2010. This is positive news as these milestones are two major triggers for revaluation. At the time of writing, the fund is trading at a 72% discount to net asset value and the stock has gained 40% during 2010.

Russian IT company, Armada, gained 41% during the quarter, bringing the total gain since acquisition to 73%. The company received a number of large orders for programming services from the government. Despite the recent gains, it is still 73% below its peak price, and trading at 6.8x price-earnings ratio for 2010.

Sollers is a Russian car producer of foreign brands, for example Fiat, Ssang Yong and Isuzu. The fund acquired a 2% stake in the company after its share price had dropped substantially during the financial crisis. The company will benefit from the cash for clunkers program that will be introduced in March in Russia, judging from the experience of other countries that introduced similar schemes. What makes the company different is the local production of components. For example, 50% of the components in Fiat Ducato, a light commercial vehicle, is produced in Russia. This will increase to 95% in three years implying that the company will reap the benefits of using cheaper components. The Russian government has recently increased import duties which is positive for the company due their local production.

EAST CAPITAL RUSSIAN PROPERTY FUND

The aim of the fund is to invest in shopping centres and other types of cash flow generating retail real estate in Russian cities with more than 1 million inhabitants.

Fund performance during the period

Per 31 December 2009, no investments had been made in the fund. Total draw-downs of EUR 1.5m have been made, of which EUR 0.4m have been used to cover costs in the fund. As no investments have been made by the fund, the management fees charged for 2008 and 2009 have been refunded to us by East Capital. The remaining, committed EUR 38.5m was still held in cash, cash equivalents and bonds per 31 December 2009.

Market comments fourth quarter

Even though no market transactions took place in the fourth quarter, market sentiment has improved somewhat. There is a marginal pickup in the activity of international investors and the credit markets show signs of recovery. As a result, it is expected that the first market real estate transactions will be closed during the first half of this year. Banks show an interest in providing funds for acquisition or refinancing of existing cash-flow generating properties to high-quality borrowers. However, available debt is at low LTVs and wide credit spreads.

The Moscow retail space market had two very significant deliveries this fourth quarter: Shopping Centre Golden Babylon Rostokino with 170,000 sqm of GLA and Gorod Shopping Centre with 110,000 sqm of GLA. Despite Rostokino being 75% pre-leased, only two thirds of the tenants were able to actually open their stores by the time of the grand opening. This shows that tenants still have capital constraints, a significant factor undermining expansionary demand. 2010 is expected to be more favorable as regards the opening of new stores as retailers move from crisis-driven budgets in 2009 to more balanced budgets in 2010. At the same time, the vacancy rate is expected to increase somewhat in 2010 as increased demand will be offset by the completion of new developments that were started before the crisis. Rental rates will see a slight decrease as regards new properties, while tenants in good, existing shopping centers can expect a slight increase in rents.

Portfolio comments fourth quarter

The East Capital Real Estate team is actively working on a number of potential transactions, several of which are in an advanced stage.

DIRECT INVESTMENTS

MELON FASHION GROUP

MFG is an unlisted Russian fashion retailer with brands in the low- and mid-market segment. It has an ambitious management team and a shareholder base that contributes with both entrepreneurial skills and solid financial backing. MFG has stable cash flows and no financial debt.

Comments on the fourth quarter

For the full year 2009, MFG's turnover amounted to RUR 3.1bn (EUR 69.4m), an increase of 43% in RUR (18% in EUR) compared to 2008. This was in line with the budget adopted by the

company at the beginning of the year. However, it was 23% lower than the pre-crisis budget forecast from autumn 2008, when East Capital Explorer made the investment into MFG. The company returned a positive net profit for 2009.

Sales in comparable stores for the two original store concepts, befree and Zarina, decreased by 3% in RUR terms and decreased by 20% in EUR terms during the reporting period, compared to the same period 2008.

During the fourth quarter, MFG's turnover amounted to RUR 794m (EUR 18.2m), an increase of 27% in RUR (5% in EUR) compared to the same period in 2008. Sales in comparable stores decreased by 7% in RUR terms and decreased by 23% in EUR terms during the period, compared to the same period 2008.

During 2009, MFG opened a net of 81 new shops (33 shops during the fourth quarter of which ten were franchise shops) and, still, ended the year with a stronger cash balance than at the beginning of the year. On 31 December 2009, MFG had a total of 273 shops, of which 67 were franchise shops.

The company is currently investigating various means of further growth, including acquisitions, international expansion and partnerships.

General market conditions continued to be rather weak in the fourth quarter, a trend that was noted among apparel retailers all over Europe. Contributing factors include lower disposable income and lower customer flows due to fear of the swine flu. One effect of the low economic activity is that expansion is currently considerably cheaper due to decreased competition.

In December 2009, East Capital Explorer mandated Ernst & Young to perform an independent valuation of the holding in MFG. As a result, the book value of the holding was increased by 4.6% as of 31 December 2009, which up to that point had been held at acquisition cost. The valuation was done in accordance with the IPEVC (International Private Equity and Venture Capital) Guidelines.

TEO LT

TEO LT is a leading Baltic fixed line operator, internet access and TV services provider in Lithuania. East Capital Explorer started to invest in the company at the end of the third quarter 2009 and on 31 December 2009, East Capital Explorer directly held 2.1% of the shares in TEO LT, corresponding to a total value of EUR 9m. East Capital Explorer and entities managed by East Capital had a total holding in TEO amounting to 5.1% of the company's outstanding shares on 31 December 2009.

Despite the severe recession in Lithuania, TEO continued to impress throughout the year by delivering solid results. Although the share performed strongly in 2009, it is still trading at a discount to other Eastern European peers. The fourth quarter, which usually is the strongest quarter, turned out to be the weakest. Revenues declined 5.8% as TEO lost clients in the fixed-voice segment, and increasing revenues from internet and pay TV segment, even if impressive, were not enough to compensate for this. Despite impressively tight cost-control, campaigns aimed to gain new clients and market share affected margins. EBITDA margin

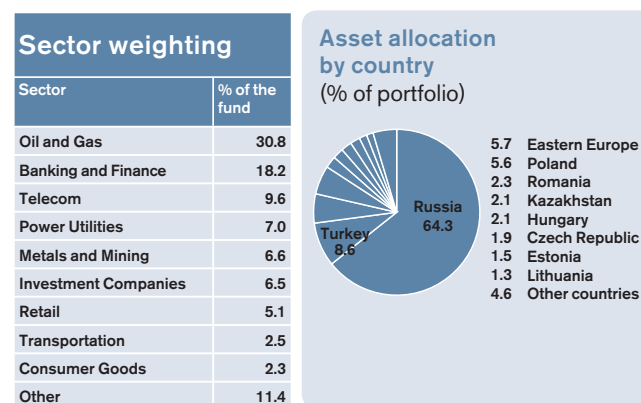
during the fourth quarter reached only 29.7%, the lowest since 2004. Nevertheless, results for the full-year 2009 were solid: revenues inched down only 1.3%, EBITDA decreased a marginal 3.1% while the bottom line increased 5.7%, even if affected by tax reliefs.

All in all, TEO has weathered the recession impressively well. The challenge the company faces going forward is to compensate decreasing market share in fixed telephony by more aggressively taking market share in the very competitive internet access and pay TV segments. However, active management, continued investments in new technology and an extremely strong balance sheet assure us that TEO is on the right track. We also expect the company to pay out strong dividends.

PUBLIC EQUITY FUND INVESTMENTS

East Capital (Lux) Eastern European Fund

Fund portfolio on 31 December 2009



10 largest holdings

Company	% of the fund	Country	Sector
Sberbank	6.9	Russia	Banking and Finance
Lukoil ADR	5.2	Russia	Oil and Gas
Gazprom ADR	5.2	Russia	Oil and Gas
Ros Neft GDR	3.5	Russia	Oil and Gas
VTB Bank	3.0	Russia	Banking and Finance
Sistema GDR	2.8	Russia	Telecom
Trans Neft PR	2.7	Russia	Oil and Gas
Surgut NG PR	2.7	Russia	Oil and Gas
East Capital Explorer	2.6	Eastern Europe	Investment Companies
Gmk Norilsky Nickel	2.6	Russia	Metals and Mining
10 largest holdings (% of portfolio)	Unlisted holdings (% of portfolio)	Total number of holdings	
37	0.7	171	

Fund performance

	Q4 2009	FY 2009	Since inception December 2007
East Capital (Lux) Eastern European Fund, EUR	+10.0%	+97%	-35%
MSCI EM Europe Index, EUR ¹	+12.3%	+65%	-38%
East Capital Explorer's share of the fund on 31 December 2009:			33%

¹ MSCI EM Europe Index includes Russian, Polish, Hungarian, Czech and Turkish equities.

SHORT-TERM INVESTMENTS

Bonds

During 2009, East Capital Explorer allocated a total of EUR 36m to investments in a portfolio of USD or 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 December 2009, the fair value of the bond portfolio amounted to EUR 37m, corresponding to a change of 3.9% during May-December 2009.

Cash and cash equivalents

EUR 50m (EUR 176m) that have not yet been invested or drawn-down, are placed in cash and EUR-deposits. Interest income from cash and cash equivalents during the fourth quarter amounted to EUR 0.2m (EUR 2m), which brings the total income from cash and cash equivalents for the reporting period to EUR 3.1m (EUR 9.5m).

On 31 December 2009, deposits had an average duration of 7.6 months (5.4 months) and an average interest rate of 1.3% (4.8%).

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 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 and 86% of the share of equity in the East Capital Bering New Europe Fund. These funds are therefore regarded as subsidiaries and consolidated with the East Capital Explorer Group. The investments in the consolidated funds are reported as investments in the portfolio report on page 2 but are consolidated in the financial statements.

Group

Net profit for the reporting period 1 January – 31 December 2009 amounted to EUR 99m (EUR -151m), corresponding to earnings per share of EUR 2.27 (EUR -3.56). Net profit for the fourth quarter 2009 amounted to EUR 19m (EUR -60m), corresponding to earnings per share of EUR 0.53 (EUR -1.48).

For the reporting period, main items of the net profit include EUR 109m (EUR -152m) in unrealised change in the value of investments, EUR -6.6m (EUR -3.3m) in realised change in the value of investments, which relates to sale of investment shares held in the East Capital Power Utilities Fund and EUR 3.7m (EUR 10.4m) in interest income from short-term deposits and bonds. Other items include EUR -5.9m (EUR -3.6m) in operating expenses and EUR -0.5m (EUR -2.3m) in income taxes.

Of the total operating expenses of EUR -5.9m (EUR -3.6m) during the reporting period, EUR -1.2m (EUR -1.4m) relates to ordinary operating expenses within the Parent Company. The remaining EUR -4.7m (EUR -2.2m) relates to operating expenses in consolidated funds and subsidiaries.

For the fourth quarter, main items of the net profit include EUR 19m (EUR -56m) in unrealised change in the value of investments, EUR 1.2m (EUR -3.3m) in realised change in the value of investments, and EUR 0.6m (EUR 2m) in interest income from short-term deposits and bonds. Other items include EUR -1.6m (EUR -1.1m) in operating expenses, EUR -0.6m (EUR 0m) in financial expenses and EUR 0.1m (EUR -2.6m) in income taxes.

Parent Company

The Parent Company's net profit for the reporting period amounted to EUR 80m (EUR -127m) of which EUR 80m (EUR -127m) refers to a reversal of write down of shares in group companies. These shares have been valued to the lower of fair value and acquisition value. Operating expenses amounted to EUR -1.2m (EUR -1.4m).

The Parent Company's net profit for the fourth quarter amounted to EUR 16.6m (EUR -54.2m). The key contribution to the profit was reversal of previous write down of shares in group companies of EUR 16.9m (EUR -53.9m). These shares have been valued to the lower of fair value and acquisition value. Operating expenses for the fourth quarter amounted to EUR -0.4m (EUR -0.5m).

No investment activities are carried out within the Parent Company.

Tax

East Capital Explorer's consolidated tax of EUR -0.5m (EUR -2.3m) for the reporting period comprises actual tax related to subsidiaries.

Dividend

The Board of Directors decided in line with the dividend policy to propose to the Annual General Meeting that no dividend should be paid out for 2009.

Financial position

Cash flow from operating activities was EUR -1.5m (EUR 1.0m) during the reporting period. Cash flow from operating activities during the fourth quarter was EUR 3.2m (EUR 0.6m).

The Group's cash, cash equivalents and bonds at the end of the period amounted to EUR 94m (EUR 184m). The Group's cash, cash equivalents and bonds differs from the portfolio on page 2 since cash and cash equivalents in the consolidated funds are included in the Group. Excluding the consolidated funds; cash, cash equivalents and bonds amounted to EUR 88m (EUR 176m) and interest income from these amounted to EUR 3.7m (EUR 9.5m) during the reporting period. On 31 December 2009, EUR 49m was available for future commitments and investments.

East Capital Explorer had no debt on 31 December 2009.

Commitments and draw-downs

EUR 40m has been committed to the East Capital Russian Property Fund. To date, no investments have been made in the fund. Total draw-downs of EUR 1.5m have been made, of which EUR 0.4m have been used to cover costs in the fund. The remaining committed EUR 38.5m were still placed in cash, cash equivalents and bonds.

OTHER INFORMATION

Risks and uncertainty factors

The dominant risk in East Capital Explorer's operations is commercial risk in the form of exposure to certain sectors, geographic regions or individual holdings. The current volatile financial markets may increase the risks associated with our investments. Our evaluation is that the risks for the coming six months are the same as described in the annual report 2008.

Related party transactions

For information on related party transactions please see pages 52 and 78 in the 2008 annual report. No changes or transactions have occurred during the year other than fee payments according to agreements.

Organisational and investment structure

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

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

For further information about the organisation and investment structure of the Company, please see the corporate governance report for 2008 that has been included in the annual report and on our web site www.eastcapitalexplorer.com in the section, 'About East Capital Explorer/Corporate Governance'

Share buy-back mandate

The Annual General Meeting 2009 issued a new repurchase authorization for the Board to decide on acquiring the company's own shares until the Annual General Meeting 2010. To date, no shares have been bought back by the company under the new authorization.

Annual Meeting 2010

East Capital Explorer's Annual General Meeting 2010 will be held on Wednesday 28 April 2010, at Konserthuset in Stockholm. Shareholders who wish to submit a proposal for consideration at the AGM should send such proposal to the Chairman of the Board in good time prior to publication of the notice of the meeting which is scheduled to take place in mid-March 2010.

Shareholders who wish to contact the Nomination Committee or the Board of Directors, are welcome to send an e-mail to agm@eastcapitalexplorer.com, or a letter to East Capital Explorer, Box 7214, 103 88 Stockholm, Sweden.

EVENTS OCCURRING AFTER THE END OF QUARTER

Investment in non-performing consumer loans

In January 2010, East Capital Explorer together with Intrum Justitia and the East Capital Financials Fund, announced the intention to form a common entity which will seek to purchase portfolios of non-secured non-performing consumer loans, mainly in Russia. The Russian non-secured debt industry comprising non-performing retail loans such as consumer loans, vendor loans, credit card debts and car loans, has increased significantly following the recent financial crisis. Banks are increasingly outsourcing debt recovery to local collection agencies or selling their non-performing consumer loan portfolios on the market in order to improve cash flow.

The total investment will amount to EUR 20m, of which East Capital Explorer intends to invest EUR 5m.

NAV on 31 January 2010

NAV per share per 31 January 2010 amounted to EUR 10.20 (corresponding to SEK 104), compared to EUR 9.61 (corresponding to SEK 98) on 31 December 2009. The share price on 31 January 2010 was SEK 69.75 (corresponding to EUR 6.81). Cash, cash equivalents and bonds on 31 January 2010 amounted to EUR 88m (SEK 904m) which corresponds to EUR 2.49 (SEK 25.50) per share. Of those, EUR 44m (SEK 453m), corresponding to EUR 1.25 (SEK 13) per share were available for future investments.

PORTFOLIO ON 31 JANUARY 2010

	Nav per Share, EUR	NAV, MEUR	% of NAV
Equity Fund Investments			
East Capital Bering Russia	1.01	36	10
East Capital Bering Ukraine	0.21	7	2
East Capital Bering Balkan	1.04	37	10
East Capital Bering Central Asia	0.63	22	6
East Capital Bering New Europe	0.47	17	5
East Capital Power Utilities Fund	2.29	81	22
East Capital Special Opportunities Fund	1.25	44	12
East Capital Russian Property Fund ¹	0.03	1	0.3
East Capital (Lux) Eastern European Fund (EUR)	0.35	12	3
	7.26	258	71
Direct Investments			
MFG (OAO Melon Fashion Group)	0.29	10	3
TEO LT, AB	0.31	11	3
	0.61	22	6
Short-term Investments²			
Short term Investments (incl bonds)	1.06	38	10
Cash and cash equivalents	1.43	51	14
	2.49	88	24
Total Portfolio	10.35	368	102
Other assets and liabilities net	-0.16	-6	-2
Net Asset Value (NAV)	10.20	362	100

¹ EUR 40m has been committed to the East Capital Russian Property Fund. To date, no investments have been made in the fund. Total draw-downs of EUR 1.5m have been made, of which EUR 0.4m has been used to cover costs in the fund. The remaining committed EUR 38.5m is still placed in short term investments.

² On 25 January 2010, East Capital Explorer AB announced an investment of MEUR 5 in a venture with Intrum Justitia and East Capital Financial Fund. The money is committed but still placed in short term investments.

Note that certain numerical information may not sum 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 used in last years annual report.

In the amended IAS 1 Presentation of Financial Statements: A Revised Presentation, changes are made in the presentation of the financial statements and new non-mandatory changes to the titles of the statements are proposed. Other new or revised IFRS principles and interpretations of the IFRIC have not had any material effect on the financial position or results of the Group or Parent Company.

Stockholm, 17 February 2010



Gert Tiivas
Chief Executive Officer

CONTACT INFORMATION

Gert Tiivas, CEO, +46 8 505 977 30
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
- Annual Report 2009 available in the week of 5 April 2010
- Annual General Meeting 2010 on 28 April 2010
- Interim Report 1 January – 31 March 2010, 11 May 2010
- Interim Report 1 January – 30 June 2010, 20 August 2010
- Interim Report 1 January – 30 September 2010, 11 November 2010

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 08:20 a.m. CET on 17 February 2010.

Review Report

To the Board of East Capital Explorer AB (publ)

Corp id 556693-7404

Introduction

We have reviewed the interim report for East Capital Explorer AB (publ) as of 31 December 2009, and the twelve-month reporting period ending on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and Scope of the Review

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

Conclusion

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

Stockholm, 17 February 2010
KPMG AB

Carl Lindgren

Authorised Public Accountant

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

Statement of Comprehensive Income

EUR thousands	1 Jan – 31 Dec 2009	1 Jan – 31 Dec 2008	1 Oct – 31 Dec 2009	1 Oct – 31 Dec 2008
Result from financial assets at fair value through profit or loss	108,821	-152,342	18,914	-56,368
Realised gains/losses from financial assets through profit or loss	-6,574	-3,334	1,219	-3,073
Dividends	315	-	142	-
Total operating income	102,562	-155,676	20,275	-59,441
Staff expenses	-554	-612	-153	-201
Other operating expenses	-5,384	-2,967	-1,462	-969
Operating profit/loss	96,624	-159,255	18,660	-60,611
Financial income	3,735	10,438	646	2,942
Financial expense	-654	-22	-645	-1
Profit/loss after financial items	99,705	-148,838	18,661	-57,669
Income tax	-497	-2,287	111	-2,646
NET PROFIT/LOSS FOR THE PERIOD	99,208	-151,124	18,772	-60,314
Other comprehensive income:				
Exchange differences on translating foreign operations	-801	-	843	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	98,407	-151,124	19,616	-60,314
Net profit/loss for the period distribution:				
Shareholders of the Parent Company	80,421	-129,236	16,169	-53,659
Minority interest	18,787	-21,888	2,603	-6,655
	99,208	-151,124	18,772	-60,314
Total comprehensive income distribution:				
Shareholders of the Parent Company	79,620	-129,236	16,744	-53,659
Minority interest	18,787	-21,888	2,872	-6,655
	98,407	-151,124	19,616	-60,314
Earnings per share, EUR				
- shareholders of the Parent Company	2.27	-3.56	0.53	-1.48
No dilution effects				

Statement of Financial position

EUR thousands	31 Dec 2009	31 Dec 2008
Shares and participations in investing activities	292,174	95,092
Total non-current assets	292,174	95,092
Other short-term receivables	1,286	20
Accrued income and prepaid expenses	812	2,617
Short-term Investments	23,145	-
Cash and cash equivalents	70,614	183,643
Total current assets	95,857	186,280
Total assets	388,031	281,372
Share capital	3,628	3,627
Other contributed capital	384,376	387,652
Reserves	-1,117	-316
Profit brought forward	-125,938	3,298
Net profit/loss for the period	80,421	-129,236
Equity attributable to shareholders of the Parent Company	341,370	265,025
Minority interest	40,171	10,425
Total equity	381,541	275,450
Deferred tax liabilities	713	589
Total long-term liabilities	713	589
Tax liabilities	1,950	1,953
Other liabilities	1,686	2,482
Accrued expenses and prepaid income	2,141	898
Total current liabilities	5,777	5,333
Total equity and liabilities	388,031	281,372

Statement of Changes in Equity

EUR thousands 2009	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit /loss for the period	Total equity shareholders in Parent Company	Minority	Total equity
Opening equity 1 Jan 2009	3,627	387,652	-316	-125,938	265,025	10,425	275,450
Bonus issue	1	-1	-	-	-	-	-
Share buy-back	-	-3,275	-	-	-3,275	-	-3,275
Acquired subsidiaries	-	-	-	-	-	10,959	10,959
Total comprehensive income	-	-	-801	80,421	79,620	18,787	98,407
Per 31 December 2009	3,628	384,376	-1,117	-45,517	341,370	40,171	381,541

EUR thousands 2008	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit/loss for the period	Total equity shareholders in Parent Company	Minority	Total equity
Opening equity 1 Jan 2008	3,627	387,652	-316	3,298	394,261	32,313	426,574
Net profit/loss for the period/ Total comprehensive income	-	-	-	-129,236	-129,236	-21,888	-151,124
Per 31 December 2008	3,627	387,652	-316	-125,938	265,025	10,425	275,450

Statement of Cash Flow

EUR thousands	1 Jan – 31 Dec 2009	1 Jan – 31 Dec 2008
Operating activities		
Operating profit/loss	96,624	-159,255
Adjusted for unrealised change in value	-108,821	152,342
Capital gain/loss from divestment	6,574	3,334
Interest received	5,306	7,626
Interest paid	-15	-22
Tax paid	-500	-57
Cash flow from current operations before changes in working capital	-832	3,968
Cash flow from changes in working capital		
Increase (-)/decrease (+) in other current receivables	-1,176	-38
Increase (+)/decrease (-) in other current payables	446	-2,913
Cash flow from operating activities	-1,562	1,017
Investing activities		
Investment in shares and participations	-154,931	-130,866
Proceeds from sale of shares and participations	38,838	52,124
Cash flow from investing activities	-116,093	-78,742
Financing activities		
Contribution from minority	7,606	-
Share buy-back	-3,275	-
Cash flow from financing activities	4,331	-
Cash flow for the period	-113,324	-77,725
Cash and cash equivalents at beginning of the year ¹	183,643	260,701
Exchange rate differences in cash and cash equivalents	295	667
Cash and cash equivalents at end of the period	70,614	183,643

¹ Cash equivalents comprise deposits and cash.

Segment reporting

East Capital Explorer has chosen to classify 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 Dec 2009	Semi-public Equity Funds	Direct Investments	Private Equity Funds	Short-term Investments	Other & unallocated	Total consolidated
Total operating income/expense	95,238	357	-92	1,406	5,653	102,562
Other expenses	-4,384	-249	-	-136	-1,169	-5,938
Operating profit/loss	90,854	108	-92	1,270	4,484	96,624
Financial income	-	-	-	3,735	-	3,735
Financial expense	-	-	-	-654	-	-654
Profit/loss after financial items	90,854	108	-92	4,351	4,484	99,705
Assets	260,764	19,262	991	93,459	13,555	388,031

EUR thousands 1 Jan – 31 Dec 2008	Semi-public Equity Funds	Direct Investments	Private Equity Funds	Short-term Investments	Other & unallocated	Total consolidated
Total operating income	-143,245	-	-342	-	-12,089	-155,676
Other expenses	-2,161	-36	-	-	-1,382	-3,579
Operating profit/loss	-145,406	-36	-342	-	-13,471	-159,255
Financial income	-	-	-	9,502	937	10,438
Financial expense	-	-	-	-22	-	-22
Profit/loss after financial items	-145,406	-36	-342	9,480	-12,534	-148,838
Assets	73,383	9,941	513	189,457	8,078	281,372

Consolidated key figures

Value at the end of the period	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Net asset value, EURt	341,369	324,666	291,914	259,314	265,025	318,231	368,235	369,876
Change in NAV during the quarter	5.1%	11.2%	12.6%	-2.2%	-16.7%	-13.6%	-0.5%	-6.2%
Equity ratio, %	98.3%	97.7%	98.0%	99.9%	97.9%	99.1%	99.4%	99.5%
Market capitalisation, SEKm	2,378	2,245	2,192	1,696	1,458	2,167	2,974	3,409
Market capitalisation, EURt ¹	231,810	219,914	202,221	154,950	134,013	221,363	314,393	363,433
Number of employees	4	4	4	4	4	4	4	3

Key figures/share	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Earnings, EUR	2.27	1.81	1.11	-0.12	-1.48	-1.51	-0.07	-0.67
NAV, SEK ¹	98.60	93.12	89.10	79.39	79.53	85.86	96.02	95.68
NAV, EUR	9.61	9.12	8.22	7.25	7.31	8.77	10.15	10.20
Share price, SEK	67.00	63.25	61.75	47.40	40.20	59.75	82	94
Share price, EUR ¹	6.53	6.19	5.70	4.33	3.69	6.10	8.67	10.02

¹ Some currency translations are made for informational purposes. 1 EUR = SEK 10.26 on 31 December 2009, SEK 10.21 on 30 September 2009, SEK 10.84 on 30 June 2009, SEK 10.95 on 31 March 2009, SEK 10.88 on 31 December 2008, SEK 9.79 on 30 September 2008, SEK 9.46 on 30 June 2008 and SEK 9.38 on 31 March 2008. Source: Reuters.

Income statement – Parent Company

EUR thousands	1 Jan – 31 Dec 2009	1 Jan – 31 Dec 2008	1 Oct – 31 Dec 2009	1 Oct – 31 Dec 2008
Staff expenses	-554	-612	-153	-201
Other operating expenses	-615	-770	-233	-323
Operating profit/loss	-1,169	-1,382	-386	-524
Financial income ¹	80,429	36	16,931	11
Financial expense ²	-1	-126,468	-1	-53,856
Profit/loss after financial items	79,259	-127,813	16,544	-54,369
Income tax	300	392	99	155
NET PROFIT/LOSS FOR THE PERIOD	79,559	-127,422	16,643	-54,213

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

² Financial expense in Parent Company comprises write down of shares in Group companies.

Balance Sheet – Parent Company

EUR thousands	31 Dec 2009	31 Dec 2008
Shares and participations in investing activities	339,570	263,764
Total non-current assets	339,570	263,764
Other short-term receivables	2,540	1,399
Accrued income and prepaid expenses	59	23
Cash and cash equivalents	247	286
Total current assets	2,846	1,708
Total assets	324,416	265,472
Share capital	3,628	3,627
Share premium reserve	384,376	387,652
Profit/loss brought forward	-125,413	1,168
Net profit/loss for the period	79,559	-127,422
Total equity	342,150	265,025
Tax liabilities	-	63
Other liabilities	84	128
Accrued expenses and prepaid income	182	256
Total current liabilities	266	447
Total equity and liabilities	342,416	265,472
PLEDGED ASSETS AND CONTINGENT LIABILITIES		
Pledged assets	-	-
Contingent liabilities	-	-

**EAST CAPITAL
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