

Year-end Report 2015

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*We are ready
to take a new
step*

(Mia Jurke, CEO)

Key figures

	31 Dec 2015	31 Dec 2014
NAV per share	EUR 9.00	EUR 8.73
	SEK 82	SEK 83
Closing price per share	EUR 5.54	EUR 4.49
	SEK 50.75	SEK 42.50
Total NAV	EUR 254m	EUR 261m
Market cap	EUR 156m	EUR 134m

		2015	2014
Net result	Oct-Dec	EUR 1.3m	EUR -36.2m
	Jan-Dec	EUR 7.3m	EUR -33.8m
Earnings per share	Oct-Dec	EUR 0.04	EUR -1.18
	Jan-Dec	EUR 0.25	EUR -1.06

¹ EUR = 9.16 SEK on 31 December 2015. Source: Reuters

Key events during the period

- » Net Asset Value (NAV) per share was EUR 9.00, an increase of 3.2% since December 2014, and an increase of 0.5% since 30 September. Total NAV was EUR 254m
- » 3 Burès was appreciated by EUR 2.3m, while Melon Fashion Group was impaired by EUR 2.2m during the fourth quarter
- » The remaining stake in East Capital Russia Domestic Growth Fund was redeemed for an amount of EUR 10.5m during the quarter. In total, fund holdings equivalent to EUR 38.0m were sold during the year
- » The first draw-down, corresponding to EUR 3.3m of the company's total committed investment of EUR 20m, was made in East Capital Baltic Property Fund III during the quarter

Key events after the period

- » East Capital and East Capital Explorer today, 11 February 2016, announce their joint view that the Investment Agreement between the companies should be terminated. An EGM will be called to decide on the termination. More information will be provided in connection with an EGM notice no later than by the end of February
- » East Capital Explorer will propose to pay an ordinary dividend for 2015 of SEK 0.80, or EUR 0.09, per share
- » No decision on share buybacks during the coming period has been taken

East Capital Explorer to become an independent investment company

Announcement today, that East Capital Explorer and East Capital have agreed that the Investment Agreement between the companies should be terminated



Mia Jurke, CEO

In 2013, East Capital Explorer began a strategic shift, with the object of eventually becoming a pure private equity and real estate company. We have consequently gradually divested the part of our portfolio that was invested in public equity funds, and have made a number of good investments in Private Equity and Real Estate. As a consequence of this strategic direction, our Investment Manager, East Capital, in September initiated a review of the current Investment Agreement between the two companies, with the joint aim of identifying a setup that would be better adapted to the new strategy. The Agreement, that was established in 2007 and extends until 2032, regulates the different aspects of the companies' relationship. Following this review, East Capital Explorer and East Capital have agreed that the Investment Agreement should be terminated, whereby East Capital Explorer can become a fully independent investment company. This is a big step, but I am convinced it would be for the benefit of the company as well as our shareholders.

EGM to decide on termination

Terminating the Agreement would mean that we will build our own in-house investment organisation, more cost efficient and clearly adapted to our needs and strategic direction. It would also mean, we believe, that East Capital Explorer will be a more transparent company going forward.

The Board will call an Extraordinary General Meeting to decide on terminating the Agreement. We look forward to being able to present more detailed information, including the termination terms, in connection with the EGM notice, which we expect to publish no later than by the end of February.

NAV and share development

The last quarter of 2015 ended slightly up – the Net Asset Value (NAV) per share gained 0.5 percent. This means that the NAV per share for the full year increased 3.2 percent, despite, a challenging year for some of our markets. The total NAV ended at EUR 253.6m. Even though the portfolio developed sideways during the fourth quarter, the East Capital Explorer share declined slightly and ended the year on SEK 50.75 (EUR 5.54), which on the other hand correlates to an increase of 22 percent in SEK on full-year basis.

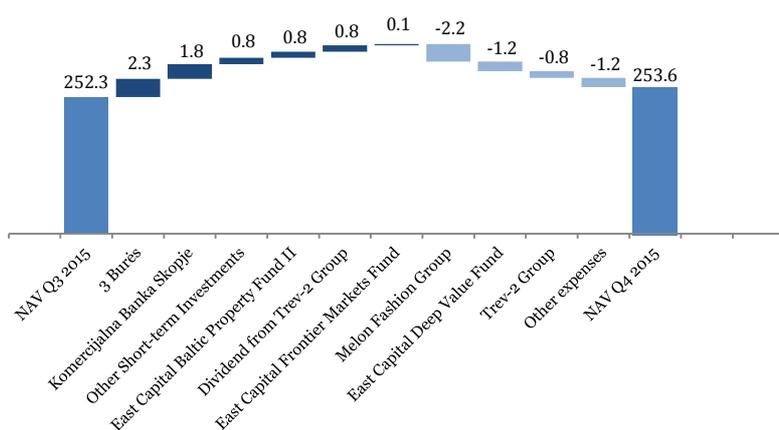
Portfolio development and activity

During 2015 we continued to take steps towards transforming our portfolio into a Private Equity and Real estate portfolio. During the year, we invested additionally EUR 22.5m into Starman, by year-end our largest holding, which enabled the company to continue its market consolidation and transform into a pan-Baltic operator. We also increased our exposure further in the Baltic Real Estate market by committing additionally EUR 20m into East Capital Baltic Property Fund III, of which EUR 3.3m was drawn down at the end of the year. And during the year, we divested a total of EUR 38m of our holdings in public equity funds. At year-end, our core segments, Private Equity and Real Estate, represented 64 percent of the portfolio, which can be compared to 51 percent a year ago. Our remaining focus on investments in the Baltics is also evident. Now the Baltics is our largest region, representing 57 percent of the portfolio, which can be compared to 41 percent one year ago.

ECEX NAV and share price vs. MSCI Emerging Markets Europe, 3 years



Change in NAV Q4 2015, EURm



64%

of our portfolio is Private Equity and Real Estate, compared to 51% a year ago

“Starman increased 15.8 percent in 2015 on the back of continued strong and stable growth”

“The short-term priority for the company going forward will be to transform into an independent investment company”

The Baltic Real Estate investments continued to develop well. All properties, including those we have exposure to via East Capital Baltic Property Fund II, were revalued as of year-end, which affected the fair values positively. 3 Burès continued to show strong operational results and the new valuation reflected the increased rent level average in the property, a trend that has been clear since our acquisition in 2014.

As for the Private Equity segment, Starman was the strongest positive contributor to the portfolio during the year, with an increase of 15.8 percent on the back of continued strong and stable growth in both revenues and customers on consolidated basis.

Melon Fashion Group (MFG) that operates in the challenging Russian consumer market is still affected by the general weak demand among customers and the continuously weak rouble. However, the cost efficiency program, which was implemented starting in the beginning of the year, continues to show result and we saw improvements in both sales and uptake in gross margins during the last, for fashion retailers most important, quarter of the year.

Also the Public Equity segment increased in value as a result of the very strong performance in Komercijalna Banka Skopje, that has continued to perform after the bank managed to turn into a positive result during the third quarter.

As for MFG, it will be mostly about the rouble in the short-term, but we feel confident that the company is doing the right things and can come out of this turbulent time in a strong position.

Mia Jurke
CEO, East Capital Explorer

Outlook and priorities going forward

The short-term priority for the company going forward, contingent on approval at the EGM, will be to transform into an independent investment company and build an in-house investment management organisation. However, we will also continue with the ongoing transformation of the portfolio into a pure Private Equity and Real Estate portfolio, and we look forward to an active period ahead.

As for the markets, they generally had a tough start of the year on the back of continued worries about the Chinese economy and oil price decrease. And there is a number of significant events coming up during the year that might have an effect on the investor sentiment; the British vote regarding its membership in the EU, the US presidential elections and the economic development in China. At the same time, we can note that the Baltics, our largest investment region, continues to look strong economically, which is important for both our Private Equity and not at least our Real Estate investments in the region.

Our portfolio

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

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

Net Asset Value (NAV)							
	Value 31 Dec 2015 EURm	NAV/share EUR	% of NAV	Value 30 Sep 2015 EURm	Value 31 Dec 2014 EURm	Value change Jan-Dec 2015, % ¹	Value change Oct-Dec 2015, % ¹
Private Equity							
Starman	71.8	2.55	28.3	71.8	39.5	15.8	0.0
Melon Fashion Group	26.5	0.94	10.5	28.8	35.1	-24.3	-7.7
Trev-2 Group	6.2	0.22	2.4	7.0	8.5	-16.9	0.0
Total Private Equity	104.6	3.71	41.2	107.6	83.0	-0.1	-2.1
Real Estate							
3 Burès	27.6	0.98	10.9	25.3	24.2	14.1	9.1
East Capital Baltic Property Fund II	26.8	0.95	10.6	26.0	24.4	9.8	2.9
East Capital Baltic Property Fund III	3.3	0.12	1.3	-	-	-0.5	-0.5
Total Real Estate	57.7	2.05	22.8	51.3	48.6	11.1	5.6
Public Equity							
East Capital Deep Value Fund	40.3	1.43	15.9	41.6	47.0	1.6	-2.9
Komercijalna Banka Skopje	8.6	0.30	3.4	6.7	7.3	16.7	27.6
Total Public Equity	48.9	1.74	19.3	48.3	54.3	3.6	1.3
Short-term Investments							
East Capital Frontier Markets Fund	31.1	1.10	12.3	30.9	40.9	-1.9	0.4
Other short-term Investments ³	1.4	0.05	0.5	11.0	29.4	14.2	7.6
Short-term Investments	32.4	1.15	12.8	41.9	70.3	4.6	2.3
Cash and cash equivalents	10.5	0.37	4.1	3.6	5.6		
Total Short-term Investments	43.0	1.53	16.9	45.5	75.9		
Total Portfolio	254.2	9.02	100.2	252.7	261.9		
Other assets and liabilities net	-0.6	-0.02	-0.2	-0.4	-0.6		
Net Asset Value	253.6	9.00	100.0	252.3	261.3	3.2	0.5 ²

¹ The value change calculation is adjusted for investments, divestments and distributions during the relevant period. i.e. it is the percentage change between: the fair value plus any proceeds from dividends or divestments during the period, divided by the opening value plus any added investment during the period

² NAV per share development

³ Includes East Capital Bering Ukraine Fund Class R. Fair value change during 2015 was impacted by the divestment of East Capital Russia Domestic Growth Fund in Q4 2015

¹ EUR = 9.16 SEK on 31 Dec 2015. Source: Reuters

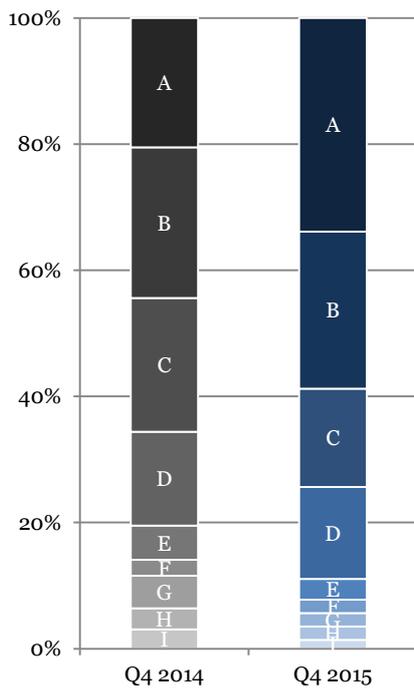
Note that certain numerical information may not add up due to rounding

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

31 December 2015						
Company	Value in portfolio, mEUR	% of NAV	Perf. Q4, %	Country	Sector	East Capital Explorer’s investment vehicle
Starman	71.8	28.3	0.0	Estonia	Telecom	Direct Investment
3 Burės	27.6	10.9	9.1	Lithuania	Real Estate	Direct Investment
Melon Fashion Group	26.5	10.5	-7.7	Russia	Consumer Discretionary	Direct Investment
Komercijalna Banka Skopje	10.5	4.2	27.6	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Tänassilma Logistics	6.8	2.7	13.1	Estonia	Real Estate	East Capital Baltic Property Fund II
Trev-2 Group	6.2	2.4	0.0	Estonia	Industrials	Direct Investment
GO9	6.2	2.4	-2.0	Lithuania	Real Estate	East Capital Baltic Property Fund II
Metro Plaza	5.1	2.0	2.4	Estonia	Real Estate	East Capital Baltic Property Fund II
B92	4.8	1.9	-21.5	Serbia	Consumer Discretionary	East Capital Deep Value Fund
Deglava Prisma	3.3	1.3	1.5	Latvia	Real Estate	East Capital Baltic Property Fund II
Total	169.1	66.7				

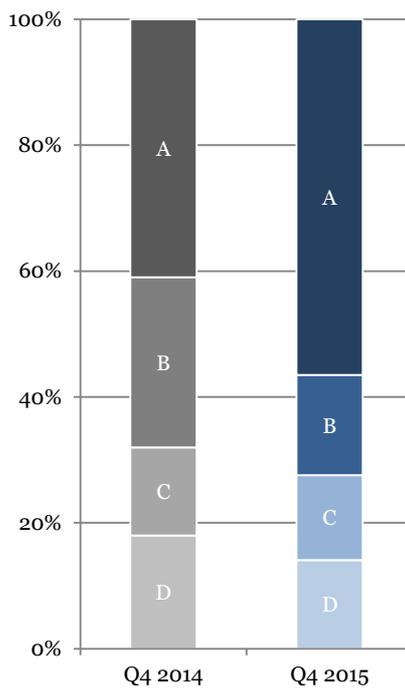
¹ As if East Capital Explorer had owned its pro-rata share of all the underlying securities in the different funds it has invested in

Sector breakdown, %



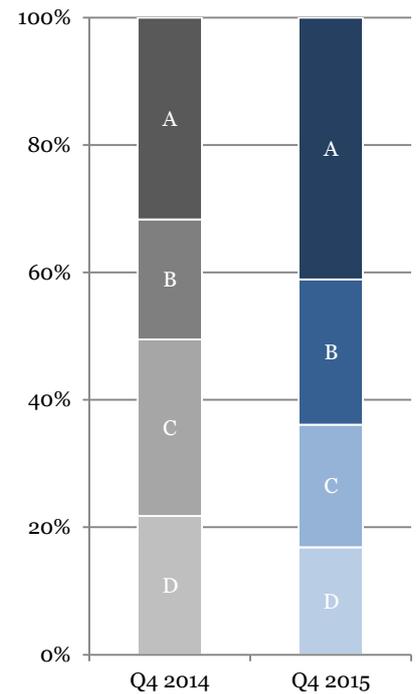
A	Telecom	33 (20)
B	Real Estate	25 (24)
C	Consumer Discretionary	15 (21)
D	Financials	14 (15)
E	Industrials	3 (5)
F	Utilities	2 (2)
G	Consumer Staples	2 (5)
H	Energy	2 (3)
I	Materials	1 (3)

Geographic breakdown, %



A	Baltics	57 (41)
B	Russia	16 (27)
C	Balkans	13 (14)
D	Other countries	14 (18)

Segment breakdown, %



A	Private Equity	41 (32)
B	Real Estate	23 (19)
C	Public Equity	19 (28)
D	Short-term investments, cash, other assets and liabilities	17 (22)

Comparative numbers in parentheses refer to the corresponding period 2014

Private Equity

The Private Equity segment represents 41 (32) percent of total Net Asset Value. The portfolio primarily consists of non-cyclical, consumer-oriented companies with high growth and/or cash flow potential. More detailed financial information regarding the Private Equity holdings is available on www.eastcapitalexplorer.com under Investors/Reports and Presentations.

Starman

Starman, the only truly pan-Baltic cable TV and broadband provider in Estonia and Lithuania, has a loyal customer base and strong non-cyclical cash flows. With its leading market position and superior product offering, Starman is well positioned to lead the market consolidation and benefit from the increasing broadband penetration.

East Capital Explorer's holding in the company	63%
% of NAV	28%

EURm	2015 Jan-Dec*	2014 Jan-Dec	2015 Oct-Dec	2014 Oct-Dec
Sales	53.7	33.6	13.8	8.6
- of which Cgates	16.4	-	4.2	-
EBITDA	25.0	15.9	6.1	3.8
- of which Cgates	7.1	-	1.7	-
Net profit	4.4	3.1	0.9	0.5
Sales growth (%)	59.8	11.1	60.5	12.0
EBITDA margin (%)	46.6	47.3	44.2	44.2
Net debt	76.0	101.5	76.0	101.5
Balance sheet total	170.6	108.4	170.6	108.4
Number of RGU's ('000)	501	493	501	493
- of which Cgates	200	201	200	201
Avg. ARPU, combined (EUR/m)	13.3	12.5	13.4	12.5

* Cgates consolidated as of 1 Feb 2015

RGU: Revenue generating units, ARPU: Average revenue per user

- Group performance 2015 was strong with group revenues for the full year reaching EUR 53.7m and EUR 13.8m for the fourth quarter, a year-on-year increase of 59.8% and 60.5% respectively. The increase is a result of the Cgates acquisition in Q1 2015 as well as strong organic growth in the underlying Starman and Cgates operations at 8.4% in Q4 2015 compared to Q4 2014 (as if Cgates had been consolidated in Q4 2014)
- During the fourth quarter, the company initiated integration of Kava, the regional Lithuanian operator acquired in October, into the Lithuanian business operations
- In 2015, the combined group (with acquired operations consolidated for the full year) generated revenues and EBITDA before one-offs of EUR 53.7m and EUR 25.0m, respectively. The combined EBITDA margin before one-offs was 46.6%. One-offs amounted to EUR 0.2m and related primarily to acquisition costs
- In October, Starman received the Industry Leader Award by Digital TV CEE (Central and Eastern Europe) on the back of its emergence as a key consolidator in the Baltic cable and pay-TV space
- On 31 December, net debt amounted to EUR 76.0m, corresponding to 3.0x EBITDA for the last twelve month
- In January, Gert Tiivas resigned from the position as Chairman of the Management Board. Aivo Adamsson remains as Group CEO, a position he has held since June 2015
- The fair value of the holding in Starman was kept unchanged at EUR 71.8m which corresponds to an EV/EBITDA multiple of 7.6x (last 12 months). However, the increase in value for the full year amounted to 15.8%

Learn more about Starman on: www.starman.ee

Melon Fashion Group

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

East Capital Explorer's holding in the company	36%
% of NAV	11%

RUBm	2015 Jan-Dec	2014 Jan-Dec	2015 Oct-Dec	2014 Oct-Dec
Sales	12,569	11,192	3,491	3,268
Gross profit	5,775	5,969	1,805	1,753
EBITDA	803	480	441	712
Net profit	279	44	269	470
Sales growth (%)	12.3	24.8	6.8	22.6
Gross margin (%)	45.9	53.3	51.7	53.6
EBITDA margin (%)	6.4	4.3	12.6	21.8
Net debt	-388.5	497.7	-388.5	497.7
Balance sheet total	4,993	6,359	4,993	6,359
Number of stores (end-quarter)	642	669	642	669
Like-for-like sales growth (%)	3.9%	0.2%	5.2%	1.3%

- Despite a difficult environment of dropping traffic and stagnating real wages, MFG posted good results demonstrating the durable resilience of the business and the successful implementation of the cost efficiency measures initiated a year ago
- Total sales in Q4 increased by 6.8% year-on-year, with slightly less than half of this growth driven by selling space expansion and the rest by like-for-like sales improvement
- Group comparable sales increased by 5.2% vs Q4 2014, while performance across three brands diverged significantly from double-digit growth by affordable befree to negative growth posted by more pricy Love Republic
- Profitability trend remains strong supported by cost efficiencies rolled out during the year. For example, personel and rent expenses decreased by 6% and 28% respectively compared to the last quarter of 2014. However, due to significant positive contribution from derivative gain that lifted Q4 2014 EBITDA result by nearly RUB 1bln, Q4 2015 headline EBITDA profitability dropped relative to last year
- Total number of stores decreased to 642 as 64 low potential stores were closed and 37 new stores were opened
- The underlying fair value of MFG, which is valued in rouble, was kept unchanged after an external valuation. On the back of the continuing depreciation of the rouble against the euro, the value of MFG in euro was lowered 2.2 EURm during Q4. The decrease in value for the full year amounted to 24.3%

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

Trev-2 Group

Trev-2 Group, one of the largest infrastructure construction and maintenance companies in Estonia, was acquired as a restructuring case, which has under East Capital Explorer's ownership concentrated its operational focus on two core areas: road construction and road maintenance.

East Capital Explorer's holding in the company	38%
% of NAV	2%

EURm	2015 Jan-Dec	2014 Jan-Dec	2015 Oct-Dec	2014 Oct-Dec
Sales	51.4	66.3	9.9	15.3
EBITDA	1.8	5.5	-0.4	0.2
Operating profit	4.1	6.5	0.5	0.1
Net profit	-1.2	1.6	-1.1	-0.9
Sales growth (%)	-22.6	-35.7	-35.3	-48.2
EBITDA margin (%)	3.6	8.2	-4.1	1.5
Operating margin (%)	8.0	9.8	5.1	0.7
Net debt	1.8	3.1	1.8	3.1
Balance sheet total	33.7	39.0	33.7	39.0

- The fourth quarter showed no surprises for Trev-2 Group as seasonality started to put road construction projects on hold and revenue started to flow in from fixed maintenance contracts.
- Trev-2 Group finished 2015 with a full-year revenue and EBITDA of EUR 51.4m and EUR 1.8m, respectively, which corresponds to a revenue contraction of 22.6% and an EBITDA margin decline from 8.2% to 3.6% compared to the previous year. The reason is found in lower road construction volumes in Estonia in general and for Trev-2 Group in particular, which affects the value chain utilization and profitability negatively. In 2015, a large part of the EBITDA deterioration derives from the loss of one of the larger construction projects.
- In the fourth quarter, the company continued to adjust its cost and asset base to lower construction volumes, and consolidated and centralized parts of its organization.
- On the positive side, Trev-2 in December distributed a sizeable dividend of EUR 2.1m to its shareholders, of which EUR 0.8 was distributed to East Capital Explorer, corresponding to a yield of 11%
- On 31 December, net debt amounted to EUR 1.8m, corresponding to 1.0x EBITDA for the last twelve month
- An external valuation of Trev-2 was conducted in Q4, which resulted in an unchanged valuation. The fair value of the holding in Trev-2 Group, however, was lowered from EUR 7.0m to EUR 6.2m after an external valuation and the dividend distribution in December. The decrease in value for the full year amounted to 16.9%

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

Real Estate

The Real Estate segment represents 23 (19) percent of total Net Asset Value. The Real Estate investments in the Baltic capitals have strong cash flows, sustainable rents and low vacancies. Yields are 7-9 percent, 2-3 percentage points higher than in the Nordic capitals, with attractive financing terms. More detailed financial information regarding 3 Burès is available on www.eastcapitalexplorer.com under Investors/Reports and Presentations, and regarding East Capital Baltic Property Fund II and III, on www.eastcapital.com.

3 Burès

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

East Capital Explorer's holding in the company	100%
% of NAV	11%

EURm	2015		2014
	Jan-Dec	Oct-Dec	Oct-Dec
Net rental revenue*	4.4	1.1	1.0
Net operating income	3.6	0.6	0.6
Vacancy rate (% end-quarter)	0.7	0.7	4.6
Avg. rent (€/sqm, end-quarter)	12.7	12.7	12.4

* Rental income only, excluding income from communal services

** As 3 Burès was acquired in June 2014, no full year figures are shown for 2014

- Vacancy in the office complex at the end of 2015 decreased and is close to 0% again, after signing rent agreements with new strong tenants
- Q4 net operating income was lower during the quarter primarily due to a one-off land tax charge
- For the development project, construction permit is expected to be received in Q1 2016 and a tender for general constructor can be launched after that, subject to decision by East Capital Explorer
- During the Q4 2015, the equity value of 3Burès increased by 9.1% as a result of positive operating result and property revaluation based on an external valuation. The value increase for the full year 2015 was 14.1%

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

East Capital Baltic Property Fund II

The fund invests in and manages properties with well-established tenants and sustainable rental terms in the Baltic capitals. Focus is primarily on shopping centres and retail properties, as well as logistics and office properties. The goal is to acquire well located properties with stable revenues and potential for improvements.

East Capital Explorer's share of the Fund	49%
% of NAV	11%

	Q4 2015	2015	Since May 12
Performance of the holding, EUR	2.9%	9.8%	33.8%

Properties in the portfolio	Weight of mkt value, %	Contr, %*	Location	Type
GO9	27	-8	Vilnius	Retail
Tänassilma Logistics	25	69	Tallinn	Logistics
Metro Plaza	21	12	Tallinn	Office
Deglava Prisma	14	11	Riga	Retail
Rimi Logistics	13	16	Tallinn	Logistics

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

- The net asset value of the fund increased by 2.9% for the quarter and 9.8% for the full year 2015
- By year end, external valuations of all properties have been executed by an independent valuation company. The valuations concluded with a 1.7% increase of property values on portfolio level
- The properties in the fund continue to perform as planned, with Tänassilma Logistics, Rimi Logistics and Metro Plaza contributing the most to the quarterly increase of net asset value. The negative contribution of GO9 was mainly due to a negative swap revaluation
- The Mustamäe Keskus development that was agreed to be acquired in February 2015 progresses in line with targeted opening in February 2016. 100% of the areas are covered with lease agreements and planning of opening event is in process. The acquisition deal will be completed after the opening of the shopping centre

East Capital Baltic Property Fund III

The fund was launched in the second half of 2015 and will invest in and manage commercial properties with well-established tenants and sustainable rental terms in the Baltic capitals. Focus is primarily on retail, office, logistics and industrial properties in prime locations with stable income and enhancement or value-added potential

East Capital Explorer's share of the Fund	28%
% of NAV	1%

	Since August 2015
Performance of the holding, EUR	-0.5%

- East Capital Baltic Property Fund III was launched in August 2015
- Total commitments in the fund were by year-end 2015 EUR 71m with a final targeted fund size of EUR 100m
- The first transaction in the fund – the acquisition of Vesse Retail Park in Tallinn was signed in January 2016
- The fund has a strong pipeline of new investments and the second investment is planned for Q1 2016

Public Equity

The Public Equity segment represents 19 (28) percent of total Net Asset Value. Investments in this segment offer exposure to companies with a strong outlook, especially in sectors driven by domestic growth such as retail, consumer goods, finance, and real estate. The listed portfolio comprise assets with high return potential that can be used as a financing source for further investments in the Private Equity and Real Estate segments.

Komercijalna Banka Skopje

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

East Capital Explorer's holding in the company	10%
% of NAV	4%

MKDm	2015	2014	2015	2014
	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Net interest income	2,909	2,633	747	675
Net interest margin (%)	3.7	3.5	3.7	3.5
Total operating income	4,168	3,861	1,111	1,054
Operating expenses	1 715	1 806	444	452
Cost Income ratio (%)	37.6	44.7	39.9	42.9
Profit before tax and provisions	2,453	2,055	677	602
Net profit	525	96	208	279

- KBS finished the year with MKD 525m (EUR 8.5m) in net profit, which equates to 5% ROE for the year. Balance sheet growth of just under 5% was almost exactly as forecast
- While profits came in slightly below forecast, the result is still five times higher than last year's figure and the shortfall was only due to the timing of provisions on one large exposure. The bank's underlying core income items remain consistent and robust, with net income margin stable at 3.7% and cost income ratio under 40% according to preliminary figures
- KBS has improved its profitability by lowering deposit rates and reducing operating costs, while keeping income streams roughly consistent with last year's. Continued high provisioning levels have unfortunately kept KBS from achieving better ROE numbers. In 2016 the bank will aim to resolve some lingering bad loan issues on the corporate side which have caused the high provisions
- The bank has seen good results from its expanded retail lending efforts in 2015, and should be able to continue this effort in 2016
- The valuation of East Capital Explorers holding in KBS appreciated 27.6% in Q4, which resulted in an increase in value of 16.7% for the full year

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

East Capital Deep Value Fund

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

East Capital Explorer's share of the Fund	75%
% of NAV	16%

	Q4 2015	2015	Since Jan 14
Performance of the holding, EUR	-2.9%	1.6%	3.5%

Largest holdings in the Fund on 31 December 2015

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
B92	9.9	-21.5	-2.7	Serbia	Consumer
Bank Sankt-Peterburg	8.1	11.2	0.5	Russia	Financials
Caucasus Energy & Infrastructure	7.3	2.0	0.1	Georgia	Utilities
Impact	5.5	-20.0	-1.4	Romania	Financials
IG Seismic Service	5.2	-4.1	-0.1	Russia	Energy
Komercijalna Banka Skopje	5.0	27.6	0.7	Macedonia	Financials
Reinsurance Co Sava	4.5	2.0	0.1	Slovenia	Financials
Telekom Srpske	3.8	-1.8	-0.1	Bosnia	Telecom
Cantik	2.8	2.0	0.1	Ukraine	Financials
Integra	2.7	2.9	0.0	Russia	Energy

All figures in EUR, performance Q4 2015

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
55	19	95

- East Capital Explorer's holding of the Deep Value fund was down by 2.9% in Q4. While the fund has no official benchmarks, this was slightly below both MSCI Russia, which fell by 2.1% and MSCI Emerging Markets Europe which fell by 2.6%
- Despite a positive start to the quarter on the back of improving geopolitical situation, the Russian market was hit by the falling oil price in December following the OPEC decision to abandon their production ceiling. Eastern Europe was impacted by the negative emerging markets sentiment that prevailed during the quarter
- The private equity and debt holdings in Serbian media company B92 were revalued (by an external valuator) due to difficult market conditions, leading to contribution of -2.7%
- The fund exited its position (2.3% of the fund) in Lithuanian dairy producer Pieno Zvaigzdes at an attractive 12% premium to the market. A position in Russian MD Medical Group (1.8%) was added, as one of the cheapest healthcare stocks globally despite its strong growth
- Going forward, the markets are expected to continue to be driven by general investor sentiment and commodity prices. However, the fund continues to work on exits where it is believed that fair value can be realised, which is often above market price due to liquidity constraints

Short-term investments

Short-term investments include assets that are expected to be divested. The largest short-term investment is East Capital Frontier Markets Fund, corresponding to 12.3 percent of NAV. East Capital Bering Ukraine Fund Class R, which increased by 0.5 percent in the fourth quarter, corresponds to 0.5 percent of East Capital Explorer's NAV and is not specified below.

East Capital Frontier Markets Fund

East Capital Frontier Markets Fund is a daily traded UCITS fund with a global focus on young and growing markets. To combine high growth, attractive valuations and risk-adjusted returns, the fund seeks to invest in a wide spectrum of countries, sectors and companies. A significant share is invested in off-index countries, the "next frontiers".

East Capital Explorer's share of the Fund	57%
% of NAV	12%

	Q4 2015	2015	Since Dec 14
Performance of the holding, EUR	0.4%	-1.9%	2.6%

Largest holdings in the Fund on 31 December 2015

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
National Bank Of Kuwait	7.3	2.3	0.2	Kuwait	Financials
United Bank/Pakistan	3.9	0.3	0.0	Pakistan	Financials
Zavarovalnica Triglav	3.7	-0.2	0.0	Slovenia	Financials
Banco Macro S.A.	3.7	1.7	0.1	Argentina	Financials
MercadoLibre	3.3	3.3	0.1	Argentina	IT
Lucky Cement	3.1	0.2	0.0	Pakistan	Materials
Banca Transilvania	3.0	1.8	0.1	Romania	Financials
Montenegro Telekom	2.9	0.1	0.0	Montenegro	Telecom
Ypf Sociedad Anonima	2.9	1.4	0.0	Argentina	Energy
Engro Foods	2.7	0.1	0.0	Pakistan	Cons. Stap.

All figures in EUR, performance Q4 2015

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
36	0	60

- Despite an eventful and volatile quarter, East Capital Explorer's holding of the Frontier Markets Fund managed to remain positive and gained 0.4%
- Being underweight in oil exporters was beneficial for the fund overall. Pakistan was particularly strong as investors appreciated large strategic projects initiated to improve Pakistan's infrastructure. The Baltic markets delivered a stable growth as well.
- Argentina was a market with a lot of action, with the market rallying by as much as 60% toward the election and weakening post elections. The new pro-market leader Mauricio Marci had a fast start as he let the Peso float and as a result, the Peso depreciated about 24%. MercadoLibre, a fast-growing online marketplace company that was added during the quarter, was among the best performers as it gained 3.3% in Q4
- 2016 is expected to be a year when frontier markets will build on these positive developments even further. The large valuation discounts of 40% and 15% of the frontier markets compared to emerging and developed markets, respectively, are among the good reasons to believe in these markets especially when the global investment sentiment improves

Results

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

Presentation currency is euro (EUR).

Results for the fourth quarter 2015

The net result for the fourth quarter was EUR 1.3m (EUR -36.2m), including value changes of shares in subsidiaries of EUR 1.9m (EUR -35.6m), corresponding to earnings per share of EUR 0.04 (EUR -1.18).

In Q4 2015, the value of the holding in 3 Burès was appreciated by EUR 2.3m while Melon Fashion Group (MFG) was impaired by -2.2m and Trev-2 Group was impaired by -0.8m. The appreciation of 3 Burès was mainly due to the yearly revaluation of the properties. The impairment of MFG was due to translation from rouble to euro while Trev-2 Group was impaired due to dividend paid in December 2015. Together with fair value adjustments in East Capital Baltic Property Fund II of EUR 0.8m, Komercijalna Banka Skopje of EUR 1.8m, East Capital Russia Domestic Growth Fund of EUR 0.8m and in East Capital Deep Value Fund of EUR -1.2m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

In the investment activities, the Company sold the remaining shares in East Capital Russia Domestic Growth Fund for an amount equivalent to EUR 10.5m. Further, the first draw down was made in East Capital Baltic Property Fund III for an amount equivalent to EUR 3.3m.

The result for the period includes expenses of EUR -0.7m (EUR -0.6m), all of which refer to the Parent company.

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

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

Results for the period January-December 2015

The net result for the year was EUR 7.3m (EUR -33.8m), including value changes of shares in subsidiaries of EUR 9.0m (EUR -32.8m), corresponding to earnings per share of EUR 0.25 (EUR -1.06).

The value of the holding in Starman was appreciated by EUR 9.8m while MFG was impaired by EUR -8.5m and Trev-2 Group was impaired by EUR -2.2m. Together with the fair value adjustments in 3 Burès of EUR 3.4m, East Capital Baltic Property Fund II of EUR 2.4m, Komercijalna Banka Skopje of EUR 1.2m, East Capital Deep Value Fund of EUR 0.7m, East Capital Russia Domestic Growth Fund of EUR 5.3m and East Capital Frontier Markets Fund of EUR -0.5m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

In the investment activities, Starman's acquisition of Cgates was finalized on 12 February 2015. In conjunction with the transaction, East Capital Explorer made an additional investment of EUR 22.5m through a share issue in Starman, thereby increasing the ownership in Starman from 51 to 63 percent. In December, the first draw down was made in East Capital Baltic Property Fund III for an amount equivalent to EUR 3.3m. Furthermore, the Company sold shares in East Capital Frontier Markets Fund for a total amount equivalent to EUR 9.1m, in East Capital Russia Domestic Growth Fund for an amount equivalent to EUR 21.5m and in East Capital Deep Value Fund for an amount equivalent to EUR 7.4m.

The result for the period includes expenses of EUR -1.9m (EUR -2.0m), all of which refer to the Parent company.

Financial income for the period amounted to EUR 0.2m (EUR 1.0m) and financial expenses to EUR -0.0m (EUR -0.0m).

Comparative numbers in parenthesis refer to January-December 2014.

Financial Position and Cash Flow January-December 2015

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

The cash flow presented below only relates to transactions in the Parent Company. During the period January-December 2015, the Company received repayment of shareholder's contributions of EUR 17.5m (EUR 15.6m) from East Capital Explorer Investments SA (East Capital Explorer Investments AB in 2014). In connection with the redemption program that ended in July 2015 (June 2014), EUR 13.2m (EUR 13.6m) was paid out to the shareholders. During the period 25 March-13 April 2015 and 21 August-17 September 2015, East Capital Explorer repurchased a total of 315,229 shares, for an amount equivalent to EUR 1.9m.

Cash and cash equivalent at the end of the period amounted to EUR 1.9m (EUR 1.1m), all of which refer to the Parent Company.

At the end of the period, cash, cash equivalents and other short-term investments in the investment activities amounted to EUR 43.0m (EUR 57.8m). Please refer to the breakdown of values in subsidiaries on pages 17-18 for more details regarding the investment activities.

Comparative numbers in parenthesis refer to 31 December 2014.

Commitments

On 10 July 2015, East Capital Explorer announced a commitment to invest EUR 20m in total in the new fund East Capital Baltic Property Fund III. In Dec 2015, the first draw down was made for an amount equivalent to EUR 3.3m.

Business Environment and Market

Most markets in Eastern Europe enjoyed a good start of 2015, supported by increased optimism regarding European macro in general, and ECB stimulus in particular. The second and third quarters were mixed, influenced by the Greek debt crisis and worries about Chinese growth and the upcoming US Federal Reserve interest rate decision. The last quarter was split in Eastern Europe, starting off positively while the latter half was dominated by the Fed hike and renewed oil price weakness. The fourth quarter was split also in terms of market performance, with roughly half of the markets ending in black and the other half in red. A number of frontier markets in the euro zone, including the Baltics and Balkans, outperformed, gaining around 4 percent, while the Russian market was slightly down.

The Baltic economies have continued to outgrow the euro zone as a whole, supported by a broad base of domestic and external demand. The Russian economy, on the other hand, contracted during the year. A weak currency translated into high inflation and consequently falling real wages and consumption. The Balkan economies are recovering, even though the uncertainty over Greece has caused some negative spill-overs.

The outlook for Eastern Europe is mixed. The Baltics and the Balkans are expected to grow around 2-3 percent in 2016, while inflation will remain subdued. The Russian economy is predicted to contract by 1-2 percent in 2016, with a continued volatile currency. However, inflation is expected to fall and subsequent interest rate cuts should trigger a pick-up in lending and consumption. The economic development in East Capital Explorer's investment region is thus mixed and significant uncertainties remains from a financial perspective. Global monetary policies, currencies and commodity prices are likely to continue to impact the Company's markets. East Capital Explorer's holdings may therefore be associated with

increased risk, which may also impact the possibilities for divestments, while, on the other hand, creating new investment opportunities.

Other information

Accounting principles

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act (Årsredovisningslagen). The interim report for the Company has been prepared in accordance with Swedish Financial Reporting Board (RFR 2) and The Swedish Annual Accounts Act Chapter 9, Interim report. The parts of IFRSs and RFR 2 that are currently relevant for East Capital Explorer AB lead to the same accounting. The two sets of separate financial statements are therefore presented together as a common single set of accounts.

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

As of Q1 2015, East Capital Explorer has changed its segment reporting to reflect the ongoing strategic shift. The new segments are Private Equity, Real Estate, Public Equity and Short-term investments. Comparable numbers for 2014 are restated according to the new segment reporting, see Note 1 Segment reporting. The classes of investments used in the fair value disclosures in note 3 have been affected in a corresponding way. All other accounting principles applied are the same as in the Annual Report for 2014.

A number of other new standards, amendments to standards and interpretations are effective for periods beginning after this report has been published. These are assessed not to have any material impact on the reports of East Capital Explorer.

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

Risks and uncertainties

The dominant risk in East Capital Explorer's operations is commercial risk in the form of exposure to specific sectors, geographic regions or individual holdings and financial risk in the form of market risk, equity price risk, foreign exchange risk and interest rate risk. A more detailed description of East Capital Explorer's material risks and uncertainties is provided in the Company's Annual Report 2014 on pages 40-42. An assessment for the coming months is provided in the Business Environment and Market section above.

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

Fees

To calculate all management and performance fees related to East Capital Explorer, fees originated in funds are added to the fees in the investment activities. Total fees to East Capital, generated by the investments held by East Capital Explorer AB, amounted to EUR -4.8m (EUR +5.3m). Of this, EUR -4.8m (EUR -6.1m) was management fees and EUR 0.0m (EUR +11.3m) was performance

fees. The fees for 2014 were positive due to reversed performance fees relating to previous years.

For direct investments, an annual management fee of 2% is charged by the Investment Manager, besides for Real Estate investments, where the management fee is 1.75%. Further, the Investment Manager is entitled to performance fee of 20% of realized profits from the sale of direct investments, provided that a threshold value of 8% annually has been achieved.

For fund investments, the fee terms of the respective fund applies, which normally corresponds to an annual management fee of 1.95% (plus additional administrative expenses and charges, among others an AIFMD related charge of 0.1% and custody fees) and 20% performance fee. For East Capital Baltic Property Fund II the management fee is 1.75% and for East Capital Baltic Property Fund III 1.25%. For East Capital Frontier Markets Fund, which is a UCITS fund, East Capital Explorer is charged a rebated management fee of 1% (plus an additional "all-in" fee for fund administration, depositary and other expenses of 0.65% NAV). The fund does not charge any performance fee.

No performance fees are to be paid out until the adjusted net asset value per ordinary share exceeds SEK 100. For direct investments, an additional condition for payment is that all direct investments, in total, show a positive result. Additionally, all management fees on portfolio values exceeding EUR 400m is reduced to 1.0%. Catch-up clauses in the range of 0/100 – 50/50, related to profit distribution after the hurdle is reached, are applicable for direct investments as well as real estate investments. For more details about fees, please see the latest Annual Report available on the Company's website.

Related party transactions January-December 2015

There have been no related party transactions during the year, other than fee payments according to agreements in place. East Capital Explorer Investments SA has a related party relationship with its subsidiaries, with companies in the East Capital Group, as well as with management and employees.

East Capital Explorer AB, East Capital Explorer Investments SA and East Capital Explorer Investments AB have a licensing agreement with East Capital Explorer Licensing AB, pursuant to which East Capital Explorer Licensing AB has granted a non-exclusive, royalty-free license to use the trade name and trademark "East Capital Explorer".

During 2015, the fees paid by East Capital Explorer Investments SA to East Capital Asset Management SA were EUR -4.8m (EUR +5.3m). The fees in 2014 were positive due to reversed performance fees relating to earlier years.

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

East Capital Explorer AB's management, Board members and their close relatives and related companies control 23.1 percent of voting rights in the Company.

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

Comparative numbers in parenthesis refer to January-December 2014.

Organisational and investment structure

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

East Capital Explorer's strategy is to invest in sectors and companies that have the most to gain from the long-term trends in

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

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

Redemption program and repurchase of shares

On 24 March 2015, The Board of East Capital Explorer AB resolved to initiate a share repurchase program in order to increase shareholder value. The Company repurchased a total of 166,100 shares during the period 25 March through 13 April 2015, corresponding to 0.55% of the Company's outstanding shares, at an average price of SEK 57.07 per share. The Company also repurchased a total of 149,129 shares during the period 21 August through 17 September 2015, corresponding to 0.52% of the Company's outstanding shares, at an average price of SEK 52.58 per share. In total, 315,229 shares have been repurchased during 2015, corresponding to 1.11% of the Company's outstanding shares. The Board intends to propose to the 2016 Annual General Meeting (AGM), or sooner, that the share capital in the company be reduced by cancelling the repurchased shares.

At the AGM in April 2015, it was resolved that East Capital Explorer would offer its shareholders to redeem 5 percent of the Company's outstanding shares at a price of SEK 83 (corresponding to EUR 8.99) for each redeemed share. The redemption price was equivalent to the Company's Net Asset Value per share on 31 December 2014. A total of 1,466,468 ordinary shares were tendered for redemption during the period 26 May to 22 June 2015, corresponding to an acceptance level of approximately 98.5 percent. Consequently, a total of SEK 121,716,844, EUR 13.2m, was paid out on 15 July 2015 to the shareholders participating in the redemption program.

The total number of shares outstanding in East Capital Explorer as of 31 December 2015 amounted to 28,476,792. Adjusted for the above mentioned repurchased share, the number of shares amounted to 28,161,563. The weighted average number of shares outstanding for the reporting period was 29,337,616, adjusted for the redemption program and the repurchased shares.

Dividend

A new dividend policy was adopted as of 21 April 2015. The new policy implies that at least 50 percent of the dividends received from portfolio holdings will be distributed to shareholders. With an ordinary dividend as a base, share redemptions and repurchases can also be used from time to time to enhance shareholder value.

East Capital Explorer will propose to the Annual General Meeting 2016 to pay an ordinary dividend for 2015 of SEK 0.80 per share, corresponding to EUR 0.09 per share.

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

Stockholm, 11 February 2016

Mia Jurke
Chief Executive Officer

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Financial calendar

- Annual Report 2015 available in March 2016
- Annual General Meeting 2016 – 20 April 2016
- Interim Report Q1 2016 – 19 May 2016
- Interim Report Q2 2016 – 26 August 2016
- Interim Report Q3 2016 – 17 November 2016

Subscribe to financial reports and press releases directly to your e-mail on: www.eastcapitalexplorer.com or by sending an email to ir@eastcapitalexplorer.com.

The information in this year-end report is the information which East Capital Explorer AB is required to disclose under Sweden's Securities Market Act. It was released for publication at 08:00 a.m. CET on 11 February 2016.

Events occurring after the end of the quarter

East Capital Explorer and East Capital today, 11 February 2016, announce their joint view that the Investment Agreement between the companies should be terminated. An Extraordinary General Meeting (EGM) will be called to decide on the termination. More information will be provided in connection with an EGM notice no later than by the end of February.

Review Report

To the Board of East Capital Explorer AB (publ)
Corporate identity number 556693-7404

Introduction

We have reviewed the summary interim financial information (year-end report) of East Capital Explorer AB (publ) as of 31 December 2015 and the twelve-month period that ended except for the portfolio reporting on pages 5-11. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this year-end report based on our review.

Scope of the Review

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

Conclusion

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

Stockholm, 11 February 2016
KPMG AB

Anders Malmeby
Authorised Public Accountant

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

Income Statement

EUR Thousands					
	Note	2015 Jan-Dec	2014 Jan-Dec	2015 Oct-Dec	2014 Oct-Dec
Changes in fair value of subsidiaries	1	8,996	-32,750	1,923	-35,580
Staff expenses		-998	-902	-395	-319
Other operating expenses		-919	-1,147	-263	-279
Operating profit/loss		7,079	-34,799	1,265	-36,178
Financial income		189	961	-2	0
Financial expenses		0	-8	0	-3
Profit/loss before tax		7,268	-33,846	1,263	-36,181
Tax		-	-	-	-
NET PROFIT/LOSS FOR THE PERIOD¹		7,268	-33,846	1,263	-36,181
Earnings per share, EUR					
- Attributable to shareholders of the Parent Company		0.25	-1.06	0.04	-1.18
No dilutive effects during the periods					

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

Balance Sheet

EUR Thousands				
	Note	2015 31 Dec	2014 31 Dec	
Assets				
Shares in subsidiaries	2, 3	252,140	260,644	
Total non-current assets		252,140	260,644	
Other short-term receivables		-	1	
Accrued income and prepaid expenses		14	16	
Cash and cash equivalent		1,918	1,057	
Total current assets		1,932	1,074	
Total assets		254,071	261,718	
Equity				
Share capital ¹		3,654	3,650	
Other contributed capital/Share premium reserve ²		318,920	333,945	
Retained earnings ²		-76,282	-42,436	
Net profit/loss for the period ²		7,268	-33,846	
Total equity		253,561	261,314	
Current liabilities				
Other liabilities		256	129	
Accrued expenses and prepaid income		254	275	
Total current liabilities		510	404	
Total equity and liabilities		254,071	261,718	

¹ Restricted capital

² Unrestricted capital

Statement of Changes in Equity

EUR Thousands				
	Share capital	Other contributed capital/Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
Opening equity 1 January 2015	3,650	333,945	-76,282	261,314
Net profit/loss for the period	-	-	7,268	7,268
Total comprehensive income	-	-	7,268	7,268
Bonus issue	4	-4	-	-
Redemption program	-	-13,170	-	-13,170
Share buy-back	-	-1,851	-	-1,851
Closing equity 31 December 2015	3,654	318,920	-69,014	253,561

EUR Thousands				
	Share capital	Other contributed capital/Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
Opening equity 1 January 2014	3,640	348,183	-42,436	309,387
Net profit/loss for the period	-	-	-33,846	-33,846
Total comprehensive income	-	-	-33,846	-33,846
Bonus issue	10	-10	-	-
Redemption program	-	-13,753	-	-13,753
Equity transaction costs	-	-475	-	-475
Closing equity 31 December 2014	3,650	333,945	-76,282	261,314

Statement of Cash Flow

EUR Thousands				
	2015 Jan-Dec	2014 Jan-Dec	2015 Oct-Dec	2014 Oct-Dec
Operating activities				
Operating profit/loss	7,079	-34,799	1,265	-36,178
Changes in fair value of subsidiaries	-8,996	32,750	-1,923	35,580
Interest received	-	961	-	-
Cash flow from current operations before changes in working capital	-1,917	-1,088	-658	-598
Cash flow from changes in working capital				
Increase (-)/decrease(+) in other current receivables	3	6	-11	-8
Increase (+)/decrease(-) in other current payables	106	-475	154	114
Cash flow from operating activities	-1,808	-1,557	-515	-492
Investing activities				
Repayment of shareholder contributions	17,500	15,600	-	-
Loan to subsidiary	-	-	-	100
Cash flow from investing activities	17,500	15,600	-	100
Financing activities				
Redemption program	-13,170	-13,753	-	-
Share buy-back	-1,851	-	-	-
Cash flow from financing activities	-15,021	-13,753	-	-
Cash flow for the period	671	290	-515	-392
Cash and cash equivalent at the beginning of the period	1,057	776	2,435	1,452
Exchange rate differences in cash and cash equivalents	189	-8	-2	-3
Cash and cash equivalent/cash and bank at the end of the period	1,917	1,057	1,917	1,057

Note 1 Segment Reporting

East Capital Explorer AB classifies the Company's various segments based on the nature of the investments. Management monitors the holdings on the basis of fair value, and all holdings are reported at fair value through profit or loss. As the value of the holding in East Capital Explorer Investments SA, where the investment activities are managed, is directly dependable of the investment portfolio, the value change of holdings held by the subsidiary has been allocated to value changes, dividends received and other operating expenses that are directly attributable to the underlying investments in private equity, real estate, public equity and short-term investments. All other revenues and expenses are classified as unallocated in the table below. As of Q1 2015, East Capital Explorer changed its segment reporting to reflect the ongoing strategic shift (previously, the segment reporting was classified as Direct Investments, Fund Investments and Short-term investments). Comparable numbers for 2014 are restated according to the new segment reporting.

EUR thousands 1 Jan – 31 Dec 2015	Private Equity	Real Estate	Public Equity	Short-term investments	Unallocated	Total
Changes in value of portfolio	-961	5,773	1,959	4,215	-	10,986
Received dividends	817	-	-	-	-	817
Other operating expenses (including management fees)	-2,058	-424	-147	-	-179	-2,807
Changes in value of subsidiaries	-2,202	5,349	1,813	4,215	-179	8,995
Staff expenses	-	-	-	-	-998	-998
Other operating expenses	-	-	-	-	-919	-919
Operating profit/loss	-2,202	5,349	1,813	4,215	-2,096	7,078
Financial income	-	-	-	-	189	189
Financial expense	-	-	-	-	0	0
Profit/loss before tax	-2,202	5,349	1,813	4,215	-1,907	7,267
Assets	104,584	57,718	48,894	42,960	-84	254,071

EUR thousands 1 Jan – 31 Dec 2014	Private Equity	Real Estate	Public Equity	Short-term investments	Unallocated	Total
Changes in value of portfolio	-20,715	3,306	-25,870	3,471	-	-39,807
Received dividends	214	-	-	-	-	214
Other operating expenses	8,631	-601	-153	-	-1,031	6,844
Changes in value of subsidiaries	-11,870	2,705	-26,023	3,471	-1,031	-32,750
Staff expenses	-	-	-	-	-902	-902
Other operating expenses	-	-	-	-	-1,147	-1,147
Operating profit/loss	-11,870	2,705	-26,023	3,471	-3,080	-34,799
Financial income	-	-	-	-	961	961
Financial expense	-	-	-	-	-8	-8
Profit/loss before tax	-11,870	2,705	-26,023	3,471	-2,127	-33,846
Assets	85,028	48,620	70,442	57,802	-174	261,718

Note 2 Entities with ownership interests over 50 percent

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

Non consolidated entities 31 December 2015	Country	Number of shares	Book value, EUR thousands	Ownership capital
East Capital Explorer Investments SA	Bertrange, Luxembourg	4,000	252,140	100%
East Capital Explorer Investments AB	Stockholm, Sweden	11,000	8,850	100%
Humarito Limited	Nicosia, Cyprus	2,000	220,568	100%
Baltic Cable Holding OÜ	Tallinn, Estonia	2,502	-	100%
Starman AS	Tallinn, Estonia	10,758	71,839	63%
UAB Portarera ¹	Vilnius, Lithuania	300	27,641	100%
UAB Solverta ¹	Vilnius, Lithuania	100	-	100%
UAB Verslina ¹	Vilnius, Lithuania	100	-	100%
East Capital Deep Value Fund	Bertrange, Luxembourg	54,309	40,337	75%
East Capital Frontier Markets Fund	Bertrange, Luxembourg	384,752	31,077	57%

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

Note 3 Financial instruments

For a better understanding of the business, the information regarding financial instruments below is presented on a see-through basis as the fair value of the holding in the subsidiary East Capital Explorer Investments SA is a result of the fair values of the holdings in the investment activities within East Capital Explorer Investments AB and Humarito Ltd. Shares and participations in the investment activities as well as the Company's holdings in subsidiaries are all valued at fair value.

Financial instruments not measured at fair value through profit and loss

For accounts receivable and accounts payable, the carrying amount is assessed to reflect fair value since the remaining maturity is generally short. This is also the case for cash and bank.

Calculation of fair value

The following summarises the main methods and assumptions applied in determining the fair values of the financial instruments in the balance sheet. Please refer to the Annual Report 2014 for more details on valuation policies used by East Capital Explorer AB.

Fair value hierarchy

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs requiring significant adjustment based on unobservable inputs, such measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the financial asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The remaining equity funds are classified in the level where underlying equities to a predominant proportion have been classified.

Shares in subsidiaries/financial instruments

In the Parent company, financial instruments consist of shares in subsidiaries of EUR 252.1m and cash and cash equivalent of EUR 1.9m. The carrying amount of these assets constitutes the fair value on the balance sheet date.

Shares in subsidiaries	Country	Book value, EURt		Share of capital, %	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
East Capital Explorer Investments SA	Bertrange, Luxembourg	252,140	260,644	100	100

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

As the holdings in East Capital Explorer Investments SA and its investing subsidiary Humarito Ltd are presented on a see through basis, the tables below reflect the fair value hierarchy in the investment activities. The value of the shares in subsidiaries is directly and indirectly made up by the following assets:

EUR Thousands							
31 December 2015	Private Equity			Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Breakdown of values in subsidiaries	Real Estate	Public Equity					
Opening balance 1 January 2015	85,028	48,620	70,442	52,188	4,557	-191	260,644
Reclassifications	-1,997	-	-16,110	18,107	-	-	-
Purchase/additions	22,514	3,325	-	-	-25,839	-	-
Divestments/Reductions	-	-	-7,397	-42,060	49,458	-	-
Other	-	-	-	-	-2,900	93	-2,807
Repaid shareholders contributions	-	-	-	-	-17,500	-	-17,500
Dividend received	-	-	-	-	817	-	817
Changes in fair value recognised net in profit/loss	-961	5,773	1,959	4,215	-	-	10,986
Closing balance 31 December 2015	104,584	57,718	48,894	32,450	8,593	-98	252,140

EUR Thousands							
31 December 2014	Private Equity			Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Breakdown of values in subsidiaries	Real Estate	Public Equity					
Opening balance 1 January 2014	106,435	20,670	172,321	112	19,471	-10,016	308,993
Reclassifications	-	-	-17,820	17,820	-	-	-
Purchase/additions	-	24,643	-	50,236	-74,880	-	-
Divestments/Reductions	-691	-	-58,190	-19,452	78,332	-	-
Other	-	-	-	-	-2,980	9,825	6,845
Repaid shareholders contributions	-	-	-	-	-15,600	-	-15,600
Dividend received	-	-	-	-	214	-	214
Changes in fair value recognised net in profit/loss	-20,715	3,306	-25,870	3,471	-	-	-39,808
Closing balance 31 December 2014	85,028	48,620	70,442	52,188	4,557	-191	260,644

Private Equity consists of the holdings in Melon Fashion Group (MFG), Starman and Trev-2 Group. Real Estate consists of holdings in 3 Burès, East Capital Baltic Property Fund II and East Capital Baltic Property Fund III. All of these holdings are valued by external appraisers at least once a year, normally at year-end. The fair value of the holdings is assessed on a quarterly basis.

Public Equity consists of funds with a majority of public holdings managed by East Capital, a specialist in emerging and frontier markets, basing its investment strategy on thorough knowledge of the markets, fundamental analyses and frequent company visits by its investment teams. The holding in Komercijalna Banka Skopje, which is publicly traded, is also included in Public Equity. Holdings in Public Equity are valued at fair value according to the valuation principles described on the previous page.

Short-term investments consist of holdings which are expected to be divested within a year. The holding in East Capital Frontier Markets Fund and East Capital Bering Ukraine Fund R are classified as short-term investments.

Holding	Class	Valuation method	Valuation assumptions
Starman	Private Equity	DCF	Long-term growth 2%, Long term operating margin 19%, WACC 6-9%
Melon Fashion Group	Private Equity	DCF	Long-term growth 4%, Long term operating margin 8%, WACC 19%
Trev-2 Group	Private Equity	DCF	Long-term growth 2%, Long term operating margin 7%, WACC 7-11%
3 Burès	Real Estate	DCF	WACC 8-11%, Exit yield 7-8%
East Capital Baltic Property Fund II	Real Estate	DCF	WACC 8-9%, Exit yield 7-9%
East Capital Baltic Property Fund III	Real Estate	Aquisition value ¹	

Discounted Cash Flow model (DCF), weighted average cost of capital (WACC)

¹ First investment made in December 2015

For the fair values of Private Equity investments and Real Estate (3 Burès and East Capital Baltic Property Fund II) - reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Effect in EUR thousands 31 December 2015 Sensitivity analysis	Private Equity Profit or loss	
	Increase	Decrease
Long term growth rate (0.5% movement)	8,132	-7,047
Weighted average cost of capital (WACC) (0.5% movement)	-8,841	10,184
Long term operating margin (0.5% movement)	2,112	-2,112

Effect in EUR thousands 31 December 2015 Sensitivity analysis	Real Estate Profit or loss	
	Increase	Decrease
Weighted average cost of capital (WACC) (0.5% movement)	-1,004	1,026
Exit yield (0.5% movement)	-2,447	2,809

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

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

EUR thousands 31 December 2015			
Shares and participations in investment activities at fair value through profit or loss ¹	Level 1	Level 3	Total balance
Private Equity	-	104,584	104,584
Real Estate	-	57,718	57,718
Public Equity	48,894	-	48,894
Short-term investments	31,077	1,373	32,450
Total	79,970	163,675	243,645

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

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

The following investments are classified in Level 3: East Capital Baltic Property Fund II, East Capital Baltic Property Fund III, East Capital Bering Ukraine Fund Class R, Melon Fashion Group, Starman, Trev-2 Group and 3 Burès.

EUR thousands 31 December 2015				
Changes in financial assets and liabilities in Level 3	Private Equity	Real Estate	Short-term Investments	Total
Opening balance 2015	85,028	48,620	1	133,649
Reclassifications	-1,997	-	1,997	-
Purchase/additions	22,514	3,325	-	25,839
Changes in fair value recognised net in profit/loss	-961	5,773	-625	4,187
Closing balance 31 December 2015	104,584	57,718	1,373	163,675

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

EUR 4,187 thousands (EUR -17,646 thousands) of changes in fair value recognised net in profit/loss relate to investments still held at the end of the period.

Risks and uncertainties

For information about risks, uncertainties and information about the business environments and markets in which East Capital Explorer invests, please see page 11. For a summary of the methods and assumptions used to determine fair value of the portfolio holdings please see Note 3 and in more detail on page 71 in the Annual Report of 2014. The effect of fluctuations in the major parameters on the value of the portfolio holdings is presented in the table below:

Sensitivity analysis for market risks (EUR Thousands)

31 December 2015		
Risk factors	Change	Effect on net profit/loss for the period
Fx EUR/RUB	+/- 10%	2,654
Fx EUR/USD	+/- 5%	3,639
Equity price	+/- 10%	24,364

Note 4 Key Figures

Key figures	12m	9m	6m	3m	12m	9m	6m	3m
	2015	2015	2015	2015	2014	2014	2014	2014
Net asset value (NAV), EUR m	254	252	264	279	261	297	298	288
Share redemptions, EURm	-	-	13.2	-	-	-	13.6	-
Equity ratio, %	99.8	99.9	95.1	99.8	99.8	99.9	99.9	99.8
Market capitalisation, SEK m	1,429	1,464	1,486	1,688	1,273	1,395	1,729	1,587
Market capitalisation, EUR m	156	156	161	182	134	153	189	178
Number of outstanding shares, m	28.2	28.2	28.3	29.9	29.9	29.9	29.9	31.4
Number of outstanding shares including repurchased shares, m	28.5	28.5	28.5	29.9	29.9	29.9	29.9	31.4
Weighted average number of shares, m	29.3	29.7	30.5	30.6	31.8	32.3	33.1	33.1
Number of employees	4	4	4	4	4	4	3	3

Key figures per share	12m	9m	6m	3m	12m	9m	6m	3m
	2015	2015	2015	2015	2014	2014	2014	2014
Earnings per share, EUR	0.25	0.20	0.55	0.52	-1.06	0.07	0.08	-0.64
Dividend per share, EUR ²	0.09	-	-	-	-	-	-	-
NAV, SEK	82	84	86	87	83	90	91	82
NAV, EUR	9.00	8.96	9.32	9.35	8.73	9.94	9.95	9.17
Share price, SEK ¹	50.75	52.00	52.50	56.50	42.50	46.60	57.75	50.50
Share price, EUR ¹	5.54	5.55	5.68	6.10	4.49	5.12	6.31	5.67

SEK/EUR	9.16	9.36	9.25	9.26	9.47	9.11	9.15	8.91
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¹ Not adjusted for share redemptions

² Proposed dividend for 2015, 0.80 SEK per share corresponding to 0.09 EUR per share