

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2011 IV Quarter**



LORDS LB
Asset Management

LORDS LB ASSET



I. GENERAL INFORMATION

1. Main data of the Management Company:

1.1. Name:

UAB „LORDS LB ASSET MANAGEMENT“

1.2. Address:

Registry address: **Jogailos str. 4, 01103 Vilnius, Lithuania**
Visiting address: **Saltoniškių str. 2, 08126 Vilnius, Lithuania**

1.3. Telephone No., e-mail, website:

Telephone No **+ 370 5 261 9470**
E-mail **info@lordslb.lt**
Website **www.lordslb.lt**

1.4. Activity Licence No of the Management Company:

VĮK-016, issued on the 23rd of December 2008.

1.5. Registry date, place and code of the Management Company at the Register of Legal Entities of the Republic of Lithuania:

Registry date: **8th September 2008**
Registry place: **State Enterprise Centre of Registers Vilnius Branch**
Company code: **301849625**

2. Reporting period:

1st January 2011 – 31st December 2011

3. The title of Auditor, address, telephone and fax numbers:

Name: **PricewaterhouseCoopers, UAB**
Address: **J. Jasinskio str. 16B, Vilnius, Lithuania**
Telephone No.: **+ 370 5 239 2300**
Fax No.: **+ 370 5 239 2301**

4. The beginning and the end of Financial Year:

1st January 2011 – 31st December 2011

5. Information about where and when to get acquainted with the Activity Report and the documentation it is based on:

UAB „LORDS LB ASSET MANAGEMENT“
Saltoniškių str. 2, 08126 Vilnius, during working hours 9 am – 6 pm.

II. INFORMATION OF THE CAPITAL OF THE MANAGEMENT COMPANY, ISSUED SECURITIES AND THE SHAREHOLDERS

6. The capital of the Management Company:

6.1. The amount of the authorized capital, structure and it's changes during the last three years and the registry dates of the changes of the Statute at the State Enterprise Centre of Registers:



On the 31st of December 2011, the amount of the authorized capital was LTL 1'100'00. Since the establishment of the Management Company the authorized capital was increased once from LTL 700'000 up to LTL 1'100'000.

6.2. The amount of the issued shares by the Management Company, par value and the granted rights:

11'000 ordinary registered shares with par value of LTL 100 each.

7. Borrowings (in percentage), over equity, purpose of borrowings, period, payable interest.

On the 31st of December 2011, the Management Company didn't have any loans.

8. The amount of the equity invested in a diversified portfolio of investments:

The amount of the equity invested in a diversified portfolio of investments – LTL 341'777.

9. Shareholders:

9.1. The number of shareholders and its change over last three years:

Number of shareholders 2008 12 31	2
Number of shareholders 2009 03 31	2
Number of shareholders 2009 12 31	1
Number of shareholders 2010 12 31	4
Number of shareholders 2011 03 31	5
Number of shareholders 2011 06 30	7
Number of shareholders 2011 12 31	6

9.2. Shareholders who own or control more than 10 percent of the management company's share capital: personal names, corporate names, type, location address, registry code, the number of shares owned by the shareholders, share capital and voting percentages – voting percentages of the shares owned by each person and percentage of votes belonging to the person together with other participants.

Name: **MART INN FOOD Ltd.**
Company code: **HE 276577**
Registry address: **Theklas Lysioti, 35 Eagle Star House, 6th floor, 3030 Limassol, Kipras**
Owns: **4'620 shares and 42% votes**

Name: **UAB „AEMULUS“**
Company code: **302578408**
Registry address: **Jogailos str. 9 /A.Smetonos str. 1, Vilnius, Lithuania**
Owns: **2'420 shares and 22% votes**

9.3. Charged and paid dividends, period for which dividends were paid:

Dividends were not paid.

9.4. The number of shares owned, share capital and votes (in percentage) of the head, administration staff and other related persons of the Management Company:

Name, surname: **Andrius Stonkus**
Position: **Managing Director**
Owns: **1'100 shares and 10% of votes**



III. INFORMATION ABOUT THE ACTIVITY OF THE MANAGEMENT COMPANY

10. Membership in associated structures:

-

11. Clients of the Management Company:

11.1. Collective investment undertakings:

Type of CIU	Name	NAV	Average annual NAV	Annual net return on investments	Number of participants	Calculated annual fee to Management Company	Actually paid annual fee to Management Company
RE	Lords LB Baltic Fund I	57'302'075,36	47'573'161,12	15,58%	47	694'799,01	705'161,44
RE	Lords LB Opportunity Fund I	11'345'161,29	7'906'313,33	15,17%	13	111'414,42	115'176,71
RE	Lords LB Baltic Fund II	5'156'951,21	5'148'152,11	-1,25%	14	118'766,90	40'440,33
Total:		73'804'187,86	60'627'626,56		74	924'980,33	860'778,48

11.2. Pension funds:

The Company does not control pension funds.

11.3. Information about individual clients' portfolio:

The Company does not control individual clients' portfolio.

11.4. Information about custody and management of Collective investment undertaking units:

The Company does not custody nor manage Collective investment undertaking units.

12. Security public trading brokers with which the Management Company has been concluded management agreements for the benefit of its own and controlled undertakings:

-

13. The amount of fee paid to the security public trading brokers for the services:

-

14. Information about the delegation of functions:

Functions:	Accounting and tax record management
Name:	M-FINANACE, UAB
Address:	Tuskulenu str. 33C, Vilnius, Lithuania
Amount paid:	LTL 47'300

15. Description of the key activities of the Management Company during the last three financial years:

Key activities	Establishment and management of real estate CIU
Income:	LTL 985'404
Amount of NA	LTL 73'804'188
Number of clients	4

16. Real estate:

-



17. Risk factors, related to the Management Company:

- **Economical and political situation in Baltic countries**
- **Changes in global equity and real estate markets**
- **Foreign exchange risk**
- **Changes of taxing**
- **Competitive risks.**

18. Juridical and arbitration proceedings:

-

19. Number of employees, education, average monthly wage; changes compared to the previous financial year, and their brief description:

Number of employees: **4**
 Higher Education: **4**
 Average monthly wage: **LTL 8'948**
 Changes: **-**

IV. INVESTMENTS

20. Investment portfolio at the end of the financial year:

The name of credit institution / issuer	Country	CNCY	ISIN code	Term / Maturity	Yield, %	Purchase value, CNCY	Market value, CNCY	Market value, LTL	Share, %
CASH:								536,99	0,16%
Nordea Bank	LT	LTL				0,00	0,00	0,00	0,00%
SEB Bankas	LT	LTL					536,99	536,99	0,16%
SEB Bankas	LT	LTL				0,00	0,00	0,00	0,00%
SEB Bankas	LT	EUR				0,00	0,00	0,00	0,00%
DEPOSITS:								0,00	0,00%
-						0,00	0,00	0,00	0,00%
BONDS:								341'240,32	99,84%
regulated markets:								341'240,32	99,84%
Government of the Republic of Lithuania	LT	LTL	LT1000605107	2015-04-	4,23	355'392,23	341'240,32	341'240,32	99,84%
non-regulated markets:								0,00	0,00%
-						0,00	0,00	0,00	0,00%
Issuer	Country	CNCY	ISIN code	Type		Purchase value, CNCY	Market value, CNCY	Market value, LTL	Share, %
FUND UNITS:								0,00	0,00%
Matching article 61.1 of CIU law of Lithuania								0,00	0,00%
-						0,00	0,00	0,00	0,00%
Total:								341'777,31	100,00%

V. FINANCIAL STATEMENTS

21. Financial reports of the Collective Investment Undertaking, prepared according to the laws of the Republic of Lithuania and legal requirements:



Balance report:

No.	ASSETS	Financial year	Financial year 1 year ago
A.	ASSETS	809'740	806'568
I.	Cash	537	98'378
II.	Treasury bills and other bills bought by Central Banks	0	0
II.1.	Treasury bills	0	0
II.2.	Other bills bought by central Banks	0	0
III.	Loans and advances to financial institutions	0	0
III.1.	Demand	0	0
III.2.	Other loans and advances	0	0
IV.	Loans and advances to the clients	0	0
V.	Other receivables	345'229	340'557
V.1.	Related with the services		0
V.2.	Income accrued	300'786	246'942
V.3.	Other receivables	44'443	93'615
VI.	Non-equities	341'240	275'763
VI.1.	Issued by other companies	0	0
VI.1.1.	Bonds	0	0
VI.1.2.	Bills	0	0
VI.1.3.	Other non-equities	0	0
VI.2.	Issued by public entities	341'240	275'763
VI.2.1.	Bonds	341'240	275'763
VI.2.2.	Bills	0	0
VI.2.3.	Other non-equities	0	0
VII.	Equities	0	54'849
VII.1.	Shares	0	0
VII.2.	Depository receipts for shares	0	0
VII.3.	Investment units of CIU	0	54'849
VII.4.	Other equities	0	0
VIII.	Investments in associated enterprises	0	0
VIII.1.	Investments in financial institutions	0	0
VIII.2.	Investments in other associated enterprises	0	0
IX.	Investments in subsidiaries	0	0
IX.1.	Investments in financial institutions	0	0
IX.2.	Investments in other subsidiaries	0	0
X.	TANGIBLE ASSETS	19'210	15'622
X.1.	Land		0
X.2.	Buildings		0
X.3.	Other tangible assets	19'210	15'622
X.3.1.	Means of transport		0
X.3.2.	Equipment, appliances, tools and equipment	8'735	1'751
X.3.3.	Investment property		0
X.3.4.	Reserves		0
X.3.5.	Other tangible assets	10'475	13'871
XI.	INTANGIBLE ASSETS	5'828	5'454
XI.1.	Prestige		0
XI.2.	Other intangible assets	5'828	5'454
XI.2.1.	Development costs		0
XI.2.2.	Licenses		0
XI.2.3.	Software		0



XI.2.4.	Other intangible assets	5'828	5'454
XII.	OTHER ASSETS	97'696	15'945
XII.1.	Deferred tax assets	74'747	0
XII.2.	Deferred expenses	22'603	15'945
XII.3.	Other assets	346	0
	TOTAL ASSETS:	809'740	806'568
No.	EQUITY AND LIABILITIES	Financial year	Financial year 1 year ago
B.	PAYABLES AND LIABILITIES	142'826	281'267
I.	Payable amounts and liabilities to financial institutions	1'008	2'700
I.1.	On demand	0	0
I.2.	With assigned maturity or notice term	1'008	2'700
II.	Payable amounts and liabilities to clients	0	0
II.1.	On demand	0	0
II.2.	With assigned maturity or notice term	0	0
III.	Issued non-equity securities and other debt liabilities	0	0
IV.	Other payable amounts and liabilities	141'818	128'567
IV.1.	Income tax liabilities		0
IV.2.	Deferred taxes		0
IV.3.	Employment related obligations	106'545	62'321
IV.4.	Accruals and deferred income	10'456	14'131
IV.5.	Other payable amounts and liabilities	24'817	52'115
V.	Deffered taxes		0
VI.	Subordinated liabilities	0	150'000
C.	EQUITY	666'914	525'301
I.	Share capital	1'100'000	1'100'000
II.	Subscribed capital unpaid (-)		0
III.	Share premium		0
IV.	Own shares (-)		0
V.	Reserves	0	0
V.1.	Required		0
V.2.	Acquisition of own shares		0
V.3.	Other reserves		0
VI.	Revaluation reserve (results)		0
VII.	Retained profit (loss)	-433'086	-574'699
VII.1.	Profit (loss) for the previous years	-574'699	-560'218
VII.2.	Profit (loss) for current years	141'613	-14'481
	TOTAL OWN CAPITAL AND LIABILITIES:	809'740	806'568

Off - Balance report:

No.	OFF-BALANCE SHEET ITEMS	Financial year	Financial year 1 year ago
I.	Guarrantees and warranties	0	0
II.	Managed clients assets	73'804'188	36'947'999
II.1.1.	Client money	510'080	377'894
II.1.2.	Securities acquired on behalf of clients	73'593'103	37'189'848
II.1.3.	Amounts received from clients' undertaking transactions	0	0
II.1.4.	Accounts receivables and liabilities (-)	-298'995	-619'743
III.	Other off-balance liabilities	0	54'450



Income (loss) statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Commission, management and service operating income	985'404	484'648
II.	Commission, management and service operating costs	251'258	104'178
III.	Income from equity securities	0	0
III.1	Shares and other equity securities	0	0
III.2.	Investments in associated enterprises	0	0
III.3.	Investments in subsidiary enterprises	0	0
IV.	Interest and similar income	5'049	178
IV.1.	Non-equity securities	19	51
IV.2.	Loans given	4'929	0
IV.3.	Other	101	127
V.	Interest and similar costs	11'741	15'061
V.1.	Non-equity securities	0	0
V.2.	Loans received	11'724	14'877
V.3.	Other	17	184
VI.	Profit (loss) from financial transactions	40'065	-212
VI.1.	Profit (loss) from securities trading	40'182	0
VI.2.	Profit (loss) from foreign currency transactions	0	-212
VI.3.	Other profit (loss) from financial transactions	-117	0
VII.	General administrative expenses	698'937	443'589
VIII.	Result of loan and advance payment value correction	0	0
IX.	Result of securities value adjustment	-4'394	13'733
IX.1.	Result of securities devaluation and restoration	0	0
IX.2.	Result of securities true value change	-4'394	13'733
X.	Result of tangible and intangible asset adjustment	0	0
X.1.	Result of tangible asset devaluation and restoration	0	0
X.2.	True value change of tangible asset	0	0
X.3.	Result of intangible asset devaluation and restoration	0	0
XI.	Deferred expenses	0	0
XII.	Other income	5'840	0
XIII.	Other expenditure	3'162	0
XIV.	ORDINARY OPERATING PROFIT (LOSS)	66'866	-64'481
XV.	Extraordinary income	0	0
XVI.	Extraordinary expenditure	0	0
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)	0	0
XVIII.	Income tax	-74'747	0
XIX.	Other charges	0	0
XX.	NET PROFIT (LOSS)	141'613	-64'481



Cash flow statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Cash flow from operations	83'622	-294'575
I.1.	commissions received	0	0
I.2.	commissions paid	-1'305	-849
I.3.	receivables for other services	97'490	0
I.4.	payables for other services	-373'451	-298'217
I.5.	stock purchase	0	0
I.6.	stock transfer	0	0
I.7.	dividends received	0	0
I.8.	dividends paid	0	0
I.9.	interest received	4'986	127
I.10.	interest paid	0	0
I.11.	payments to employees	-325'843	-150'934
I.12.	taxes paid	-249'816	-118'147
I.13.	revenue from other major activity	931'561	325'237
I.14.	payables for other major activity	0	-51'792
II.	Cash flow from investments	-177'213	90'400
II.1.	stock purchase	-1'333'829	-1'163'388
II.2.	stock transfer	1'299'039	1'253'788
II.3.	dividends received	0	0
II.4.	interest received	0	0
II.5.	acquisition of fixed assets	-12'423	0
II.6.	disposal of fixed assets	0	0
II.7.	loans	-230'000	0
II.8.	recovery of loans	100'000	0
II.9.	other investment cash receipts	11'000	0
II.10.	other investment cash payments	-11'000	0
III.	Cash flow from financing	-4'250	40'146
III.1.	issue of shares	0	0
III.1.2.	Owners' contributions against the loss	0	50'000
III.2.	purchase of shares	0	0
III.3.	issue of other shares	0	0
III.4.	purchase of other shares	0	0
III.5.	loans received	345'280	0
III.6.	loans repaid	-335'316	0
III.7.	payment for the lease (financial lease)	0	0
III.8.	dividends paid	0	0
III.9.	interest paid	-12'523	-12'554
III.10.	amounts received for the subordinated liabilities	0	0
III.11.	amounts paid for the subordinated liabilities	0	0
III.12.	cash flow from other financing activity	2'611	2'700
III.13.	payment from other financing activity	-4'302	0
IV.	Cash flow from extraordinary activities	0	0
IV.1.	increase of cash flow from extraordinary activities	0	0
IV.2.	decrease of cash flow from extraordinary activities	0	0
V.	Leverage of currency exchange on cash balances	0	0
VI.	Increase (decrease) of net cash flow	-97'841	-164'029
VII.	Cash at the beginning of the period	98'378	262'407
VIII.	Cash at the end of the period	537	98'378



Changes in equity:

	Paid up share capital	Share premium	Own shares (-)	Reserve			Revaluation reserve		Retained profit	Total:
				Legal	For own shares	Other	Tangible assets	Financial assets		
1. Year-end balance in financial year 2 years ago	1'100'000	0	0	0	0	0	0	0	-560'218	539'782
2. Result of the change in accounting policy	0	0	0	0	0	0	0	0	0	0
3. Result of essential correction	0	0	0	0	0	0	0	0	0	0
4. Restated financial year-end balance 2008	1'100'000	0	0	0	0	0	0	0	-560'218	539'782
5. Increase (decrease) of fixed tangible assets	0	0	0	0	0	0	0	0	0	0
6. Financial gain (loss)	0	0	0	0	0	0	0	0	0	0
7. Acquisition (sale) of own shares	0	0	0	0	0	0	0	0	0	0
8. Gain (loss) of income (loss) report	0	0	0	0	0	0	0	0	0	0
9. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	-64'481	-64'481
10. Dividends	0	0	0	0	0	0	0	0	0	0
11. Other payables	0	0	0	0	0	0	0	0	0	0
12. Reserves	0	0	0	0	0	0	0	0	0	0
13. Spent reserves	0	0	0	0	0	0	0	0	0	0
14. Increase (decrease) of authorized capital	0	0	0	0	0	0	0	0	50'000	50'000
15. Year-end balance in financial year 1 year ago	1'100'000	0	0	0	0	0	0	0	-574'699	525'301
16. Increase (decrease) of fixed tangible assets	0	0	0	0	0	0	0	0	0	0
17. Financial gain (loss)	0	0	0	0	0	0	0	0	0	0
18. Acquisition (sale) of own shares	0	0	0	0	0	0	0	0	0	0
19. Gain (loss) of income (loss) report	0	0	0	0	0	0	0	0	0	0
20. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	141'613	141'613
21. Dividends	0	0	0	0	0	0	0	0	0	0
22. Other payables	0	0	0	0	0	0	0	0	0	0
23. Reserves	0	0	0	0	0	0	0	0	0	0
24. Spent reserves	0	0	0	0	0	0	0	0	0	0
25. Increase (decrease) of authorized capital	0	0	0	0	0	0	0	0	0	0
26. Owner's contributions against the loss	0	0	0	0	0	0	0	0	0	0
27. Year-end balance of current financial year	1'100'000	0	0	0	0	0	0	0	-433'086	666'914



22. Other information, necessary to reflect the financial state of the company correctly:

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VI. MANAGEMENT OF THE COMPANY

23. Company bodies (supervisory board members, board members, company manager, deputy manager, chief accountant):

- 23.1. Names, surnames, positions of the persons of the Management Company, share capital and votes in percentage:

Andrius Stonkus	Chairman of the Board and Managing Director	10%
Raimondas Rapkevičius	Member of the Board	0%
James Andrew Clarke	Member of the Board	0%

- 23.2. The additional information about the Chairman of the Board, Manager of the Company and the Chief Accountant: background, workplaces during last 10 years and positions there.

Andrius Stonkus	Chairman of the Board and Managing Director
Background	Vilnius University, Economics Faculty, Banking
Previous occupation	Prime Investment, UAB – Chief Financial Analyst Prime Investment, UAB – Investment Project Manager Prime Real Estate, UAB – Director
Present occupation	UAB “Cogito Invest” – Director UAB “Resolution Holdings” – Sales project manager UAB “Resolution advisers” – Project Manager UAB “Resolution Property Management LT“ - Deputy Director UAB “Aemulus” – Project manager
Eladijus Kirijanovas	Chief Accountant
Background	VGTU, Economics, Bachelor degree VDU, Business Management, Master degree BMI, Executive MBA
Previous occupation	AB “Sanitas” - Financial Manager Jelfa S.A. – Member of the Board UAB “Sonex Holding” - General Manager
Present occupation	M-Finance, UAB – Director Mama holding, UAB – Director

- 23.3. Information about participation in activity of other companies, institutions, organizations (titles, positions) and capital (company, institution, organization, the percentage of capital and votes):

Raimondas Rapkevičius	General Financing, UAB - Member of the Board
James Clarke	BNTP, UAB - Director

- 23.4. Information about the Board of the company at the beginning and at the end of the term:

Andrius Stonkus	2008 09 02 – 2011 09 02
Raimondas Rapkevičius	2008 09 02 – 2011 09 02
James Clarke	2010 04 26 – 2011 09 02

24. The names, surnames, date of birth, addresses, phone numbers, education, the title and number of qualification certificate of the Management Company's leadership who have experience in finance or other qualification.

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25. Information about payments or loans to the corporate bodies of the Company (supervisory board members, board members, manager of the company, manager's deputy, chief accountant):

25.1. Information about bonuses and other payments from the profits of the average values per one person paid to the leadership of the Company during the reporting period:

During 2011 the amount accrued in connection with executives' employment – LTL 82'877. The number of executives – 1 Managing Director.

25.2. Salaries, bonuses and other payments of the amount of the profit received from the companies in which the management company's share capital consists of more than 20 percent paid to the Management Company's supervisory board, the board and administration during the reporting period:

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25.3. Loans, guaranties and sureties of their obligations allotted to the members of the corporate bodies during the reporting period:

-

26. Indicate the members associated with the Management Company:

26.1. The entities which control the Management Company or are under control of the Management Company:

-

26.2. If the entity under control or controls is a legal person, indicate it's leadership:

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27. The concluded transactions on the asset of CIU funds, managed by the Management Company, by the individuals associated with the Management Company; the part of CIU portfolio managed by that individuals:

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VII. RECENT AND ESSENTIAL EVENTS OF THE ACTIVITY OF THE MANAGEMENT COMPANY, IT'S PROSPECTIVE

28. Resent and essential events of the activity of the Management Company (definition of the recent and essential events of the reporting period, the date (period):

In 2011 the Management Company established two new funds - LORDS LB BALTIC FUND II and LORDS LB OPPORTUNITY FUND II. On the 30th of June 2011 the Securities Commission of the Republic of Lithuania approved the Prospectus of the newly established fund LORDS LB BALTIC FUND II and on the and the Prospectus of the LORDS LB OPPORTUNITY FUND II was approved on the 16th of June 2011.

29. The strategy of the activity and prospective changes of it during the forthcoming financial years:

The main objectives of the Managing Company in 2012 are:

- to finish investing the funds of the LORDS LB BALTIC FUND I and LORDS LB OPPORTUNITY FUND I and to continue the investment of the LORDS LB BALTIC FUND II and LORDS LB OPPORTUNITY FUND II funds.
- to register a new fund - LORDS LB BALTIC FUND III - in the Bank of Lithuania by the end of June 2012.



VIII. PERSONS IN CHARGE

30. The information presented in this Report is true and there are no suppressed facts which could exert a dominant influence on the values of the rates.

31. The persons in charge for the information presented in the Report:

31.1. The Managing company's persons, employees and the Managing Director responsible for the Report:

Managing Director: **Andrius Stonkus**
Tel.: **+3705261 9470**
E-mail: **info@lordslb.lt**

31.2. The Chief Accountant who has presented the information of financial status of the Collective Investment Undertaking:

Chief Accountant: **Eladijus Kirijanovas**
Name of the company: **M-FINANCE, UAB**
Tel.: **+370 5 265 3377**

