

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2012 III Quarter**



LORDS LB
Asset Management

LORDS LB ASSE



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 2012 – 30th September 2012

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 2012 – 31st December 2012

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 March 2012, 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 30th of September 2012, 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 389'071,33.

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
Number of shareholders 2012 03 31	6
Number of shareholders 2012 09 30	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: **2'860 shares and 26% 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	81'415'165,74	75'650'641,43	12,24%	50	825'866,85	519'389,05
RE	Lords LB Opportunity Fund I	11'030'492,42	11'258'352,98	7,08%	13	83'775,31	55'646,38
RE	Lords LB Baltic Fund II	7'248'738,35	5'817'884,22	4,97%	19	308'353,56	212'665,72
RE	Lords LB Opportunity Fund II	116'156,12	149'915,20	0,00%	7	33'167,17	18'713,72
Total:		99'810'552,63	92'876'793,83		89	1'251'162,89	806'414,87

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 10'978,22**

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 1'258'523**
 Amount of NA: **LTL 99'810'552**
 Number of clients: **7**

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: 7
Higher Education: 7
Average monthly wage: **LTL 8'973,9**
Changes: **New Managing director**

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:								133'002,42	34,18%
SEB Bankas	LT	LTL				0,00	129'095,67	129'095,67	33,18%
SEB Bankas	LT	EUR				0,00	38,39	132,55	0,03%
Danske bankas	LT	LTL				0,00	3'774,20	3'774,20	0,97%
DEPOSITS:								0,00	0,00%
-						0,00	0,00	0,00	0,00%
BONDS:								256'068,91	65,82%
regulated markets:								256'068,91	65,82%
Government of the Republic of Lithuania	LT	LTL	LT1000605107	2015.04.29	4,23	250'447,00	256'068,91	256'068,91	65,82%
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:									
Matching article 61.1 of CIU law of Lithuania									
-									
Total:									

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	1'128'600	829'605
I.	Cash	133'002	537
II.	Treasury bills and other bills bought by Central Banks		
III.	Loans and advances to financial institutions	0	0
III.1.	Demand		
III.2.	Other loans and advances		
IV.	Loans and advances to the clients		
V.	Other receivables	566'181	368'599
V.1.	Related with the services		
V.2.	Income accrued	444'748	324'156
V.3.	Other receivables	121'433	44'443
VI.	Non-equities	256'069	341'240
VI.1.	Issued by other companies	0	0
VI.1.1.	Bonds		
VI.1.2.	Other non-equities		
VI.2.	Issued by public entities	256'069	341'240
VI.2.1.	Bonds	256'069	341'240
VI.2.2.	Other non-equities		
VII.	Equities	0	0
VII.1.	Shares		
VII.2.	Investment units of CIU		
VII.3.	Other equities		
VIII.	Investments in associated enterprises		
IX.	Investments in subsidiaries		
X.	TANGIBLE ASSETS	29'526	19'210
X.1.	Land		
X.2.	Buildings		
X.3.	Other tangible assets	29'526	19'210
XI.	INTANGIBLE ASSETS	4'180	5'828
XI.1.	Prestige		
XI.2.	Other intangible assets	4'180	5'828
XII.	OTHER ASSETS	139'642	94'191
XII.1.	Deferred tax assets	36'649	71'242
XII.2.	Deferred expenses	37'900	22'603
XII.3.	Other assets	65'093	346
	TOTAL ASSETS:	1'128'600	829'605
No.	EQUITY AND LIABILITIES	Financial year	Financial year 1 year ago
B.	PAYABLES AND LIABILITIES	270'425	142'826
I.	Payable amounts and liabilities to financial institutions		1'008
II.	Payable amounts and liabilities to clients		
III.	Issued non-equity securities and other debt liabilities		
IV.	Other payable amounts and liabilities to financial institutions		0
V.	Other payable amounts and liabilities	270'425	141'818
V.1.	Income tax liabilities		
V.2.	Deferred taxes		
V.3.	Employment related obligations	199'343	106'545



V.4.	Accruals and deferred income	3'554	10'456
V.5.	Other payable amounts and liabilities	67'528	24'817
VI.	Deffered taxes		
VII.	Subordinated liabilities		
C.	EQUITY	858'175	686'779
I.	Share capital	1'100'000	1'100'000
II.	Subscribed capital unpaid (-)		
III.	Share premium		
IV.	Own shares (-)		
V.	Reserves	0	0
V.1.	Required		
V.2.	Acquisition of own shares		
V.3.	Other reserves		
VI.	Revaluation reserve (results)		
VII.	Retained profit (loss)	-241'825	-413'221
VII.1.	Profit (loss) for the previous years	-413'221	-574'699
VII.2.	Profit (loss) for current years	171'396	161'478
	TOTAL OWN CAPITAL AND LIABILITIES:	1'128'600	829'605

Off - Balance report:

No.	OFF-BALANCE SHEET ITEMS	Financial year	Financial year 1 year ago
I.	Managed clients assets	99'810'553	73'804'188
I.I.	Client money	246'378	510'080
1.2.	Securities acquired on behalf of clients	99'118'344	73'593'103
1.3.	Amounts received from clients' undertaking transactions		
1.4.	Asset managed by CIU	445'831	-298'995
II.	Accounts receivables and liabilities (-)	0	0
II.1.	Guarrantees and warranties		
II.2.	Derivatives	0	0
II.2.1.	Receivables		
II.2.2.	Payable amounts		
II.3.	Other off-balance liabilities		

Income (loss) statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Commission, management and service operating income	1'258'523	695'261
II.	Commission, management and service operating costs	268'560	
III.	Income from equity securities	0	0
III.1	Shares and other equity securities		
III.2.	Investments in associated and subsidiary enterprises		
IV.	Interest and similar income	20'209	43'335
IV.1.	Non-equity securities	14'803	38'830
IV.2.	Loans given	5'385	4'440
IV.3.	Other	21	65
V.	Interest and similar costs	2'488	11'741
V.1.	Non-equity securities		
V.2.	Loans received		11'724



V.3.	Other	2'488	17
VI.	Profit (loss) from financial transactions	6'168	0
VI.1.	Profit (loss) from securities trading	6'187	
VI.2.	Profit (loss) from foreign currency transactions	-19	
VI.3.	Other profit (loss) from financial transactions		
VII.	General administrative expenses	840'399	716'266
VIII.	Result of loan and advance payment value correction		
IX.	Result of securities value adjustment	14'229	12'481
IX.1.	Result of securities devaluation and restoration		
IX.2.	Result of securities true value change	14'229	12'481
X.	Result of tangible and intangible asset adjustment		
XI.	Deferred expenses		
XII.	Other income	40'141	5'623
XIII.	Other expenditure	21'835	3'291
XIV.	ORDINARY OPERATING PROFIT (LOSS)	205'988	25'402
XV.	Extraordinary income		
XVI.	Extraordinary expenditure		
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)	0	0
XVIII.	Income tax	34'592	
XIX.	Other charges		
XX.	NET PROFIT (LOSS)	171'396	25'402

Cash flow statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Cash flow from operations	63'143	-5'543
I.1.	commissions received	0	0
I.2.	commissions paid	-2'102	-1'166
I.3.	receivables for other services	18'264	104'557
I.4.	payables for other services	-442'137	-343'169
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	2'014	63
I.10.	interest paid	0	0
I.11.	payments to employees	-375'038	-222'631
I.12.	taxes paid	-272'138	-152'405
I.13.	revenue from other major activity	1'135'535	609'208
I.14.	payables for other major activity	-1'255	0
II.	Cash flow from investments	70'361	-36'527
II.1.	stock purchase	0	-700'262
II.2.	stock transfer	105'587	763'735
II.3.	dividends received	0	0
II.4.	interest received	15'105	0
II.5.	acquisition of fixed assets	-17'831	0
II.6.	disposal of fixed assets	0	0
II.7.	loans	-440'000	-200'000
II.8.	recovery of loans	407'500	100'000
II.9.	other investment cash receipts	0	0



II.10.	other investment cash payments	0	0
III.	Cash flow from financing	-1'019	48'860
III.1.	issue of shares	0	0
III.1.2.	Owners' contributions against the loss	0	0
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	0	345'280
III.6.	loans repaid	0	-285'316
III.7.	payment for the lease (financial lease)	0	0
III.8.	dividends paid	0	0
III.9.	interest paid	-11	-8'742
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	0	1'940
III.13.	payment from other financing activity	-1'008	-4'302
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	132'485	6'790
VII.	Cash at the beginning of the period	537	98'378
VIII.	Cash at the end of the period	133'022	105'168

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	-574'699	525'301
2. Restated financial year-end balance 2008	1'100'000	0	0	0	0	0	0	0	-574'699	525'301
3. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	161'478	161'478
4. Year-end balance in financial year 1 year ago	1'100'000	0	0	0	0	0	0	0	-413'221	686'779
5. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	171'396	171'396
6. Year-end balance of current financial year	1'100'000	0	0	0	0	0	0	0	-241'825	858'175

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, Fund Manager
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 LT” – Project Manager UAB “Aemulus” – Project manager UAB “Ordeta” - Director

Domas Kačinskas	Director
Background:	Vilnius University, Business management, Master degree Vilnius University, Banking, Bachelor degree
Previous occupation:	AB “Hansa Bankas” – Corporate banking project manager Behrens Corporate Finance – director, partner Akropolis LT - Director, member of the Board Danske Bank – Manager of Vilnius region
Present occupation:	UAB „LPVP Client-1” – director UAB “LLBOF-1” - director UAB “Klaipėdos 7” - director UAB “K29” - director UAB “SSPC-Pramonė” – director UAB “K31” – Director

Eladijus Kirijanovas	Chief Accountant
Background	VG TU, 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	2012 04 11 – 2015 04 11
Raimondas Rapkevičius	2012 04 11 – 2015 04 11
James Clarke	2012 04 11 – 2015 04 11

- 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 2012 III quarters the amount accrued in connection with executives' employment – LTL 100'756,57. 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:

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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:

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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:

**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):

On the 30th of May 2012 the Bank of Lithuania approved the Prospectus and the Regulations of the LORDS LB BALTIC FUND III.

On the 29th of August 2012 the Bank of Lithuania approved the Prospectus and the Regulations of the funds LORDS LB PRIVATE EQUITY FUND I and LORDS LB PRIVATE EQUITY FUND II.

In September 2012 the Managing Company started placing the LORDS LB PRIVATE EQUITY FUND I investment units.

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 OPPORTUNITY FUND I and to continue the investment of the LORDS LB BALTIC FUND II, LORDS LB OPPORTUNITY FUND II and LORDS LB PRIVATE EQUITY FUND I funds.
- to start the placement of the investment units of the funds LORDS LB BALTIC FUND III and LORDS LB PRIVATE EQUITY FUND II.

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: **Domas Kačinskas**
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**