

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2012 II 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 June 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 June 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 259'495,77.

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 06 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	80'687'192,51	72'889'226,94	12,14%	50	519'389,05	410'652,33
RE	Lords LB Opportunity Fund I	11'025'760,06	11'372'059,49	4,90%	13	55'646,38	56'029,34
RE	Lords LB Baltic Fund II	5'859'023,55	5'420'261,65	2,09%	19	212'665,72	155'590,04
RE	Lords LB Opportunity Fund II	149'067,98	167'167,64	0,00%	7	18'713,72	4'847,68
Total:		97'721'044,10	89'848'715,72		0	806'414,87	627'119,39

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 7'329,58**

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 837'145**
Amount of NA: **LTL 97'721'044**
Number of clients: **5**

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: **6**
 Higher Education: **6**
 Average monthly wage: **LTL 9'454,07**
 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:								8'089,00	3,12%
Nordea Bank	LT	LTL				0,00	0,00	0,00	0,00%
SEB Bankas	LT	LTL					8'089,00	8'089,00	3,12%
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:								251'406,77	96,88%
regulated markets:								251'406,77	96,88%
Government of the Republic of Lithuania	LT	LTL	LT1000605107	2015-04-	4,23	250'447,00	251'406,77	251'406,77	96,88%
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:								259'495,77	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		
I.	Cash	8'089	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	652'379	345'229
V.1.	Related with the services		
V.2.	Income accrued	488'368	300'786
V.3.	Other receivables	164'011	44'443
VI.	Non-equities	251'407	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	251'407	341'240
VI.2.1.	Bonds	251'407	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	22'174	19'210
X.1.	Land		
X.2.	Buildings		
X.3.	Other tangible assets	22'174	19'210
XI.	INTANGIBLE ASSETS	4'380	5'828
XI.1.	Prestige		
XI.2.	Other intangible assets	4'380	5'828
XII.	OTHER ASSETS	173'822	97'696
XII.1.	Deferred tax assets	47'097	74'747
XII.2.	Deferred expenses	62'778	22'603
XII.3.	Other assets	63'947	346
	TOTAL ASSETS:	1'112'251	809'740
No.	EQUITY AND LIABILITIES	Financial year	Financial year 1 year ago
B.	PAYABLES AND LIABILITIES	305'484	142'826
I.	Payable amounts and liabilities to financial institutions	2'148	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	303'336	141'818
V.1.	Income tax liabilities		
V.2.	Deferred taxes		
V.3.	Employment related obligations	204'241	106'545



V.4.	Accruals and deferred income	10'660	10'456
V.5.	Other payable amounts and liabilities	88'435	24'817
VI.	Deffered taxes		
VII.	Subordinated liabilities		
C.	EQUITY	806'767	666'914
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)	-293'233	-433'086
VII.1.	Profit (loss) for the previous years	-433'086	-574'699
VII.2.	Profit (loss) for current years	139'853	141'613
	TOTAL OWN CAPITAL AND LIABILITIES:	1'112'251	809'740

Off - Balance report:

No.	OFF-BALANCE SHEET ITEMS	Financial year	Financial year 1 year ago
I.	Managed clients assets	97'721'044	73'804'188
I.I.	Client money	304'675	510'080
1.2.	Securities acquired on behalf of clients	97'065'126	73'593'103
1.3.	Amounts received from clients' undertaking transactions		
1.4.	Asset managed by CIU	351'243	-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	837'145	372'624
II.	Commission, management and service operating costs	214'406	
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	18'808	25'799
IV.1.	Non-equity securities		22'243
IV.2.	Loans given	18'787	3'551
IV.3.	Other	21	5
V.	Interest and similar costs	11	7'959
V.1.	Non-equity securities		
V.2.	Loans received		7'943



V.3.	Other	11	16
VI.	Profit (loss) from financial transactions	1'512	0
VI.1.	Profit (loss) from securities trading	1'525	
VI.2.	Profit (loss) from foreign currency transactions	-13	
VI.3.	Other profit (loss) from financial transactions		
VII.	General administrative expenses	506'774	390'095
VIII.	Result of loan and advance payment value correction		
IX.	Result of securities value adjustment	14'229	11'394
IX.1.	Result of securities devaluation and restoration		
IX.2.	Result of securities true value change	14'229	11'394
X.	Result of tangible and intangible asset adjustment		
XI.	Deferred expenses		
XII.	Other income	18'038	3'447
XIII.	Other expenditure	1'038	
XIV.	ORDINARY OPERATING PROFIT (LOSS)	167'503	15'210
XV.	Extraordinary income		
XVI.	Extraordinary expenditure		
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)	0	0
XVIII.	Income tax	27'650	
XIX.	Other charges		
XX.	NET PROFIT (LOSS)	139'853	15'210

Cash flow statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Cash flow from operations	-14'387	-29'883
I.1.	commissions received	0	0
I.2.	commissions paid	-1'247	-716
I.3.	receivables for other services	18'255	103'957
I.4.	payables for other services	-278'519	-173'323
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	21	5
I.10.	interest paid	0	0
I.11.	payments to employees	-236'857	-138'158
I.12.	taxes paid	-165'603	-85'334
I.13.	revenue from other major activity	649'563	263'686
I.14.	payables for other major activity	0	0
II.	Cash flow from investments	20'810	-107'519
II.1.	stock purchase	0	-457'483
II.2.	stock transfer	105'587	479'964
II.3.	dividends received	0	0
II.4.	interest received	15'105	0
II.5.	acquisition of fixed assets	-7'382	0
II.6.	disposal of fixed assets	0	0
II.7.	loans	-320'000	-200'000
II.8.	recovery of loans	227'500	70'000
II.9.	other investment cash receipts	0	0



II.10.	other investment cash payments	0	0
III.	Cash flow from financing	1'129	52'266
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	-5'003
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	1'140	1'607
III.13.	payment from other financing activity	0	-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	7'552	-85'136
VII.	Cash at the beginning of the period	537	98'378
VIII.	Cash at the end of the period	8'089	13'242

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	141'613	141'613
4. Year-end balance in financial year 1 year ago	1'100'000	0	0	0	0	0	0	0	-433'086	666'914
5. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	139'853	139'853
6. Year-end balance of current financial year	1'100'000	0	0	0	0	0	0	0	-293'233	806'767

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

Domas Kačinskis	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	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	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 II quarters the amount accrued in connection with executives' employment – LTL 57'498,20. 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.

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 an to continue the investment of the LORDS LB BALTIC FUND II and LORDS LB OPPORTUNITY FUND II funds.



- to start the placement of the investment units of the fund
LORDS LB BALTIC FUND III.

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**

