

**CONFIRMATION FROM RESPONSIBLE PERSONS**

Pursuant to Article 22 of the Law on Securities of the Republic of Lithuania and to Rules on Preparation and Submission Regular and Additional Information of the Lithuanian Securities Commission, we, the General Manager of *Hanner* public limited liability company Robertas Kisielius and Finance director Tomas Pauliukonis hereby confirm that according to our best knowledge the present interim report *Hanner AB* for six months of 2008 contains a true survey of business development and activities.

General Manager of *Hanner AB*

29 August 2008

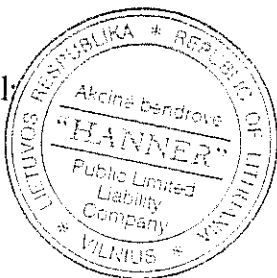
Finance Director of *Hanner AB*

31 August 2008

Robertas Kisielius

Tomas Pauliukonis

Seal



Handwritten signatures of Robertas Kisielius and Tomas Pauliukonis, with dotted lines indicating the signature lines.

## TABLE OF CONTENTS

1. Accounting Period in Respect of Which the Report is Drawn. ....	4
2. Principal Data on the Issuer. ....	4
3. Nature of Core Business. ....	4
4. Agreements with Brokers of Securities Public Turnover. ....	4
5. Authorised Capital of the Issuer. ....	4
6. Information on Subsidiary Companies of the Issuer. ....	5
7. Information on Own Shares Held by the Issuer. ....	5
8. Data on Trade in Securities of the Issuer in Regulated Markets. ....	5
9. Shareholders. ....	5
10. Employees. ....	6
11. Management Bodies of the Issuer. ....	6
12. Information on Activity Results of the Issuer. ....	8
13. References and Additional Explanations on Interim Financial Statement. ....	9
14. Plans and Forecasts of Activities of the Issuer. ....	9
15. Data on Publicly Announces Information. ....	9
16. Procedure for Amending Articles of Association of the Issuer. ....	10
17. Information on Compliance with the Corporate Governance Code. ....	10

### 1. Accounting Period in Respect of Which the Report is Drawn.

January-June 2008.

### 2. Principal Data on the Issuer.

Name:	Hanner AB (hereinafter referred to as the Company)
Authorised capital:	LTL 16,000,000
Address of registered office:	Konstitucijos Ave. 7, LT-09308, Vilnius, Lithuania
Telephone:	(8~5) 248 7272
Fax	(8~5) 248 7273
E-mail	info@hanner.lt
Internet website	<a href="http://www.hanner.lt">www.hanner.lt</a>
Legal-organisation form:	Public limited liability company
The company was registered on	27 July 1995
Legal form was changed on	8 September 2005
Administrator of register	State Enterprise Centre of Registers
Legal entity code	1115 35724
Period of activity	Unlimited

### 3. Nature of Core Business.

Principal activities of the Company include development of real property projects and rent of real property. From own and borrowed funds investments are made into development and construction of real property.

### 4. Agreements with Brokers of Securities Public Turnover.

On 24 October 2003, Issuer Servicing Agreement was signed with public limited liability company SEB Vilniaus Bankas (company code 112021238, Gedimino Ave. 12, LT-01103 Vilnius), represented by Department of Financial Markets.

### 5. Authorised Capital of the Issuer.

Authorised capital of Hanner AB as registered in the Register of Companies of the Republic of Lithuania amounts to LTL 16,000,000.

Structure of Hanner AB share capital according to types of shares:

Type of Shares	Number of Shares	Nominal Value (LTL)	Gross Nominal Value (LTL)	Share in the Authorised Capital (%)
Ordinary registered shares	16,000	1000	16,000,000	100
<b>Total:</b>	<b>16,000</b>	<b>-</b>	<b>16,000,000</b>	<b>100</b>

All the shares of Hanner AB are paid-up and no restrictions on securities transfer are applied in respect of them.

# HANNER

### 6. Information on Subsidiary Companies of the Issuer

Subsidiaries, joint ventures and associated companies of *Hanner AB*, also share of the Company in their authorised capital as of 30 June 2008 are indicated in interim consolidated financial statement for six months of 2008.

### 7. Information on Own Shares Held by the Issuer.

The Company has not acquired its own shares, the shares of the Company were not purchased by its daughter enterprise as well. During the accounting period, the Company and its daughter enterprise did not buy or sell its own shares.

### 8. Data on Trade in Securities of the Issuer in Regulated Markets.

The following securities of *Hanner AB* are included into Debt Securities Trade List of Vilnius Stock Exchange:

Type of Securities	Maturity Date	Number of Securities (pcs)	Nominal Value (EUR)	Gross Nominal Value (EUR)	ISIN Code of the Issue
Ordinary registered bonds	20-02-2009	1,000,000	100	100,000,000	LT1000402065

### 9. Shareholders.

On 30 June 2008, the principal shareholder of the Company, holding 100% of its shares, was Arvydas Avulis. The Company is owned by the sole shareholder, which means that the ownership and all the decisions are concentrated in hands of one person.

Name and surname (company name) of shareholder, personal (company) number, address	Number of shares held (pcs)		Share of votes held (in percents)		
	Total	Of them owned by the shareholder under title of ownership	Total	Votes provided by shares held by the shareholder under title of ownership	Votes provided by shares held by the shareholder together with co-acting persons
Arvydas Avulis	16,000	16,000	100	100	100

Rights of all the shareholders are identical, and therefore the number of shares entitling to vote in the general meeting of shareholders of *Hanner AB* is 16,000,000.

### 10. Employees.

According to data of 30 June 2008, the *Hanner* AB employed 41 employee in total. On 30 June 2007, total number of employees amounted to 41.

Group of Employees	Average List Number		Average Salary, LTL	
	30-06-2007	30-06-2008	30-06-2007	30-06-2008
Managing staff	10	13	7 478	10 157
Employees	31	28	3 817	3 984
<b>Total:</b>	<b>41</b>	<b>41</b>	<b>4 710</b>	<b>5 941</b>

### 11. Management Bodies of the Issuer.

Structure of management bodies of *Hanner* AB consists of general manager (one-person management body) and the board. Supervisory board is not created in the Company.

Competence of the board of the Company and procedure for its election and revocation are the same as the procedures laid down in the Law on Companies of the Republic of Lithuania.

#### BOARD (30 June 2008)

The Board of three members was elected on 8 February 2008 for four year term of office under decision of the sole shareholder of *Hanner* AB Arvydas Avulis:

**Arvydas Avulis** – Chairman of the Board (Konstitucijos Ave. 7, Vilnius). Education – higher, engineer-constructor. For the last ten years he acted as adviser to the General Manager of *Hanner* AB. Holds 100% of the shares of the Company. Was not tried for crimes against property, economic procedures or finances. A. Avulis additionally owns 1000 (one thousand) of shares of Avestis UAB (20 percents of authorised capital) and 533 (five hundred thirty three) of shared of Gudelių Šilas UAB ( 9,89 percents of authorised capital). A. Avulis is a member of supervisory board of Avestis UAB (Lithuania), chairman of board of Klaipėdos Kartonas AB (Lithuania), chairman of board of Avestis Capital UAB (Lithuania), member of board of Santariškių Namai UAB (Lithuania), member of board of Pūces Birzs SIA (Latvia), member of board of Equilibrium SIA (Latvia), and member of board of S. C. Carol Park Residence SRL (Romania).

**Vladas Kojala** – member of the Board, deputy general manager (Konstitucijos Ave. 7, Vilnius). Education – higher, engineer-mechanic. From 02-01-1996 to 02-01-2005 acted as Director of *Hanner* AB, from 25-02-2005 to 31-01-2007 as deputy general manager, from 01-02-2007 to 31-06-2008 as General Manager and from 01-07-2008 acting as deputy general manager. Does not hold the shares of the Company. Was not tried for crimes against property, economic procedures or finances. V. Kojala holds 10,000 (ten thousand) shares of *Hanner* AG UAB (10 percents of authorised capital). V. Kojala is Director of *Hanner* AG UAB, *Hanner* Development UAB and *Hanner* Property UAB. He does not participate in activities of capital of other companies.

**Robertas Kisielius** – from 01-07-2008 acting as General Manager, member of the Board, member of board of Klaipėdos Kartonas AB. Does not hold shares of the Company. Was not tried for crimes against property, economic procedures or finances. He does not participate in activities of capital of other companies.

#### ADMINISTRATION (30 June 2008)

**Robertas Kisielius** – member of the Board, General Manager (Konstitucijos Ave. 7, Vilnius). Does not hold shares of the Company. Was not tried for crimes against property, economic procedures or finances. R. Kisielius is member of board of Klaipėdos Kartonas AB. He does not participate in activities of capital of other companies.

**Veslava Jucevič** – Chief Financier (Konstitucijos Ave. 7, Vilnius). Education – higher, economics of construction and business. In 1997-2002 acted as Chief Financier of Falck Security UAB, and from 2002 acts as Chief Financier of Hanner AB. V. Jucevič is a chief financier of Hanner AG UAB, Hanner Property UAB, TVD Statyba UAB, H5 Development UAB. Does not hold the shares of the Company. Was not tried for crimes against property, economic procedures or finances. V. Jucevič owns 405 (four hundred and five) shares of Žalioji Dilgynė UAB (45 percents of authorised capital).

**Tomas Pauliukonis** – Finance director (Konstitucijos Ave. 7, Vilnius). Does not hold the shares of the Company. Was not tried for crimes against property, economic procedures or finances. T. Pauliukonis acts as General Manager of Avestis Capital UAB, as General Manager of Avesko UAB, as member of board of Avestis Capital UAB, as member of board of Santariškių Namai UAB, as member of board of Klaipėdos Kartonas AB, as member of supervisory board of Hanner Invest ZAO (Ukraine), and as member of supervisory board of Mena Pak AO (Ukraine).

Information on gross amounts and average values of salaries, bonuses and other payments made by the Company during the accounting period from its profit per person:

Indices	Salary of January-June 2008 (thousands LTL)	Bonuses of 2007 (thousands LTL)	Other payments (thousands LTL)	Total (thousands LTL)
For one member of the Board on average*	38		38	76
For all the members of the Board in total*	76		38	114
For one member of administration on average**	103,5			103,5
For all the members of administration in total**	414			414

#### NOTES:

- - The Board of the Company consists of three persons.
- - Members of administration of the Company comprised General Manager of the Company, Director, Financial manager, and Adviser of the Director.

## *12. Information on Activity Results of the Issuer.*

During 2008 6 months consolidated assets of the Company increased by 22,7% from 980 489 to 1 042 961 thous.LTL. Major influence to the increase made real estate development projects and short term investments.

Consolidated revenues for 6 months 2008 amounted to 227 503 thous.LTL. It makes increase of 3,8 times compared to I-st half year 2007, where sales amounted to 47 530 thous.LTL. Real estate development income due to successfully realized real estate development projects have made major contribution to that increase from 20 256 thous.LTL up to 130 182 thous.LTL. Revenues from cardboard production during 6 months 2008 amounted to 63 630 thous.LTL. Klaipedos Kartonas AB has been acquired by the Group at the end of year 2007, therefore consolidated income for 2007 does not include revenues from cardboard production.

Mainly due to successfully realized real estate development projects in Lithuania, Latvia and Romania profit before tax for the I-st half 2008 increased by 3 times from 15 967 up to 48 406 thous. LTL compared to the I-st half year 2007.

### *Risk Factors Related to Activities of the Issuer.*

**Market Risk.** The Company is operating not only in Lithuania, but also carries its activity abroad – in Latvia, Ukraine, Romania, Russia and Belarus. This may pose additional risk factors related to taxing, statutory and other legislative requirements of these countries, also to currency risk. Moreover, it can encounter increased political or economic instability. Any of the said factors may have negative impact on activities and financial results of the Company.

**Real Property Prices.** Real property prices depend on macroeconomic situation of each country. They are influenced by various factors, including interest rate, inflation level, economic growth, currency exchange rate, availability of finances, taxation of real property, demographic factors, level of construction and restrictions of ownership applied to investors of various categories. Changes of supply and demand in local markets, emerging due to new construction projects or other factors, can also significantly influence value of property irrespective of general regional development of real property markets.

**Fierce Competition.** Both in Lithuania and in other countries where the Company operates competition on real property markets is huge and should only increase in future. So far the demand of sales and office areas is not met, but the growing number of competitors will in tome increase the supply, which may reduce lease prices and, consequently, income of the Company and its market shares.

**Loans.** For realisation of investments the Group is using its own funds and loans from banks.

Information on loans taken by *Hanner AB* Group as of 30 June 2008:

Lender	Currency	Balance of Loan (thousands LTL)
<b>Long-Term</b>		
<i>Hanner AB</i> bank loans	EUR	149 286
Klaipėdos Kartonas AB bank loans	EUR	67 198
Dentava SIA (Latvia) bank loans	EUR	114 663
Olimpeks Trans OOO (Ukraine) bank loans	USD	16 454
Other long term loans	USD, EUR	7 484
		<b>355 085</b>
<b>Short-Term</b>		
<i>Hanner AB</i> bank loans	EUR	10 346
Verkių slėnis UAB bank loans	EUR	2 319
Klaipėdos Kartonas AB bank loans	EUR	11 679
Hanner AG UAB bank loans	LTL	12 600
		<b>36 944</b>

In February 2007 the public issue of the Company's bonds amounting to 10 million EUR and with a term of 2 years was issued. Maturity date is February 2009.

More information on activity and financial results of the Company for six months of 2008 is submitted in interim consolidated financial statement of *Hanner AB* for six months of 2008

### **13. References and Additional Explanations on Interim Financial Statement.**

All the financial data provided in the present interim report are calculated in accordance with International Standards of Financial Statements and they are not audited.

### **14. Plans and Forecasts of Activities of the Issuer.**

In 2008 AB Hanner plans to continue already started and new projects of the real estate development in Lithuania and abroad. In Lithuania, the Company plans, after successful completion of two project stages, to continue developing the third and the fourth stages. UAB Gudelių Šilas, the joint venture of AB Hanner, is planning to finish the residential construction project, and UAB Santariškių Namai expects to finish the first stage of the project. It is foreseen to finish projects abroad: one project in Ukraine and two projects in Romania. In 2008, the Company will continue development of the real estate project in the Russian Federation and a real estate project will be started to be developed in the Republic of Belarus, in Latvia will be continued multi purpose project development.



**15. Data on Publicly Announces Information.**

In January-June 2008 the Company announced the following notifications on material events:

- 08-02-2008 On election of the Board of Hanner AB and the amendment of the Articles of Association.
- 29-02-2008 On Hanner AB company's and consolidated unaudited financial statements for 2007.
- 30-04-2008 On disclosure of annual report of Hanner AB.
- 08-05-2008 On sale of the parts of LLC "Pridpriemstvo Vaizbunas".
- 28-06-2008 On the appointment of the CEO of Hanner AB.

All the information on material events publicly announced during the first half of 2008 can be accessed in website of *Hanner AB* [www.hanner.lt](http://www.hanner.lt).

All the material events related to activities of *Hanner AB* and information on time and place of general meeting of shareholders, also other notifications to be delivered to shareholders and other persons were published pursuant to the procedure laid down in laws of the Republic of Lithuania.

**16. Procedure for Amending Articles of Association of the Issuer.**

The Law on Companies of the Republic of Lithuania stipulates that amendment of articles of association is exclusive right of general meeting of shareholders. When making decision on amendment of articles of association, qualified 2/3 majority of votes participating in the general meeting of shareholders is necessary.

Since all the shares of the Company belong to sole shareholder, presently the articles of association can be amended by decision of the sole shareholder.

**17. Information on Compliance with the Corporate Governance Code.**

*Hanner AB* essentially continues complying with the indicative governance code of listed companies as approved by Vilnius Stock Exchange in August 2006.