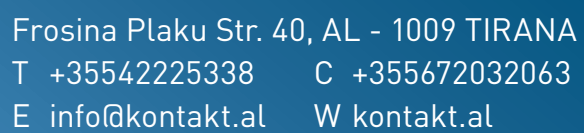


TO BUILD IS MUCH MORE THAN IT SEEMS



ANNUAL REPORT

2011



CONTENTS

1	MESSAGE FROM CEO	5
2	FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR YEAR 2010	6
3	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010	8
4	INCOME STATEMENTS POSITION AS AT DECEMBER 31, 2010	10
5	STATEMENTS OF CHANGE ON EQUITY FOR THE PERIOD ENDED OF DECEMBER 31, 2010	11
6	STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED OF DECEMBER 31, 2010	12
7	NOTES TO THE FINANCIAL STATEMENTS	13
	Note 1 Organizations and operations of the group	13
	Note 2 Basis of financial statements preparation	14
	Note 3 Functional and presentation currency	15
	Note 4 Summary of significant accounting policies	16
	Note 5 Information for the income statements as per segments and consolidated	16
	Note 6 Information for the financial statements of Kontakt sh.p.k	17
	Note 7 Cash and cash equivalent	18
	Note 8 Long and short term loans as of December 31, 2010	18
	Note 9 Trade receivables and payables	20
	Note 10 Other current assets	20
	Note 11 Deferred expenses	21
	Note 12 Inventory	21
	Note 13 Other current liabilities	21
	Note 14 Non-current assets	23
	Note 15 Other liabilities	23
	Note 16 Share capital	23
	Note 17 Taxation on income	24
8	FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	25
9	FIVE YEAR SUMMARY OF KONTAKT KEY PERFORMANCE INDICATORS	26



TO BUILD IS MUCH MORE THAN IT SEEMS

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1 MESSAGE FROM CEO



Dear Customers and Partners,

2010 was an excellent year for Kontakt. Our performance reveals a powerful momentum evident through the entire company: in every project, in our financial performance and in our accomplishments. We achieved high earnings and EBITDA, generated strong operating cash flow, and raised our dividend. While these are significant achievements, I believe our most important accomplishment was creating a blueprint for our future - a plan we began implementing during 2010. This action plan will leverage Kontakt's footprint and fundamental strengths and enhance our ability to generate sustainable, long-term growth.

Looking forward is a Must. What we have accomplished in the last few years is a benchmark for what we have to overcome in the next ones. Kontakt is established with the vision to become No. 1 Construction Company in Albania. We have succeeded to plant roots and growing up in the construction market of this country. Through the development of our projects in the pipeline, we are confident that we will achieve all our goals.

A Financial Rebound and Beyond

In 2010, we achieved record earnings as we rebounded from the global economic crisis. Our financial performance was strong with net profit presenting a huge increase, approximately 40 times totalling EUR 1.8mio) increase and revenues 544% increase if compared with 2009 results. Due to substantial cash generated from operations and very sound projections, we were able to decrease our bank debt 36.7% and we are planning to further reduce it with 50% during 2011.

In Command of Our Future

We are committed to creating a future filled with new opportunities and sustainable, profitable growth. To accomplish this, in 2010 we took a step back and reviewed our total business - our projects, the full potential of our existing opportunities, and what new opportunities would be a good fit. We concluded that our base activities were sound and have strong growth characteristics. But to maximize growth and grow faster than the market, we need to shift some of our focus. We must align our efforts, investments and resources to the markets and activities where we can realize the greatest return. We've developed a strategic plan to do just that, and we began to implement these actions in 2010.

A Team Approach to a Bright Future

The resiliency of this 11-year-old company is directly related to the energy, determination and confidence of our people who embody the Kontakt culture. This culture is clearly represented by our Core values which ensure a common mindset to guide our business behaviours. The biggest investment in our future continues to be the training and support of this talented people who develop and deliver solutions to our customers, which ultimately increases shareholder value.

I sincerely thank all our employees for their commitment to service, to innovation and to results.

Sincerely,

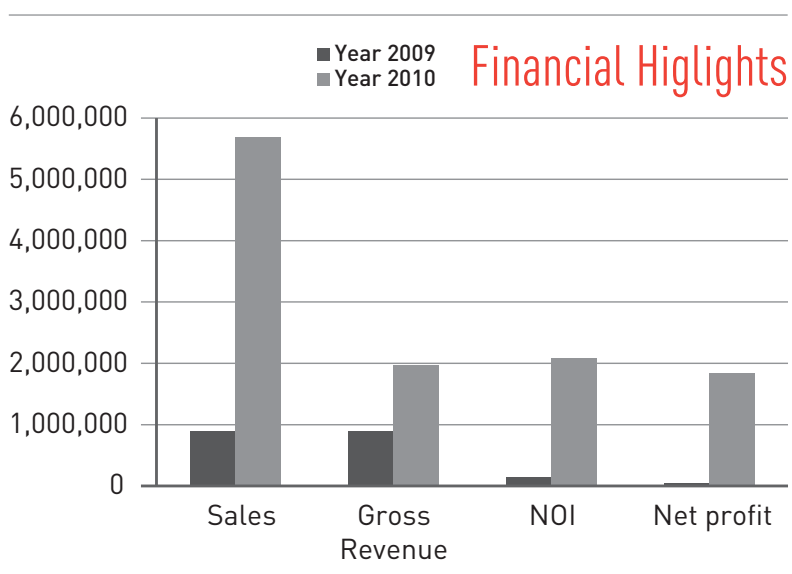
Fatmir Bektashi

2 FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR YEAR 2010

Financial highlights

The following financial information highlighted below is managerial and based on the Company's consolidated financial statements and a comparison with year 2009:

- Sales increased by 544 %;
- Net Income totalled EUR 1.83mio, representing a huge increase, approximately 40 times up if compared with EUR 46tsd in 2009;
- Gross Revenue increased by 725%;
- Net Operating Income (NOI) totalled EUR 2mio , representing a huge increase, approximately 13 times up if compared with EUR 145tsd in 2009;



- Return on Assets (ROA) increased by 912%;
- Return on Equity Capital (ROEC) increased by 682%;
- Debt to equity decreased by 75%;
- Debt to assets decrease by 24%;



FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR YEAR 2010 (con't)

Operational highlights

- The company handled within 9 months the completion of a residential complex, Homeplan A, and the development of two other projects, Homeplan B and C. Total revenues generated by these projects during 2010 totals was EUR 2.54mio.
- The company completed the construction of the concrete structure of Tirana East Gate, the biggest commercial centre in Tirana. Total revenue generated by this project is EUR 427.5tsd.
- The company realised the profit of EUR 1.85mio from the residential building located in “Deshmoret e 4 Shkurtit” st.
- The company completed the construction of the concrete structure of the residential building in Rr. Kavaja, Bogdani. Total revenue generated is EUR 125.2tsd.
- Another project in the pipeline is the Depository for storage and trading of explosives for civil use, DNX with a total value of EUR 1mio. The income generated during 2010 is EUR 207.5tsd.
- Successful completion of the project for the requalification of MQA square with the Municipality of Tirana. The total revenue generated from this project is EUR 135tsd.
- The company realised a total revenue of EUR 172tsd from renting the own business premises to companies, non profit organizations and bank such as Mobile Plus Communication, Union Bank, SNV.
- The company realised total revenue of EUR 27tsd from road security projects.



3 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

[Amounts are expressed as EUR unless otherwise stated.]

The accompanying explanatory notes are an integral part of the financial statements.

Assets	Notes	31 December 10	31 December 09
Current Assets		5,939,758	3,660,235
Cash and cash equivalents	15	76,148.90	6,034
Financial investments			
Trade and other receivables	16	2,645,726.0	212,176
Inventories	17	2,640,344.3	2,915,661
Other current assets	17	483,039.8	390,317
Costs and estimated earnings in excess of billings on uncompleted contracts			
Assets held for sale			
Prepayment and deferred expenses	17	94,498.6	136,047
Non-Current Assets		642,672.4	500,831
Trade and other receivables			
Financial investments			
Property, plant and equipment	17	498,675.2	349,800
Other non-current assets in process		140,220.1	146,391
Intangible assets		3,777.2	4,639
Goodwill			
Investment properties			
Other non-current assets			
Deferred tax assets			
TOTAL ASSETS		6,582,430.1	4,161,065

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (con't)

(Amounts are expressed as EUR unless otherwise stated.)

Liabilities	Notes	31 December 10	31 December 09
Current Liabilities		3,847,447	3,086,304
Short-term borrowings	16		375,035
Current portion of long-term borrowings			
Trade and other payables	16	1,319,485	360,986
Other current liabilities	17	272,776	30,815
Advances from customers	16	2,255,187	2,319,467
Taxation on income			
Group's share in current liabilities of joint ventures			
Billings in excess of costs and estimated earnings on uncompleted contracts			
Non-Current Liabilities		616,559	640,592
Long-term borrowings	16	612,210	635,423
Trade and other payables			
Employee termination benefits			
Deferred incomes	18	4,349	5,169
Other non-current liabilities			
Group's share in non-current liabilities of joint ventures			
EQUITY			
Equity Attributable to equity holders of the parent		2,118,424	434,169
Share capital	18	168,281	175,688
Revaluation surplus			
Currency translation difference			
Other reserves			
Legal reserves and accumulated profit		247,585	213,882
Net Profit for the period		1,702,557	44,600
TOTAL LIABILITIES		6,582,430	4,161,065

4 INCOME STATEMENTS POSITION AS AT DECEMBER 31, 2010

[Amounts are expressed as EUR unless otherwise stated.]

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
Revenue	14	4,926,928	735,965
Cost of sales	14	(2,953,497)	(496,679)
GROSS PROFIT		1,973,431	239,286
Selling and administrative expenses	14	(208,217)	(108,694)
Other operating income		339,800	117,422
Other operating expenses (personnel expenses)	14	(121,526)	(55,277)
PROFIT FROM OPERATIONS		1,983,487	192,737
Depreciation and amortization	14	(61,377)	(51,994)
Financial income	14		
Financial expenses	14	(89,111)	(72,161)
Earnings from foreign exchange	14	4,538	(61,865)
Penalties and compensations	14	56,865	48,076
PROFIT BEFORE TAX		1,894,403	54,792
Taxation charge	18		
Current		(191,846)	(10,193)
Deferred			
NET PROFIT FOR THE PERIOD		1,702,557	44,600



5 STATEMENTS OF CHANGE ON EQUITY FOR THE PERIOD ENDED OF DECEMBER 31, 2010

(Amounts are expressed as EUR unless otherwise stated.)

	Share Capital	Revaluation Surplus	Currency translation differences	Other reserves	Legal reserves and accumulated profit	TOTAL	Non controlling interests	Total equity
Balance at 1 January 2009	171,905				209,277	381,182	—	381,182
Total other comprehensive income -								
Profit for the period -					43,639	43,639		43,639
Total comprehensive income -								
Transfer of depreciation difference								
(net of deferred tax) of revaluation effect								
Dividends paid -								
Share capital increase from general reserve)								
Balance at 31 December 2009	171,905	—	—	—	252,916	424,821	—	424,821
Balance at 1 January 2010	171,905	—	—	—	252,916	424,821	—	424,821
Total other comprehensive income -								
Capital reserve increase					—			
Profit for the period -					1,739,216	1,739,216		1,739,216
Total comprehensive income								
Transfer of depreciation difference								
(net of deferred tax) of revaluation effect								
Share capital increase from general reserve -								
Dividends paid								
Scope change								
Balance at 31 December 2010	171,905	—	—	—	1,992,132	2,164,037	—	2,164,037

6 STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED OF DECEMBER 31, 2010

[Amounts are expressed as EUR unless otherwise stated.]

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
Cash flows from operating activities			
Net Profit		1,702,557	44,600
- Depreciation and amortization of non-current assets		61,377	51,994
- Allowance for doubtful receivables			
- Interest expense			
- Interest income			
- Gain on sale or disposal of property, plant and equipment)			
		1,763,934	96,594
Movements in working capital			
Decrease/ (Increase) in trade and other receivables)		(2,551,671)	(179,626)
Decrease in inventory		152,405	(362,401)
Decrease in other current assets		35,813	(12,231)
and other non current assets			
Increase / (decrease) in trade and other payables		1,250,474	185,034
Income taxes paid			
Employee termination benefits paid		(1,112,979)	(369,224)
Net cash generated from operating activities:		650,955	(272,630)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		(224,332)	(60,123)
Interest received			
Dividend income			
Net cash used in investing activities		(224,332)	(60,123)
Cash flows from financing activities			
Proceeds from borrowings		3,573	454,751
Repayment of borrowing)		(359,226)	
Interest paid			
Changes in grants		(602)	(715)
Dividend paid to non-controlling interests			
Dividend paid			
Net cash generated by financing activities		(356,254)	454,036
Translation reserve			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		6,034	(115,248)
Cash and cash equivalents at end of the period		76,403	6,034

7 NOTES TO THE FINANCIAL STATEMENTS

Note 1 Organizations and operations of the group

Kontakt is a limited liability company established in 1999 with headquarters in Tirana, Albania. The sole shareholder and the administrator of the company is Mr. Fatmir Bektashi.

The company has a long tradition of excellence, hard work and a can-do attitude. The company has performed construction in buildings, civil infrastructure, and heavy industrial markets. During this period, it has completed the construction of approximately 90.000,00 m² residential apartments, and 31.000,00 m² of reinforced concrete constructions.

The company is operating with domestic sub contractors on performing the works and with international and domestic suppliers on purchasing the raw materials used in construction.

Kontakt has several ongoing projects such as:

- Homeplan is a new residential building five, seven and nine floors with approximately 300 apartments units, 14 of which are penthouse units, below-grade parking (underground) for 130 cars, and a landscaped courtyard space of approximately 1500 square meters.
- DNX project is a central depository for storage and trading of explosives for civil use. The construction area is 4 950 square meters organized in:
 - 4 Explosive materials storage total, surface area 391 square meters.
 - 1 Detonator storage, surface area 40 square meters.
 - 1 Ammonium Nitrate Magazine, surface area 1 000 square meters.
 - 1 ANFO Production Unit, surface area 95 square meters.
 - 1 Office, surface area 21 square meters.
 - Service unit, surface area 37 square meters.

Kontakt has a ten years experience in road security. The company has performed a lot of projects for Tirana and Lac Municipality, Hygea Hospital, Fusha sh.p.k, and others.



Note 2 Basis of financial statements preparation

The consolidated financial statements of the company have been prepared in accordance with law 9228 dt. 29.04.2004 "Accounting and the financial statements", National Accounting Standards (SKK 2; 49), (SSK 1; 35) and (SKK 1; 37-69). This condensed financial information should be read in conjunction with the annual financial statements of the company for the year ended 31 December 2009 prepared in accordance with law 9228 dt. 29.04.2004 "Accounting and the financial statements", (SKK 2; 49), (SSK 1; 35) and (SKK 1; 37-69). The consolidated financial statements have been prepared on the historical cost convention.

The first evaluation of the noncurrent assets have been prepared on the historical cost convention (SKK5; 11).

The final evaluation of the noncurrent assets has been prepared on the historical cost convention by subtracting the accumulated depreciation/amortization (SKK 5; 21).

The calculation of the depreciation/amortization is done based on the linear method for the building and based on the residual value for the other noncurrent assets. The depreciation rate has been prepared in accordance with the Albanian fiscal system and respectively:

- Building- 5%/ Year in the linear method
- Plant, machineries and equipment – 20% /Year of the residual value
- Computer and other equipments – 25% / Year of the residual value
- Other noncurrent assets – 20 %/Year of the residual value

The consolidated financial statements are presented in EUR (EURO).

The company adopted all standards, which were mandatory as of 31 December 2010. The consolidated financial statements of Kontakt were authorized for issue by the management on March 31, 2010.

Kontakt which is incorporated in Albania, maintain its books of accounts and prepare its statutory financial statements in Albanian Lek (ALL) in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the Tax Legislation and the National Council of Accounting and the Ministry of Finance.



Note 3 Functional and presentation currency

Even the significant amount of construction, rental and road security of Kontakt operations are carried out in EUR, the company prepare its statutory financial statements in ALL (Albanian Lek) as the functional and the presentation currency of the company in line with (NAS 12) - The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

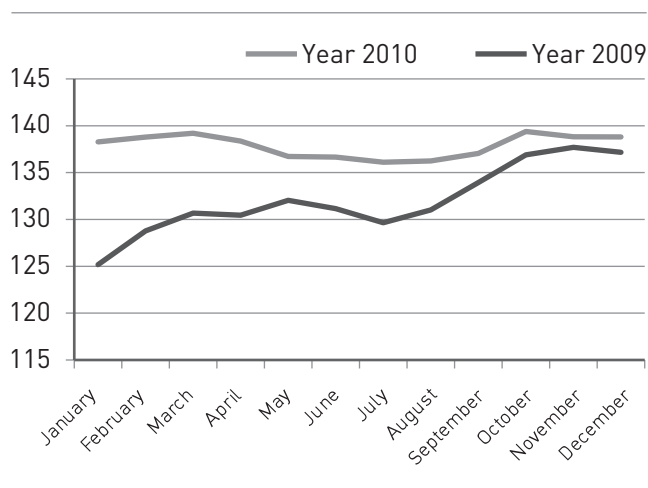
The rates used as of 31 December 2010, 31 December 2009 and the rate as of the preparation date of the consolidated financial statements for one EUR can be summarized as below:

31 March 2011	31 December 2010	31 December 2009
140.57	138.77	137.96

This annual report is prepared based on the average exchange rate of Year 2010 and average exchange rate of Year 2009, except the statement of change on equity wherein the exchange rate EUR/ALL is the average of exchange rate for Year 2010 and Year 2009.

Year 2010	Year 2009
137.87	132.06

Following you will find the chart of exchange rate EUR/ALL for Year 2009 and Year 2010.



Note 4 Summary of significant accounting policies

The company's accounting policies are consistent with the accounting policies used at 31 December 2009.

Note 5 Information for the income statements as per segments and consolidated

(Amounts are expressed as EUR unless otherwise stated.)

1 January - 31 December 2010					
	Construction	Rent	Road Security	Others	Consolidated
Revenues	3,209,645	172,449	26,802	1,857,831	5,266,727
Cost of revenues	(2,560,977)	(83,997)	(13,173)	(295,350)	(2,953,497)
Gross profit	648,668	88,452	13,629	1,562,481	2,313,230
Selling and administrative expense	(178,838)	(4,799)	(7,127)	(17,449)	(208,213)
Other operating expense	(112,135)	(2,801)	(4,160)	(2,431)	(121,526)
Profit from operations	357,695	80,851	2,342	1,542,602	1,983,490
Depreciation	(61,377.04)	0	0	0	(61,377.04)
Financial income	3,942	407	98	91	4,538
Financial expense	(42,437)	(35,938)	(42)	(10,693)	(89,111)
Penalties and compensations	—	—	—	56,865	56,865
Profit before tax	257,822	45,320	2,399	1,588,865	1,894,405
Tax on profit	(4,244)	(1,795)	(30)	(185,783)	(191,852)
Net profit for the year	253,578	43,525	2,369	1,403,082	1,702,554

Note 6 Information for the financial statements of Kontakt sh.p.k
(Amounts are expressed as EUR unless otherwise stated.)

31 December 2010

	Construction	Rent	Road Security	Others	Consolidated
Segment assets	4,038,874	418,087	30,227	2,095,242	6,582,430
Unallocated assets	—	—	—	—	—
Total assets	4,038,874	418,087	30,227	2,095,242	6,582,430
Segment liabilities	4,011,460	215,529	33,498	2,321,943	6,582,430
Unallocated liabilities	—	—	—	—	—
Total liabilities	4,011,460	215,529	33,498	2,321,943	6,582,430

1 January – 31 December 2010

Other segment information	Construction	Rent	Road security	Others	Consolidated
Capital expenditures					
Property, plant and equipment	(56,981)	(167,351)	—	—	(224,332)
Intangible assets	(4,439)	—	—	—	(4,439)
Total capital expenditures	(61,420)	(167,351)	—	—	(228,771)
Depreciation expense	54,654	6,056	—	—	60,710
Amortization	667	—	—	—	—

Note 7 Cash and cash equivalent

(Amounts are expressed as EUR unless otherwise stated.)

	31 December 2010	31 December 2009
Cash on hand	5,007	662
Cash in bank	71,141	5,372
Demand deposits		
Time deposits		
Other		
	76,149	6,034

As of 31 December 2010, the entity does not have time deposits that are blocked as collateral against the bank loan.

Note 8 Long and short term loans as of December 31, 2010

(Amounts are expressed as EUR unless otherwise stated.)

December 31, 2010				
Short-term borrowings:	Interest rate	Currency Type	Original currency	EUR Equivalent
Short term bank borrowings	—	—	—	—
December 31, 2010				
Long-term borrowings:	Interest rate	Currency Type	Original currency	EUR Equivalent
Union Bank	9%	EUR	607,988	607,988
Other long-term bank borrowings	—	—	—	—
Obligations under finance leases				
Total long-term borrowings				
Less: Current portion of long-term borrowings and finance lease obligations				
Total long-term borrowings				607,988



Note 9 Trade receivables and payables

Short-term trade receivables	31 December 2010	31 December 2009
Trade Receivables, net	2,645,726	212,176
	2,645,726	212,176

Collection periods of receivables from construction works depends on the agreement conditions and average days of such periods are between 30 and 120 days.

Short-term trade payables	31 December 2010	31 December 2009
Trade payables	1,319,485	360,986
Advances Received	2,255,187	2,319,467
Notes Payable		
Other Payables	65,424	—
	3,640,096	2,680,454

Note 10 Other current assets

Other current assets	31 December 2010	31 December 2009
Prepayment to suppliers	47,686	20,894
Homeplan sh.p.k ("Partizani" sport club privatization)	329,129	255,589
Eurocol sh.p.k	100,000	100,000
Works for Homeplan (Investment)	5,572	—
Tax on income	—	3,566
VAT	—	1,885
Technical warranty for the works	—	3,914
	482,387	385,848

Note 11 Deferred expenses

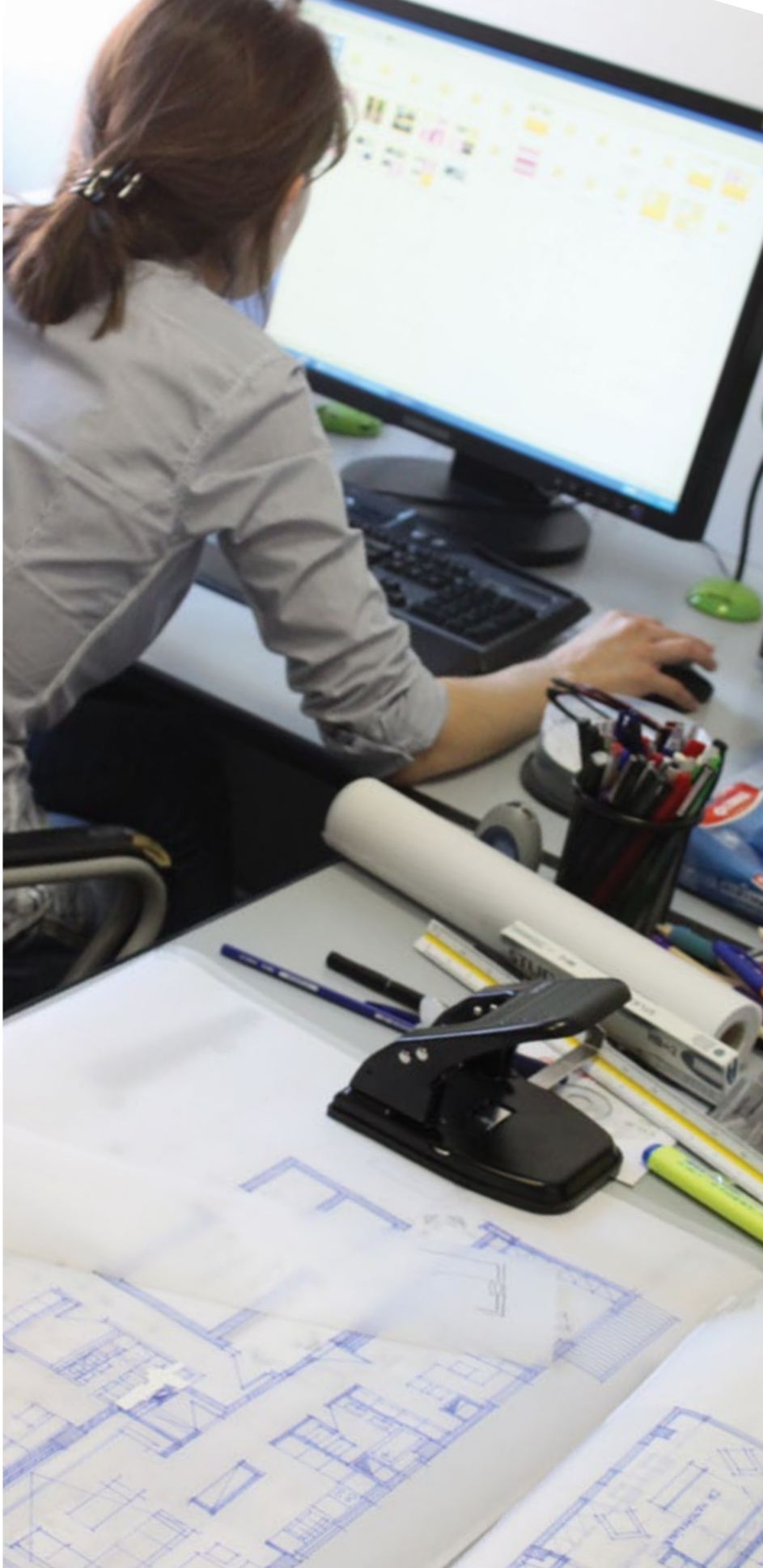
Deferred expenses	31 December 2010	31 December 2009
Insurance expenses to be distributed in the future Years	5,953	12,231
Expenses for the future architecture project	59,021	—
Expenses for the tax paid for the buildings 6-8 floors	29,524	123,816
	94,499	136,047

Note 12 Inventory

Inventory	31 December 2010	31 December 2009
Raw materials	115,113	190,301
Miscellaneous inventory	878	251
Working in progress	2,524,352	2,716,734
	2,640,344	2,907,285

Note 13 Other current liabilities

Other current liabilities	31 December 2010	31 December 2009
Social and health insurance	1,454	5,115
Withholding tax	413	969
Tax on profit	154,750	—
VAT	9,662	—
	166,278	6,085





Note 14 Non-current assets

Property Plant and Equipment

During the period ended 31 December 2010 the company purchased property plant and equipment amounting to EUR 224,332. During the period ended 31 December 2010 net book value of property plant and equipment is EUR 642,672.

Note 15 Other liabilities

Other non current liabilities	31 December 2010	31 December 2009
Deferred revenue	4,349	5,169
	4,349	5,169

Note 16 Share capital

The shareholders of the company during 31 December 2010 and 31 December 2009 is as follows:

	31 December 2010		31 December 2009	
	%	Amount	%	Amount
Fatmir Bektashi	100%	171,905	100%	171,905
	100%	171,905	100%	171,905

Note 17 Taxation on income

Kontakt sh.p.k is subject to taxation in accordance with the tax procedures and the legislation effective in Albania which is 10% as of December 31, 2010.

The taxable profit for the tax period is defined based on the balance-sheet and its annexes, which should be in conformity with the law "On accounting", with the provisions of this law, as well as with the sub-legal acts issued by the Ministry of Finance to that end.

In order to settle the taxable profit in the Republic of Albania, the expenses carried out to profit-seeking, profit-security and profit-keeping, in case when these expenses are certified and documented by the taxpayer, as well as when they are subject to restrictions specified by this law are considered as expenses.

The basic document used to justify the expenses for tax effect is: VAT tax invoice, the simple tax invoice and any other document compiled and issued in conformity with the instructions of the Ministry of Finance, in application of the tax legislation.

As of December 31, 2010 and December 31, 2009 the components of Tax expenses are as follows:

	31 December 2010	31 December 2009
Current corporate tax	191,846	10,193
Prepaid during the Year	37,096	13,758
	154,750	(3,566)



8 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank loans, and cash. The main purpose of these financial instruments is to raise finance for the company's operations. Kontakt has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The administrator in collaboration with the Finance Department reviews and agrees policies for managing each of these risks. The company monitors the market price risk arising from all financial instruments periodically.

Foreign currency risk

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro which arises from the liabilities belonging to the companies in the consolidation scope, whose the functional currency is not Albanian Lek (ALL).

The company is engaged in construction, rental and road security and real estate operations and, as a result, is exposed to movements in foreign currency exchange rates.

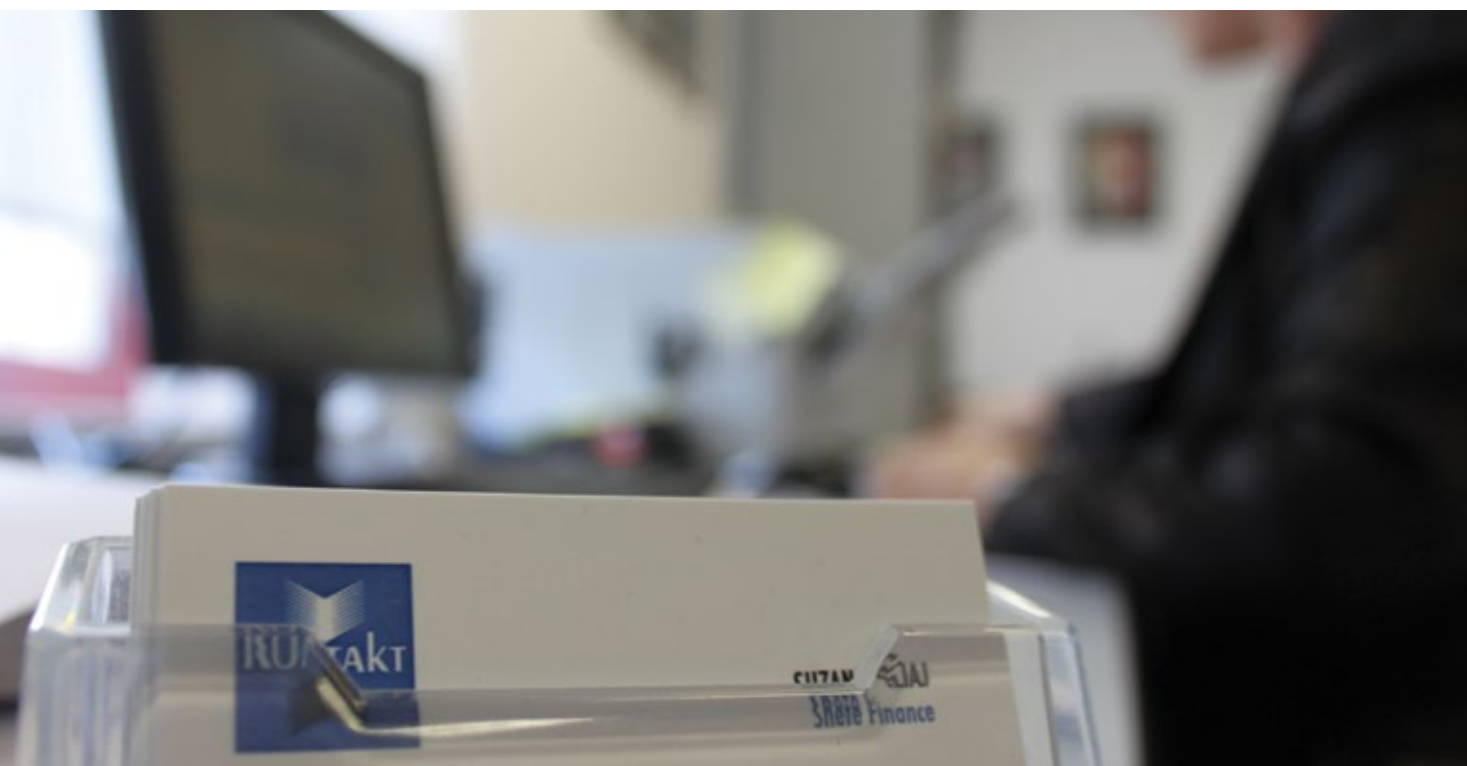
The policy followed by Kontakt to mitigate currency risk is: Revenues in strong currency (Euros) and Expenses in weak currency (ALL). Euro versus ALL has maintained a continuously strengthening position. Further, preferential exchange rates are offered by Forex Offices and the Banks that Kontakt is collaborating with. The foreign currency risk of Kontakt arises from the credits used in Euro and the payment of subcontractors and domestic suppliers in ALL. In order to mitigate the risk, the company continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.



9 FIVE YEAR SUMMARY OF KONTAKT KEY PERFORMANCE INDICATORS

RATIO	2006	2007	2008	2009	2010
Gross Profit Margin	43.4%	53.6%	39.8%	29.3%	43.9%
Operations Margin	8.6%	10.9%	21.8%	16.5%	36.5%
Net Profit Margin	2.3%	6.5%	12.1%	5.2%	32.3%
ROA	5.7%	4.1%	5.3%	3.6%	36.4%
ROEC	11.3%	21.7%	25.1%	10.3%	80.4%*
Inventory Turnover	0.9	0.3	0.2	0.2	1.1
Accounts Receivable Turnover	9.1	7.9	6.5	6.6	46.9
Accounts Payable Turnover	9.8	6.2	4.1	2.7	2.1
Debt to Equity	8.6	9.3	8.4	8.6	2.1
Debt to Total Assets	0.9	0.9	0.9	0.9	0.7
Fixed Asset Coverage	1.0	0.9	1.9	2.1	4.3
Current Ratio	1.0	1.0	1.2	1.2	1.5

*The ratio ROEC for Year 2010 is 80.4% due to very good performance of the company during this year and also due to the profit from the previous years calculated on the balance sheet of this year for the building located in "Deshmoret e 4 Shkurtit".





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