

ANNUAL REPORT 2014



STUDENT



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Dear Customers and Partners,

Fulfilling your needs is a strong motivation for us and making You happier every day is the reason that Kontakt keeps running the business. Every day of the year we have worked hard to reach this goal and make You proud of being our Customer or Partner.

Thanks to our professional staff, we design, develop and build, focused on innovation and high quality which makes us a leading company in the market. In 2014, through a great team work we have successfully accomplished a Daniel Libeskind masterpiece, Eagle in Flight.

Our number sales have been increasing during the last years, but 2014 was the best, reaching an average of 2 units per week. Considering this we are ranked as one of the top five construction companies in the Balkan.

We are aware that the market is getting more competitive and the customers more conscious about the product they are buying, and this way keeping the same level of profit and even increasing it is getting very difficult. Nevertheless Kontakt has reached its goals to have the gross profit margin higher than 2013. This way we feel a sense of confidence to keep the financial ratios a bit higher than the average level of our sector.

Believing in You and in our human resources potential we have started building wonderful neighbourhoods, Magnet and AnA, with public buildings, urban public piazza, pedestrian area, community green garden, children playgrounds and all the facilities you need to have a comfortable living and a happier life.

By the end of 2015 we will have finished the AnA, project by the end of 2018 we aim to finish Magnet project and give Tirana and all its habitants the new generation of neighbourhood in a metropolitan city.

I am very proud that we are able to contribute in this way in the development of our company as well as the construction sector through initiatives and innovation that go beyond existing framework. I am glad to know that our employees feel the same and strongly support this way of operating and I am confident that this way we will inspire potential clients and other decision-makers to take similar initiatives and take the whole process a step further.

We are keeping pace with your increasing demands and we will show that we are capable of adding value to our communities on many levels.

Per Aspera Ad Astra!

Yours Sincerely,
Fatmir BEKTASHI



Mission •
Goals •
Strategy •
Company Targets •

OUR VISION

Kontakt's vision is to be a leader in residential construction market and to be the customer's first choice in construction and project development.

OUR MISSION

Kontakt's mission is to:

- Develop
- Build
- Maintain the physical environment for living, traveling and working.





MISSION GOALS STRATEGY AND COMPANY TARGETS

OUR STRATEGY

To focus on the core business in construction and project development in selected home markets. To focus on recruiting, developing and retaining talented employees and to take steps to achieve increased diversity.

To be a leader in identifying and systematically managing risks.

To be an industry leader in sustainable development, particularly in occupational health and safety, the environment and ethics.

GLOBAL MARKET TRENDS

The world is currently experiencing the highest growth in urbanization in history; now more than half of all the people in the world live in cities. At the same time, people are living longer lives and demanding a higher standard of living, leading to growing energy needs in the society. These global trends are increasing the need for new and more sustainable solutions for the future.

1. Infrastructure
 - a. Roads
 - b. Power and energy
 - c. Water and waste management
2. Healthcare
3. Housing
4. Education

THE COMPANY TARGETS

Kontakt generates customer and shareholder value.

Kontakt will be a leading project developer in local markets and in selected product areas.

Magnet is the main project and all our resources will be focused to accomplish it within 2018.



**TO BUILD
IS MORE
THAN IT
SEEMS**





2014 IN BRIEF

This year was very challenging for our company. The main project to be accomplished was the facade of Eagle in Flight, a Daniel Libeskind building. Kontaktshpk, collaborated with one of the best companies in the world to implement it with the best materials.

Italcementi Group's innovative products have been chosen for the construction of Magnet, a large residential centre of roughly 800 apartments, designed by the famous architect Daniel Libeskind, who has signed such world-renowned projects as the master plan for the World Trade Center in New York, the Jewish Museum Berlin and the Fiera Milano. For this very original neighbourhood, that is currently under development near the city centre of Tirana and is composed of two towers and smaller buildings surrounded by several park areas and common spaces, i.activecoat and i.idro drain will be used.

Eagle in flight, has already been finished and was inaugurated December. The next building that these materials will be applied is Orion, which has started in June, 2014 and by the end of March it will be ready for the first habitants.

In a nine month time, from March to November, Kontakt has finished building AnA3; 6,059 m2, one of the five building of AnA project.

From December, 2014 our engineers have been working to finish the construction of AnA 1&2; 7,181 m2 the last part of the project and giving these city a wonderful place to live like the AnA residence. The number of sales was higher than the last year and the financial situation of the company is getting stronger.

Kontakt – CRM the company has signed a contract, for implementing a system to manage the relations with the customer. The system will be multifunctional and also help the internal reporting and the cost control.

BUSINESS MODEL

- Construction

This business performs residential and non-residential construction, as well as civil construction, and is Kontakt's largest business stream in terms of revenue and number of employees.

- Residential Development

Kontakt initiates, develops and invests in residential projects primarily to individual consumers.

- Commercial Property Development

Kontakt initiates, develops, invests in and leases commercial property projects, primarily office space, shopping malls and logistics properties.

- Infrastructure Development

Kontakt develops, invests in and manages privately financed infrastructure projects, such as roads, hospitals, schools and power plants.



OUR PRIDE MAGNET PROJECT

Eagle in Flight is a building that will make every construction company proud after achieving every single detail that Daniel Libeskind projected. It is the most outstanding building of the ongoing project, Magnet.

Magnet will bring to Tirana a new sense of liberty and open space. The neighbourhood architecture is very inspiring and makes it very attractive not only for the Tirana's habitants but even broader.

Our vision is to create a fantastic neighbourhood that contributes to the lives of citizens; to create a density neighbourhood with ecological perspective with a great sustainable architecture, with beautiful vista and with a well-defined piazza that introduces such a kind of liveliness that this beautiful Mediterranean City really deserves.

It will contribute to the ongoing transformation of Tirana by putting the importance of the human being at the centre of this neighbourhood.



It is about people, about urban energy, it's about creating a pedestrian sense of space, about giving every citizen and habitant here a beautiful vista to the complex neighbourhood that is developing around by making it appropriate for families with all the facilities needed. We will provide playgrounds, tennis and football courts, bicycle roads and no cars being allowed to enter the area. Everybody will drive underground and around the neighbourhood.

Thus, It will help in many ways to create the 21st Century future of this beautiful city. Considering this, we easily reach the conclusion that the main target is to create an environment, which is rich, architecturally and urbanistically. An environment which is not reducing just into a two dimensional plan but reveals the world by introducing the cohabitation of the light, the sky, the earth and the perspective.

Everyone would prefer to enjoy the living in Magnet and feel the sense of liberty, space and green areas.







Firmitas - Utilitas - Venustas





FINANCIAL STATEMENTS AND ANALYSIS

STATEMENT OF FINANCIAL POSITION

		in EURO	
ASSETS	Year ended 31/12/2014	Year ended 31/12/2013	
I CURRENT ASSETS			
1 Cash and cash equivalents	1,011,968	75,903	
Total	1,011,968	75,903	
2 Financial short term assets			
a Clients for goods and services	4,446,316	2,905,652	
b Other account receivables	333,743	725,979	
c Prepaid and deferred Investments	674,617	521,192	
d Prepaid and deferred Taxes	13,696	10,185	
e Prepayments for supplies	47,379	18,398	
Total	5,515,751	4,181,406	
3 Inventories			
a Raw materials	381,072	288,804	
b Other inventory	-	865	
Total	381,072	289,669	
CURRENT ASSETS TOTAL (I)	6,908,791	4,546,978	
II LONG TERM ASSETS			
1 Property, Plant and Equipment			
a Lands	46,440	46,440	
b Buildings	785,694	968,079	
c Machinery and equipment	160,150	109,046	
d Other tangible assets	66,312	59,486	
Total	1,058,596	1,183,051	
2 Intangible assets			
a Other intangible assets	1,599	1,881	
Total	1,599	1,881	
3 Other long-term intangible assets	81,424	78,862	
LONG-TERM ASSETS TOTAL (II)	1,141,619	1,263,794	
TOTAL ASSETS (I + II)	8,050,410	5,810,772	

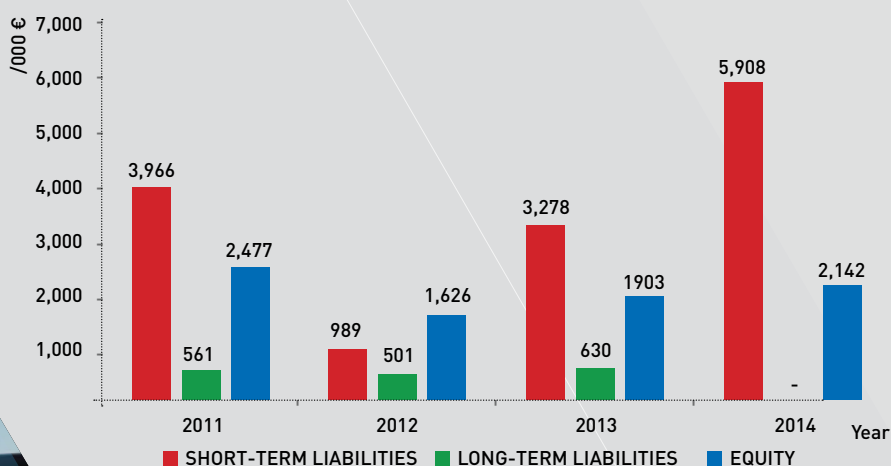
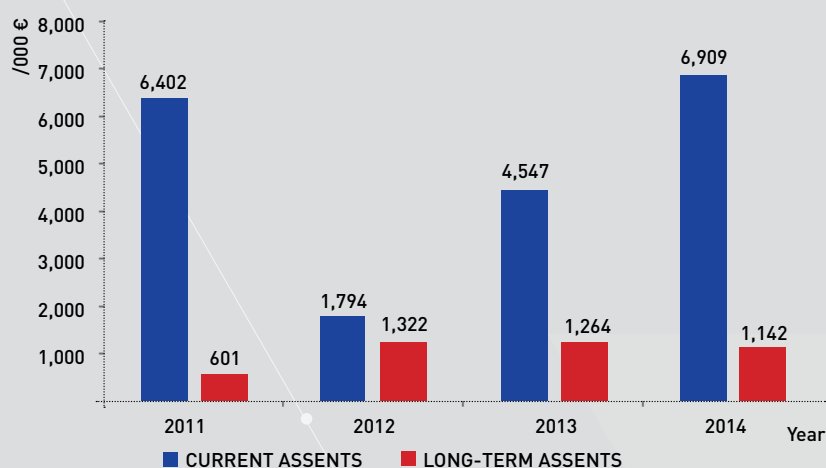


LIABILITIES AND SHAREHOLDERS EQUITY

	Year ended 31/12/2014	Year ended 31/12/2013
I SHORT-TERM LIABILITIES		
1 Payments and Prepayments		
a Account payables	1,239,197	1,262,890
b Payable to employees	21,212	9,602
c Liabilities to the state	14,204	9,657
d Other loans	218,062	138,033
e Prepayments	4,415,795	1,857,548
Total	5,908,470	3,277,730
TOTAL SHORT - TERM LIABILITIES (I)	5,908,470	3,277,730
II LONG - TERM LIABILITIES		
1 Long - term loans	-	-
a Loans and Liability from financial lease	-	629,651
Total	-	629,651
TOTAL LONG - TERM LIABILITIES (II)	-	629,651
TOTAL LIABILITIES	5,908,470	3,907,381
III EQUITY		
1 Subscribed capital	1,363,002	1,363,002
2 Legal reserve	8,951	8,951
3 Other reserve	531,438	253,708
4 Profit of current year	238,549	277,730
TOTAL EQUITY (III)	2,141,940	1,903,391
TOTAL LIABILITIES AND EQUITY (I+II+III)	8,050,410	5,810,772

DATA REVIEW 2011 – 2014

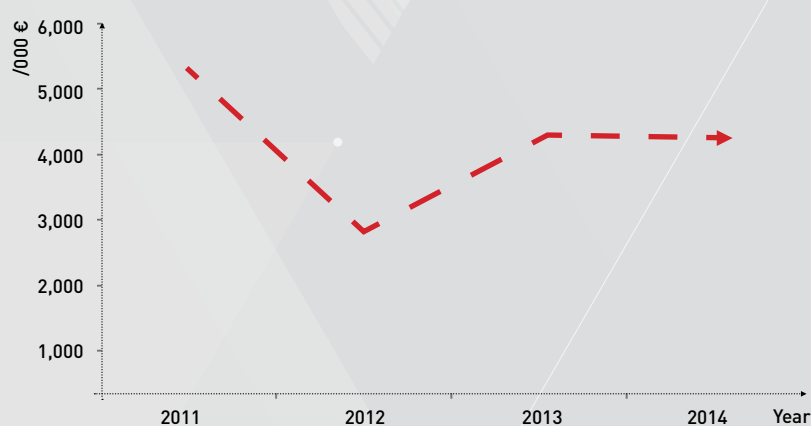
Assets; Liabilities
and Equity
Historical Data
2011 – 2014



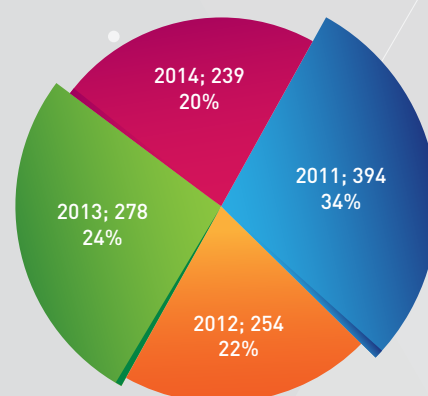
PROFIT AND LOSS STATEMENT

in EURO			
No.	Description	Year ended 31/12/2014	Year ended 31/12/2013
1	Net sales	3,970,468	4,120,095
2	Other income from operating activities	507,053	378,011
3	Other Expenses from operating activity	(3,763,955)	(3,878,161)
a	Subcontractors	(2,110,670)	(2,091,399)
b	Other expenses	(1,653,285)	(1,786,762)
4	Other expense from operating activities	-	-
5	Labor Cost	(246,641)	(100,513)
a	Personnel salary	(191,084)	(69,519)
b	Social and Health insurance charges	(31,254)	(10,798)
c	Other personnel expenses	(24,303)	(20,196)
6	Depreciation, amortization and impairments	(93,663)	(88,217)
7	Profit/Loss from operating activity	373,262	431,215
8	Financial expense from other long-term financial investments	(84,497)	(108,963)
a	Interest income	(55,980)	(36,439)
b	Exchange rate (loss) / gain	9,026	(14,044)
c	Other financial expenses	(37,543)	(58,480)
9	Total of financial income and expenses	(84,497)	(108,963)
10	Profit before tax	288,765	322,252
11	Tax on profit	50,216	44,522
12	Net profit	238,549	277,730

REVENUES, 2011-2014



NET PROFIT FOR 2011-2014



CASH FLOW STATEMENT

		in EURO	
No.	Description	Year ended 31/12/2014	Year ended 31/12/2013
A	Cash flows from operating activities	1,677,117	103,818
1	Net profit	238,549	277,730
2	Depreciation and amortization	93,663	88,217
3	Increase/(Decrease) in payables and prepayments	2,509,083	2,243,064
4	Decrease/(increase) in inventories	(92,268)	(52,771)
5	Decrease/(increase) in short - term receivables and prepayments	(1,071,910)	(2,452,422)
B	Cash flows from investing activities	(111,401)	(179,305)
1	Purchase of fixed asset	42,023	(30,063)
2	Projects investments	(153,424)	(149,242)
C	Cash flows from financing activities	(629,651)	128,231
1	Interest paid	(629,651)	128,231
	Net increase in cash and cash equivalent	936,065	52,744
	Cash and cash equivalent at the beginning of the year	75,903	23,159
	Cash and cash equivalent at the end of the year	1,011,968	75,903

STATEMENT OF CHANGES IN EQUITY

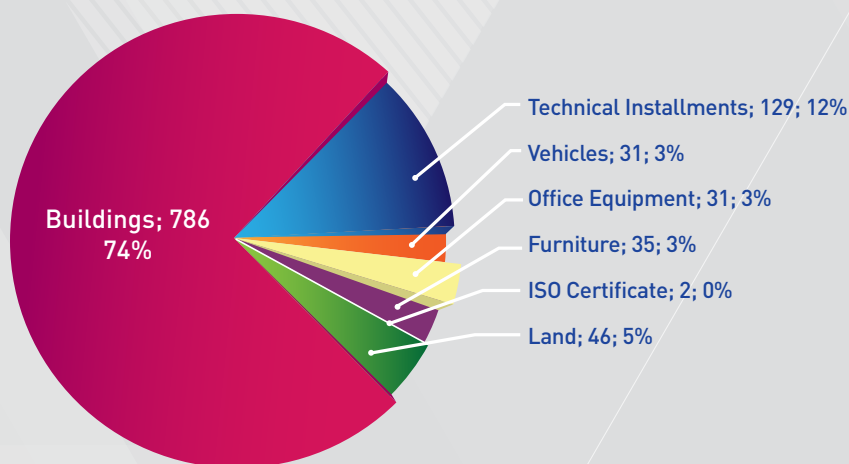
No.	Description	Subscribed Capital	Share Premium	Treasury Shares	Statutory Reserves	Other Reserves	Accumulated Profit	Total
I	Balance as of December 31, 2013	1,363,002	-	-	8,951	253,708	277,730	1,903,391
1	Net profit	-	-	-	-	253,708	277,730	531,438
2	Paid Dividends	-	-	-	-	-	-	-
3	Increase in Equity Reserves	-	-	-	-	-	-	-
4	Capital paid but not registered	-	-	-	-	-	-	-
II	Balance as of 01/01/2014	1,363,002	-	-	8,951	253,708	277,730	1,903,391
1	Net profit	-	-	-	-	-	238,549	238,549
2	Paid Dividends	-	-	-	-	-	-	-
3	Increase in Equity Reserves	-	-	-	-	-	-	-
4	Repurchased Treasury shares	-	-	-	-	-	-	-
III	Balance as of 31/12/2014	1,363,002	-	-	8,951	253,708	516,278	2,141,940

ADDITIONAL FINANCIAL INFORMATION

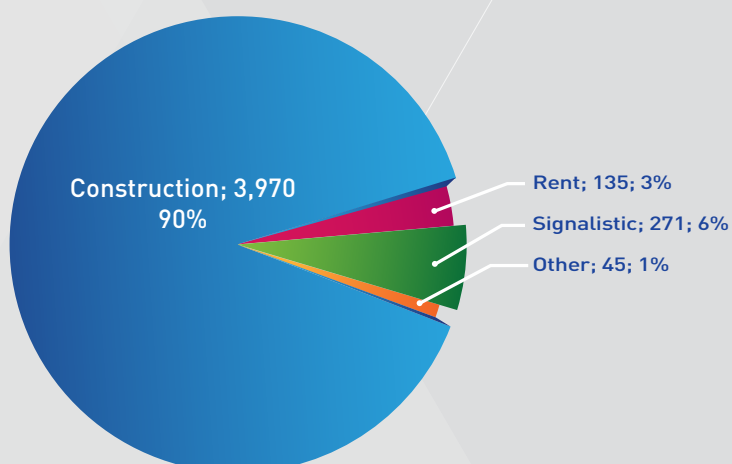
STATEMENT OF PROPERTY , PLANT AND EQUIPMENT FOR THE YEAR ENDING DECEMBER 31, 2014

No.	Description	Land	Buildings	Technical Installments	Vehicles	Office Equipment	Furniture	Total
1	Cost as at 31/12/2013	46,440	1,105,715	412,034	60,446	55,898	88,463	1,768,996
2	Purchases	-	-	64,616	23,273	17,569	4,972	110,430
3	Disposal	-	148,456	3,997	-	-	-	152,453
4	Cost as at 31/12/2014	46,440	957,259	472,653	83,719	73,467	93,435	1,726,973
5	Accumulated Depreciation as at 31/12/2013	-	137,635	316,704	46,729	34,512	50,363	585,943
6	Depreciation	-	44,878	26,555	6,234	7,599	8,115	93,381
7	Disposal	-	10,949	-	-	-	-	10,949
8	Accumulated Depreciation as at 31/12/2014	-	171,564	343,259	52,963	42,111	58,478	668,375
9	Net book value as at 31/12/2014	46,440	785,695	129,394	30,756	31,356	34,957	1,058,598

PROPERTY, PLANT AND EQUIPMENT



REVENUE STRUCTURE 2011 – 2014





TO BUILD
IS MORE
THAN IT
SEEMS

