K. Kythreotis Holdings Public Ltd ('the Company') was incorporated in Cyprus on December 11th 1970 as a private limited company and on February 3rd, 2008 it became a public limited company.

The Company's main operations are the production and sale of aggregates for use in the construction industry. It is the holding company of the group and has C. Kythreotis – Skyrodema Ltd and Kythromak (Asphalting) Ltd as wholly owned subsidiaries. C. Kythreotis – Skyrodema Ltd main operation is the design, production and delivery of ready mixed concrete mainly to the construction industry. Kythromak (Asphalting) Ltd mainly handles road construction projects and also participates by 1/3 in a company that produces asphalt concrete.

Financial Review

For a better appreciation of this review, the investing public is advised to read this review in conjunction with the annual financial statements for the year ended 31/12/2011 and the six-month results for the period ended 30/6/2012.

The quarter ended September 30, 2012 showed lower results compared to last year's corresponding quarter. The turnover has declined by 36.1%, gross profit has decreased by 85.3% while the gross profit stood at 3.8% compared to 16.4% in the corresponding period of 2011. Profit before tax has declined by 6.9% compared to a profit of 6.7% in the corresponding period of 2011.

RESULTS

Changes in main figures in consolidated profit and loss account

	Quarter to 30/9/2012	Quarter to 30/9/2012	Nine months to 30/9/2012	Nine months to 30/9/2012
	€	€		
Turnover	2.948	4.617	8.251	12.903
Cost of sales	(2.837)	(3.861)	(8.103)	(10.680)
Gross profit	111	756	148	2.223
Selling and administrative expenses	(339)	(419)	(1.229)	(1.426)
(Loss)/Profit after taxation	(203)	308	(1.121)	711
(Loss)/Earnings per share (cent)	(0.5)	0.7	(2.6)	1.7

Turnover

Turnover in the third quarter of 2012 has dropped by 36.1% as a result of lower demand due to the recession in the construction industry.

Cost of sales

The cost of sales as a percentage on turnover has recorded an increase from 84% to 96% due to the inflexibility of a large part of expenses.

Gross loss

The gross loss in the third quarter of 2012 stood at 3.8% compared to a gross profit of 16.4% in the corresponding period of 2011.

Selling and administrative expenses

The selling and administrative expenses showed a decrease of 19.1% mostly due to the restriction of all expenses.

After tax loss

The after tax loss is a result of a decrease in the turnover affected by the external factors described above as well as the inflexibility of a large part of direct and indirect expenses in all sectors of activities.

Information on the period 1/1/2012 – to date

Liquidity and financial resources

The group's liquidity level remains adequate. The cash flow from operating activities is positive but reduced compared to the same period last year because of increased working capital requirements. The Group has used the cash inflow for the repayment of existing financial obligations, for purchases of fixed assets and for the completion of installation of last year's production assets.

Non recurrent or extraordinary activities

There were no recurrent or extraordinary activities during the period.

Shareholders' interest

The issued share capital remained at 42,450,000 shares of nominal value €0,17.

The total shareholders interest has decreased by the period's losses. The net asset value 30/09/2012 stood at 44 cents per share.

Main risks and uncertainties

The main financial assets of the Group and the Company are cash in bank, investments and debtors. The main financial liabilities of the Group and the Company are bank overdrafts, loans and creditors. The main financial risks and uncertainties that the Group and the Company is exposed to are mentioned below and the measures taken to face these are explained in the Annual Report for the year 2011:
- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk
- Exchange Rate Risk
- Stock Market prices Risk

Significant events and developments

There were no significant events or transactions outside the normal operations of the Group that could have an impact on the Company's or its subsidiaries financial position.

Transactions of associated companies

Apart from the ordinary trade transactions between the Group companies which for the third quarter of 2012 came to €205,980 compared to €283,972 in the corresponding quarter of 2011 and the employment contracts of the Executive Board Members as described in the Company's Annual Report for 2011, there were no material transactions with any associated parties.

Aims and prospects

Under the circumstances, the Company aims to reduce the cost and to maintain a healthy cash base. According to indications so far, the prevailing conditions and the prospects in the construction sector, the Group's activities in 2012 are expected to be lower than those of 2011 due to the ongoing recession.