

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 production and sale 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 31/12/2012.

The quarter ended March 31, 2013 14.8.1%, gross profit has increased by 6.7% while the gross loss stood at 5.7% compared to 4.5% in the corresponding period of 2012. Profit after tax has improved and shows loss of 22.7% in the turnover compared to 23.7% in the corresponding period of 2012.

RESULTS

Changes in main figures in consolidated profit and loss account

	Quarter to 31/3/2013	Quarter to 31/3/2012
	€	€
Turnover	2.948	4.617
Cost of sales	(2.837)	(3.861)
Gross loss	111	756
Selling and administrative expenses	(339)	(419)
Loss after taxation	(203)	308
Loss per share (cent)	(0.5)	0.7

Turnover

Turnover in the first quarter of 2013 has dropped by 15%. This drop is observed in all sectors of activities as a result of the long strike in the construction industry, the inactivity when banks were closed and the lower demand due to a recession in the banking sector.

Cost of sales

The cost of sales as a percentage on turnover is at the same level as last year due to a lack of flexibility of a large part of expenses.

Gross loss

The gross loss in the first quarter of 2012 stood at 5.7% compared to a gross loss of 4.5% in the corresponding period of 2012.

Selling and administrative expenses

The selling and administrative expenses showed a decrease of 25.8% 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 1/1/2013 – to date

Liquidity and financial resources

The group's liquidity level remains adequate. The cash flow from operating activities is positive despite the lower operating profit due to positive changes in working capital. The Group has used the cash flow for the payment of the existing obligations and for restricted purchases of new fixed assets.

As a result of the consolidation of Cyprus Popular Bank Public Company Ltd and the restructuring of Bank of Cyprus Public Company Ltd, the deposit accounts of the subsidiary of €322.499 in Cyprus

Popular and €21.484 in Bank of Cyprus have been blocked. The issue terms of the shares as an offset from the loss of deposits in Bank of Cyprus is not yet known.

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 Board of Directors decided not to propose to the AGM the payment of a dividend due to the deteriorating conditions in the sectors that the Group is actively involved in as well as the uncertainty in finding finance resources in the next few months as a result of the crisis in the banking sector. The AGM will take place on 26/6/2013 at 18.00 at the Company's Head Office in Limassol.

The total shareholders interest has decreased by the period's losses. The net asset value 31/03/2013 stood at 37.34 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 2012:

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk
- Exchange Rate Risk
- Stock Market prices Risk

Operating environment of the Company and the Group

The Cypriot government has reached a final agreement with the European Commission, the European Central Bank and the International Monetary Fund for financial aid but there is still uncertainty as to the development of the economic environment in Cyprus.

The restricted availability of liquidity in lending together with the negative growth rate of the economy could affect:

- The Company's and the Group's ability to secure new loans or to refinance the existing borrowing with terms and conditions similar to those of previous transactions and/or
- The ability of the trade and other creditors of the Company and the Group to pay their liabilities and/or
- The Company's and the Group's ability to have a satisfactory turnover and to dispose their existing stock and/or to offer their services to customers.

The deterioration of the operating conditions could also have impacts on the provisions of cash flows of the Group's Management and the estimate of impairment of the financial and non financial assets.

The Board of Directors has evaluated:

- Whether any provisions of depreciation are deemed necessary for financial assets with the examination of the financial condition and the prospects of those assets at the end of the reference period. The provisions for trade receivables are defined with the use of the "losses caused" required by the existing accounting standards. Those standards require the recognition of depreciation losses for receivables resulting from facts of the past and do not allow the recognition of depreciation losses that could emerge from future facts.

- Whether the net liquidity value of the stock of the Group's companies exceeds the acquisition cost. When this is lower than the acquisition cost, the difference is written off in the results of the year.

The Board of Directors is not in the position to predict all developments that could have impact on the economy of the country and the possible impact on the future performance, the cash flows and the financial position of the Group.

Based on the evaluation, it is estimated that no additional provisions are necessary. In addition, the Board of Directors is taking all necessary measures to maintain the Group's sustainability and management of negative impacts in its operation.

The Board of Directors assesses positively the ability of the companies and the Group to continue as going concern.

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 first quarter of 2013 came to €125.784 compared to €214.689 in the corresponding quarter of 2012 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

The Company seeks to improve its operating cost.

The current conditions do not allow safe forecasts.