

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 and the six-month results for the period ended 30/6/2013.

The quarter ended September 30, 2013 showed increased loss compared to the corresponding period of 2012. The turnover fell 51.8%, the percentage of gross loss was 1.8% compared to a percentage of gross profit of 3.8% in the corresponding period of 2012. The after tax result shows loss of 25.1% in the turnover compared to 6.9% in the corresponding period of 2012.

RESULTS

Changes in main figures in consolidated profit and loss account

	Three months until 30/9/2013	Three months 30/9/2012	Nine months until 30/9/2013	Nine months until 30/9/2012
	€	€	€	€
Turnover	1.420	2.948	5.986	8.251
Cost of sales	(1.446)	(2.837)	(5.960)	(8.103)
Gross (loss)/profit	(26)	111	26	148
Selling and administrative expenses	(291)	(339)	(944)	(1.229)
Loss after taxation	(359)	(203)	(1.272)	(1.121)
Loss per share (cent)	(0.8)	(0.5)	(3.0)	(2.6)

Turnover

The turnover in the third quarter of 2013 has dropped by 39%. This drop is observed in all sectors of activities as a result of the lower demand due to a recession in constructions.

Gross loss

In the first quarter of 2013, there was a gross loss of 1.8% compared to a gross profit of 3.8% in the corresponding period of 2012 with a decline in the sector of roads and ready-made concrete.

Selling and administrative expenses

The selling and administrative expenses showed a decrease of 14.2% 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 1/7/2013 – 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.

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. The net asset value 30/09/2013 stood at 35.4 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 (note 10):

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

Operating environment of the Company and the Group

Despite the agreement between the Cypriot government and the European Commission, the European Central Bank and the International Monetary Fund for financial aid, 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 affects:

- The ability to secure new loans
- The ability of the trade and other creditors of the Company to pay their liabilities and/or
- The ability of the Company to have a satisfactory turnover in order to maintain a satisfactory margin of profit

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.

The Board of Directors is taking all necessary measures to maintain the Group's viability and management of negative impacts in its operation as conditions are exceptionally deteriorated in relation to the prospects of recovery of activities of the construction sector.

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 or its subsidiaries.

Transactions of associated companies

Apart from the ordinary trade transactions between the Group companies which for the third quarter of 2013 came to €108.723 compared to €205.980 in the corresponding quarter of 2012 and the employment contracts of the Executive Board Members as described in the Company's Annual Report for 2012, there were no material transactions with any associated parties.

Aims and prospects

Based on the indications so far and the prospects in the sector of constructions, the operating results of the Group in 2013 are expected to be the same as those of 2012 due to the ongoing recession and the other negative factors affecting the turnover.

The Company seeks to improve its operating cost.

The current conditions do not allow safe forecasts.