

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 31/12/2013.

The quarter ended March 31, 2014 showed lower loss compared to the corresponding period of 2013. The turnover fell by 11.4% and the percentage of gross loss was 0.9% compared to 5.7% in the corresponding period of 2013. The result after taxation shows loss of 17.0% in the turnover compared to 22.7% in the corresponding quarter of 2013.

RESULTS

Changes in main figures in consolidated profit and loss account

	Quarter to 31/3/2014	Quarter to 31/3/2013
	€	€
Turnover	1.750	1.975
Cost of sales	(1.765)	(2.087)
Gross (loss)/profit	(15)	(112)
Selling and administrative expenses	(274)	(282)
Loss after taxation	(298)	(448)
Loss per share (cent)	(0.7)	(1.1)

Turnover

Turnover in the first quarter of 2014 has dropped by 11.4%. This drop is observed in the road sector as a result of the lower demand due to the recession in the construction sector, while the other sectors show an increase mostly due to the increased sale prices.

Gross loss

The gross loss in the first quarter of 2014 stood at 0.9% compared to a gross profit of 5.7% in the corresponding period of 2013 with decreases in the sector of road and ready-made concrete and improvement in the sector of quarries due to improved tariffs.

Selling and administrative expenses

The selling and administrative expenses fell 2.8% 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 1/1/2014 – to date

Liquidity and financial resources

The group's liquidity level remains at satisfactory levels despite the negative flow of cash from operating activities. The Group remains consistent in the repayment of its existing financing obligations and has also proceeded with 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 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. The AGM will take place on 25/6/2014 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 31/03/2014 stood at 33.4 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:

- 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 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'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 2014 came to €128.313 compared to €125.784 in the corresponding quarter of 2013 and the employment contracts of the Executive Board Members as described in the Company's Annual Report for 2013, 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 2014 are expected to be the same as those of 2013 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.