

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 and the six-month results for the period ended 30/6/2014.

The quarter ended September 30, 2014 showed lower loss compared to the corresponding period of 2013. The turnover increased by 20.0% while the percentage of gross profit was 2.8% compared to a gross loss of 1.8% in the corresponding period of 2013. The after-tax results show loss of 11.1% in the turnover compared to 25.1% in the corresponding quarter of 2013.

RESULTS

Changes in main figures in consolidated profit and loss account

	Quarter to 30/9/2014	Quarter to 30/9/2013	Nine months until 30/9/2014	Nine months until 30/9/2013
	€	€		
Turnover	1.705	1.420	5.586	5.986
Cost of sales	(1.658)	(1.446)	(5.497)	(5.960)
Gross (loss)/profit	47	(26)	89	26
Selling and administrative expenses	(253)	(291)	(809)	(944)
Loss after taxation	(190)	(356)	(758)	(1.272)
Loss per share (cent)	(0.4)	(0.8)	(1.8)	(3.0)

Turnover

The turnover in the third quarter of 2014 has recorded an increase of 20%. This increase is observed in the sector of roads and ready-made concrete as a result of specific projects in which we had successful bid.

Gross profit

The gross profit in the third quarter of 2014 stood at 2.8% compared to a gross loss of 1.8% in the corresponding period of 2013 with improvements in all sectors of activities.

Selling and administrative expenses

The selling and administrative expenses showed a decrease of 13.1% mostly due to the policy of restriction of all expenses.

After tax loss

The lower after tax loss is a result of an increase in the turnover attributable to the factors described above.

Information on the period 1/7/2014 – to date

Liquidity and financial resources

The group's liquidity level remains adequate. The cash flow from operating activities is negative due to the negative changes in the working capital. The Group also continue to pay its existing financing obligations and has proceeded to 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 by the period's losses. The net asset value 30/9/2014 stood at 32.2 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 2013 (note 10):

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk

Operating environment of the Company and the Group

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.

Under the current circumstances a safe forecast of all developments that could have impact on the economy of Cyprus is not feasible and subsequently what impact may have on the future financial 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 to handle the negative impacts in its operation, which has deteriorated especially in relation to the recovery prospects of the activities of the construction sector.

The Board of Directors assesses positively the ability of the Group's companies 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 third quarter of 2014 came to €168.989 compared to €108.723 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 significant transactions with any associated parties.

Aims and prospects

Based on the indications and prospects in the sector of constructions, the operating results of the Group are expected to be at the same level as those of 2013 due to the ongoing recession. The Company seeks further improvement of the operating cost.