

K. Kythreotis Holdings Public Ltd ('the Company') was incorporated in Cyprus on December 11<sup>th</sup> 1970 as a private limited company and on February 3<sup>rd</sup>, 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 31/12/2014

The quarter ended March 31, 2015 showed increased loss compared to the corresponding period of 2014. The turnover fell by 26.1% while the percentage of gross loss was 6.0% compared to 0.9% in the corresponding period of 2014. The after-tax results show loss of 24.8% in the turnover compared to 17.0% in the corresponding quarter of 2014.

	Quarter until 31/3/2015	Quarter until 31/3/2014
	€'000	€'000
Turnover	1.293	1.750
Cost of sales	(1.371)	(1.765)
Gross loss	(78)	(15)
Administrative and selling expenses	(265)	(274)
Loss after taxation	(321)	(298)
Loss per share (cent)	(0,9)	(0,7)

## Turnover

The turnover in the first quarter of 2015 has recorded a decrease of 26.1%. This decrease is observed in all sectors of activity as a result of the lower demand due to the recession in the construction sector.

## Gross loss

The gross loss in the first quarter of 2015 stood at 6.0% compared to 0.9% in the corresponding period of 2014 with a decline in all sectors of activities due to the very low levels of demand.

## Selling and administrative expenses

The selling and administrative expenses showed a decrease of 3.1% mostly due to the policy of restriction of all expenses.

## After-tax loss

The after-tax loss is a result of the lower turnover that has been affected by the external factors described above as well as the inflexibility of a large part of both direct and indirect expenses in all sectors of activity.

## Information on the period 1/1/2015 – 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 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 Board of Directors decided not to propose the payment of a dividend at the Annual General Meeting due to the negative conditions in all sectors of activities of the Group. The AGM has been scheduled for 24/06/2015 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 31/3/2015 stood at 29.1 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 2014 (note 26):

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk
- Exchange difference 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 to handle the negative impacts in its operation, after the agreement of financial support of the state with the European Commission, the European Central Bank and the International Monetary Fund, which is deteriorating especially in what concerns 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 first quarter of 2015 came to €112.353 compared to €128.313 in the corresponding quarter of 2014 and the employment contracts of the Executive Board Members as described in the Company's Annual Report for 2014, 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 2014 due to the ongoing recession and other negative factors affecting the turnover. The Company seeks to improve the operating cost.

The current conditions do not allow safe forecasts.