

## **2<sup>nd</sup> INTERIM MANAGEMENT STATEMENT 2015**

### **INCORPORATION AND ACTIVITIES**

K. Kythreotis Holdings Public Ltd ("the Company") was incorporated in Cyprus on 11 December 1970 as a private limited liability company and became a public company on 3 February 2000.

The Company's main activity consists in the production and sale of aggregates for use in the construction industry. It is the Group's holding company, with K. Kythreotis – Skyrodema Ltd and Kythromak (Asphalting) Ltd being its wholly owned subsidiaries. The main activity of K. Kythreotis – Skyrodema Ltd is the production and sale of ready-mix concrete to the construction industry while Kythromak (Asphalting) Ltd is engaged in technical construction projects and also participates by 1/3 in a company that produces asphalt concrete.

### **REVIEW OF RESULTS**

Investors are advised to read this review in conjunction with the annual financial statements for the year ended 31/12/2014 as well as the half-yearly financial report for the period ended 30/06/2015.

The quarter ended 30 September 2015 showed reduced loss compared to the corresponding period of last year. The turnover increased by 11.1% while the gross profit percentage was 9.9% compared to 2.8% in the corresponding quarter of last year. The after tax result shows a loss of 4.5% in the turnover compared to 11.1% during the corresponding quarter of last year.

### **RESULTS**

Changes in the main items of the consolidated profit and loss account

	Quarter until 30/9/2015	Quarter until 30/9/2014	Nine months until 30/9/2015	Nine months until 30/9/2014
	€'000	€'000	€'000	€'000
Turnover	1.895	1.705	4.905	5.586
Cost of sales	(1.708)	(1.658)	(4.756)	(5.497)
Gross profit	187	47	149	89
Selling and administrative expenses	(256)	(253)	(805)	(809)
Loss after taxation	(85)	(190)	(666)	(758)
Loss per share (cent)	(0,2)	(0,4)	(1,6)	(1,8)



### Turnover

In the third quarter of 2015, the Company's turnover increased by 11.1%. An increase has been recorded in the sectors of quarrying, due to higher demand for materials of greater value, and of ready-mix concrete, while the sector of road construction has registered a significant decrease, mainly due to reduced demand by both the private and the public sector.

### Gross profit

Gross profit in the third quarter of 2015 stands at 9.9% compared to 2.8% in the corresponding quarter of 2014 with increases in the sectors of quarrying and ready-mix concrete and a marked decrease in road construction. The increased turnover has a positive impact on gross profit as a substantial part of costs, especially in the quarrying sector, are inelastic.

### Selling and administrative expenses

Selling and administrative expenses fluctuated at approximately the same levels, recording a slight increase of 1.2% compared to the corresponding quarter of last year.

### Loss after taxation

Loss after taxation decreased by 55.3% as a result of improved performance in the sectors of quarrying and ready-mix concrete despite the significant decrease in the sector of road construction.

## **INFORMATION REGARDING THE PERIOD FROM 01/07/2015 TO THE DATE OF PUBLICATION**

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's liquidity levels remain satisfactory despite the negative cash flow from operating activities. The Group continues to repay its current funding obligations and has made very limited purchases of new fixed assets.

### **NON-RECURRING OR EXTRAORDINARY ACTIVITIES**

There have been no non-recurring or extraordinary activities in the period under review.

### **SHAREHOLDERS' INTEREST**

The issued share capital remained at 42.450.000 ordinary shares of a nominal value of €0.17.

The total shareholders' interest decreased by the amount of the loss. The net asset value as at 30/09/2015 was 28.4 cent 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 facilities, loans and creditors. The main financial risks and uncertainties for the Group and the Company are set out below and the measures taken to address them are explained in the Financial Statements for the year 2014 (Note 26):

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Exchange rate risk



- Stock market price risk

## **OPERATING ENVIRONMENT FOR THE COMPANY AND THE GROUP**

The Board of Directors is taking all necessary and available measures to maintain the viability of the Group and manage the negative impact on its operations arising from the conditions created following the agreement for financial support of the State by the European Commission, the European Central Bank and the International Monetary Fund.

The Board expresses a positive opinion regarding the ability of the Group's companies to continue as a going concern.

## **MATERIAL EVENTS AND TRANSACTIONS**

Beyond the Group's usual business, there have been no material events and transactions with an impact on the financial situation of the Company and its subsidiaries.

The Company wishes to refer to the Announcement of the Commission for the Protection of Competition dated 02/10/2015 which states that investigations will be conducted regarding possible *a prima facie* violations of the Laws of 2008 and 2014 against, amongst others, the Company's subsidiary K. Kythreotis Skyrodema Ltd. The subsidiary will submit its comments in writing and will question the violations attributed to it.

## **TRANSACTIONS WITH RELATED PARTIES**

Other than the ordinary commercial transactions between the Group's companies for the third quarter of 2015 amounting to €141,239 compared to €168,989 in the corresponding quarter of 2014 and the employment contracts of the Executive Directors as described in the Company's Annual Report for 2014, there have been no material transactions with related parties.

## **OBJECTIVES AND PROSPECTS**

Based on the indications and prospects to date in the construction sector, the Group's operating results in the current year are expected to improve compared to 2014 as a result of improved conditions in the sectors of quarrying and ready-mix concrete.

The Company seeks to further decrease its operating costs.

Current conditions do not allow reliable forecasts.

Limassol  
9 November 2015  
The Board of Directors  
of K. Kythreotis Holdings Public Limited