

1st INTERIM MANAGEMENT STATEMENT FOR 2016

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.

OVERVIEW OF RESULTS

Investors are advised to read this overview together with the annual financial statements for the year ended 31/12/2015.

The quarter ended 31 March 2015 recorded a profit compared to a loss in the corresponding period of last year. The turnover increased by 108.7% while the gross profit percentage was 12.2% compared to a gross loss of 6.0% in the corresponding quarter of last year. Profit after tax was 1.4% of the turnover compared to a loss of 24.8% in the corresponding quarter of last year.

RESULTS

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

	Quarter ended	Quarter ended
	€'000	€'000
Turnover	2.698	1.293
Cost of sales	(2.370)	(1.371)
Gross profit / (loss)	328	(78)
Sales and administrative expenses	(288)	(265)
Profit / (Loss) after taxation	38	(321)
Earnings / (Loss) per share (cent)	0,1	(0,9)



Turnover

In the First Quarter of 2016, the turnover increased by 108.7%. An increase has been recorded in all sectors of activity; in the sector of road construction due to a specific project and in the sectors of quarrying and ready-mix concrete due to increased demand.

Gross profit

A gross profit of 12.2% was recorded in the First Quarter of 2016, compared to a gross loss of 6.0% in the corresponding quarter of 2015, with an improvement in all sectors of activity due to the increased turnover and the inelasticity of part of the production cost.

Sales and administrative expenses

The sales and administrative expenses have increased by 8.7% compared to the corresponding quarter of last year, mainly due a specific non-recurring expense.

Profit after tax

Profit after tax is the result of an increase in the turnover, as well as of the inelasticity of a significant part of the direct and indirect expenses in all sectors of activity of the Group.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity levels remain satisfactory. The Group continues to repay its current financing liabilities in a consistent manner and has made very limited purchases of new fixed assets.

NON-RECURRING OR EXTRAORDINARY ACTIVITIES

There have been no non-recurring or extraordinary activities during 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 increased by the amount of the profit. The net asset value as at 31/03/2016 was 26.0 cent per share.

MAIN RISKS AND UNCERTAINTIES

The main financial assets of the Group and the Company are cash in bank, investments and trade debtors. The main financial liabilities of the Group and the Company are bank



facilities, loans and trade 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 2015 (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 measures to maintain the viability of the Group and manage the negative impact on its operations from the conditions in the construction industry following the financial crisis.

The Board of Directors 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 ordinary business, there have been no material events and transactions affecting the financial situation of the Company and its subsidiaries.

TRANSACTIONS OF RELATED PARTIES

Other than the ordinary commercial transactions between the Group's companies for the first quarter of 2016 amounting to €165,953 compared to €112,353 in the corresponding quarter of 2015 and the employment contracts of the Executive Directors as described in the Company's Annual Report for 2015, there have been no material transactions of 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 be improved compared to 2015 as a result of improved conditions in the sectors of quarrying and ready-mix concrete.

Limassol
18 May 2016
The Board of Directors
of K. Kythreotis Holdings Public Limited