

## **2<sup>nd</sup> 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 mainly engaged in technical construction projects

### **OVERVIEW OF RESULTS**

For more comprehensive information, investors are advised to read this overview together with the annual financial statements for the year ended 31/12/2015 and the half-yearly financial report for the period ended 30/06/2016.

The quarter ended 30 September 2016 recorded a profit compared to a loss in the corresponding period of last year. The turnover increased by 19% while the gross profit percentage was 15% compared 10% in the corresponding quarter of last year. Profit after tax is 4% of the turnover compared to a loss of 4% in the corresponding quarter of last year.

### **RESULTS**

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

	Quarter ended 30/9/2016	Quarter ended 30/9/2015	Nine-month period ended 30/9/2016	Nine-month period ended 30/9/2015
	€'000	€'000	€'000	€'000
Turnover	2.250	1.895	7.146	4.905
Cost of sales	(1.919)	(1.708)	(6.113)	(4.756)
Gross profit	331	187	1.033	149
Sales and administrative expenses	(254)	(256)	(834)	(805)
Profit / (loss) after taxation	90	(85)	215	(666)
Profit / (loss) per share (cents)	0,2	(0,2)	0,5	(1,6)



### Turnover

In the Third Quarter of 2016, the turnover increased by 19%. An increase has been recorded in the sectors of quarrying and ready-mix concrete due to increased demand.

### Gross profit

A gross profit of 15% was recorded in the Third Quarter of 2016, compared to 10% in the corresponding quarter of 2015, with an improvement in the sector ready-mix concrete due to the increased turnover, the inelasticity of part of the production cost and the decrease in the gross loss in the sector of technical construction projects, due to the decrease in activity because of unaffordable current prices.

### Sales and Management Expenses

The sales and administrative expenses are at the same levels as in the corresponding quarter of last year.

### Profit after taxation

Profit after taxation is the result of an increase in turnover and the improvement of gross profit as stated above.

## **INFORMATION REGARDING THE PERIOD FROM 01/07/2016 UNTIL 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 30/09/2016 was 26.4 cents 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):

## **MAIN RISKS AND UNCERTAINTIES (continued)**

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Exchange rate risk
- Stock market price risk

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

Because of the improvement of the economy in the construction sector, the Board of Directors expresses a positive view on the Group's future.

## **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.

The Company would like to refer to the announcement of the Committee for the Protection of Competition of 19/07/2016 which states that it has initiated proceedings in order to (re)examine probable *a prima facie* violations of the Laws of 2008 to 2014 against, amongst others, the Company's subsidiary, K. Kythreotis Skyrodema Ltd.

## **TRANSACTIONS OF RELATED PARTIES**

Other than the ordinary commercial transactions between the Group's companies for the third quarter of 2016 amounting to €219,068 compared to €141,239 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  
14 November 2016  
The Board of Directors  
of K. Kythreotis Holdings Public Limited