

## **INTERIM MANAGEMENT STATEMENT**

The Cyprus Cement Public Company Ltd presents the Interim Management Statement of the Group for the period from January 1<sup>st</sup>, 2014 until today. The Interim Management Statement has been prepared in accordance to the provisions of Article 11 of the Transparency Requirements (Securities Admitted to Trading on Regulated Market) Law of 2007 (N190 (I)/2007).

### **Main Activities**

The principal activities of Group remain the same as those in 2013, which are the development/improvement of land, and the holding of strategic investments in companies operating in hotel and tourism industry and in the industry of manufacturing and sale of cement and other related activities.

### **General Review**

During the reporting period, the Group's losses are significantly decreased compared to the corresponding period in year 2013. This is due to the improved results of its associated company Vassiliko Cement Public Company Ltd, which shows profit during the reporting period compared to losses to the corresponding period in 2013. The improvement of results is mainly due to the significant increase of the company's income from exports to neighbouring countries as well as in the reduction of production costs.

### **Events and transactions**

In October 2013 the Company implemented the restructuring plan of the Group, according to which, the investment property held by the Company in Moni was transferred to the newly incorporated wholly owned subsidiary C.C.C. Real Estate Limited. The consideration for the restructuring amounted was settled with the issue 999 998 shares of C.C.C. Real Estate Limited to the Company.

Also, on 23 October 2013, its subsidiary company, C.C.C. Tourist Enterprises Public Company Ltd, signed an "Agreement and plan of Subscription" with Emerald Coast Properties Ltd, "The Investor" and its subsidiary company L'Union Nationale (Tourism and Sea Resorts) Ltd, according to which the Company's subsidiary, L' Union Nationale (Tourism and Sea Resorts) Ltd, would have issued at par 20.000.000 shares of a new class, with a nominal value of €1 each, to be subscribed by the Investor, with the company waiving its pre-emption rights. The conclusion of the transaction was subject to completion of certain conditions and to due diligence from the investor, the scope of which was to verify certain parameters and representations.

On 31 January 2014, all conditions of the above agreement have been satisfied and the subsidiary company L' Union Nationale (Tourism and Sea Resorts) Ltd, by a special Resolution on the same day issued and allotted 20.000.000 shares with nominal value of €1 each, to the Investor for the subscription price of €20.000.000. After the issue of the said new shares, the company C.C.C. Tourist Enterprises Public Company Ltd, and the Investor each have 50% share in L' Union Nationale (Tourism and Sea Resorts) Ltd and therefore as from the year ended 31 December 2014 the investment of C.C.C. Tourist Enterprises Public Company Ltd, will be accounted for under the equity method in accordance with IFRS 11, "Joint Arrangements".

The new funds will be primarily used for the renovation of the hotel Le Meridien Limassol Spa and Resort which is expected to take place in 2014, as well as for the strengthening of L' Union Nationale (Tourism and Sea Resorts) Ltd working capital.

The company C.C.C. Tourist Enterprises Public Company Ltd, recognized a loss of €1,4m in 2014 from the above transaction, being the difference between the book value of the assets attributable to the subsidiary before and after the completion of the Agreement.

### **Developments and Prospects**

The Board of Directors and the Management taking into account the current negative economic situation in Cyprus and the conditions created after the Eurogroup decisions on 25 March 2013, as well as the global crisis, believes that the results for 2014 might show fluctuations, which due to the uncertainties in the market, might be difficult to predict.

C.C.C. Secretarial Ltd  
Secretary

Limassol, 26<sup>th</sup> May 2014