

A N N U A L R E P O R T

2010



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# Message from the Chairman



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The 2010 annual report coincides with the completion of 50 years of Cyta history.

Fifty years of existence, fifty years of contribution, fifty years of success for an organisation that has stood the test of difficult times, carried out its mission to the full and seen its name become synonymous with the development, progress and prosperity of our country.

As an integral part of Cypriot society, Cyta has always shouldered its responsibilities, consistently supporting public finances, contributing to the state's social policy, promoting innovation, creating expectations and establishing what has now become the Organisation's familiar public image. In this way Cyta has built a unique relationship with the citizens of Cyprus.

The Board, in collaboration with the Management of the Organisation, has invested in the long-term value of Cyta, in its personnel, and we have been proven right. We believe in our people and in their abilities. This is why we have continued to make progress.

We all - personnel, Management and Board - renew our commitment to our customers to provide even more reliable and improved services, based on the valuable relationship that we have developed with them all these years. At the same time, we state our readiness to face the new challenges that await us and to share in even greater success.

In 2010, in addition to new challenges, we had to face and deal with the consequences of the continuing financial crisis. Despite this situation, we successfully implemented our strategy for 2010.

## 2010 objectives achieved

In 2010, thanks to our knowledge and experience, we ensured that the citizens of our country were in a position to make use of electronic communications services on a par with those enjoyed by people in most developed countries. On IT and communications issues, Cyprus compares very favourably with European and other advanced countries.

Additionally, we completed most of the major project to expand our broadband network so that by the end of 2011 we shall be able to state with total certainty that we have bridged the digital divide in our country. Every residential area of the island will have access to broadband. We are reaching the target that we set ourselves some time ago which was to make broadband services available throughout Cyprus so that every household and business on the island can access them, and to thus improve the daily life of every Cypriot citizen. Thanks to Cyta, our country can count itself among those which adapt on time to the needs of the new era and play a leading role in exploiting the potential of new technology.

Cyta Hellas continued to expand to new areas of Greece in 2010, achieving extremely high rates of growth. Its entry into Attica at the end of the year increased the company's future prospects considerably, after the number of active customers soared from 51.000 to 127.000.

## Cyta belongs to the people of Cyprus

As an integral part of the society in which we operate, we continued to implement a series of projects that concern our unbreakable bond with the public, laying the foundations for a more active role in other sectors related to our activities.

Among other things we decided to fund the construction of a footbridge in Lemesos, linking the overhead platform of the GSO Sports Park with the Olympion beach.

In July 2010 we inaugurated a mobile phone recycling/reuse project.

For the tenth consecutive year we gave presentations entitled "The Internet: A Tool for All" in public primary, secondary and technical schools as well as in private schools. During the 2009-2010 academic year, some 80 presentations were made in all districts of the island, attended by 9.000 pupils and teachers.

We also continued our "Let's Go to the Theatre" sponsorship programme of all the independent theatre companies in Cyprus. In March we celebrated World Theatre Day with the sponsored companies, offering everyone in Cyprus a free ticket to a performance of their choice.

## **Towards more success**

We shall continue to upgrade our existing products and to introduce new, innovative ones, making the most of our new generation networks and the pioneering technological know-how that we have gained from the convergence services development project.

We shall intensify our efforts to ensure that the prices of our products remain reasonable and competitive and our sales network responds even better to the needs of our customers.

We shall maintain the good name of Cyta in the minds of consumers. Our strong, modern brand is one of our biggest competitive advantages.

And it doesn't end here. As leaders in our sector we shall continue to take our country and the people of Cyprus to whom we belong along the highways of culture and development.

## **The future is ours**

Our success over the past 50 years has made us strong, competitive and reliable. However much market conditions may have changed, we remain an organisation which cares about people, which is totally focused on our customers and society. Despite the restrictions imposed upon us as a semi-government organisation, we can and we do respond to the demands of the new era. At the same time, we are ready to face the new challenges that arise and enjoy even greater success.

We all - personnel, Management and Board - renew our commitment to our customers to provide even more reliable and improved services, strengthening the valuable relationship that we have developed with them. We are close to them, receiving their messages, defining strategies, heading for the future.

Thanks go to the Government, the Minister of Finance, the Minister of Communications & Works, the House of Representatives, the Office of the Commissioner of Electronic Communications and Postal Regulation (OCECPR), the Commission for the Protection of Competition and the Auditor General for their support and cooperation.

Thanks also to the trade unions, which demonstrated a spirit of mutual consensus and helped deal with and resolve all the difficulties and problems that arose during the year under review.

Finally, we appreciate the constructive interventions on the part of the media which ensure that we do not rest on our laurels.

With an optimistic outlook and hard work we shall maintain Cyta's high position, where Cypriot society itself has placed the Organisation. We are aware of the challenges and the new market conditions and we are able to deal with them successfully for the good of both Cyta itself and of Cypriot society.



**Stathis Kittis**  
Chairman

*July 2011*

# Message from the Chief Executive Officer



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*Since the day of its establishment, Cyta has removed geographical borders and linked our island to the rest of the world, while through its activities in the sector of submarine fibre optic cable systems it has made Cyprus a regional telecommunications hub in the Eastern Mediterranean.*

*For half a century we have been providing high-specification services to the citizens of Cyprus and strengthening the economy of our country. We view the challenges of the market and technological developments with optimism, dynamism and determination as we create the future.*

*In 2010 the effects of the global financial crisis began to affect all the world's economies and every major company in the developed world. Despite the effects on our own economy and despite the intensely competitive environment and the suffocating regulatory framework within which we operate, we succeeded in making noteworthy profits and increased the number of services and products we offer to customers.*

## How we functioned in 2010

We maintained the same vision and strategy of recent years to remain one of the healthiest and most competitive organisations in the country. Our main priority was to maintain our place in the market as the leading provider of integrated electronic communications, offering our customers solutions to all their electronic communications needs.

We have repositioned ourselves in the market as providers of a complete range of integrated electronic communications services with technology as our main tool, operating in the framework of the convergence of telecommunications, IT and entertainment technologies.

In 2010 we realised our vision and our mission, relying on the trust of our customers who recognise our dedication to serving them. We maintained excellence in customer service at the focus of our activities, together with the development and provision of innovative services in combination with quality and price.

We made the most of the knowledge and efficiency of our personnel who make up one of the strongest professional groups in Cyprus and Cyta is one of the best employers. Over the long term our human resources have proved not only their high standards of workmanship in whatever post each member is busy, but above all their love for the Organisation. It is to these people that Cyta owes its awards and reputation in the international telecommunications market.

## Cyta Hellas

We feel vindicated for our decision to expand abroad since the progress made by Cyta in Greece, following our entry into the Attica market, allows us to have even greater expectations of success for the Organisation.

Beginning in March 2010, services were gradually introduced in Katerini, Larissa, Volos, Lamia, Patras and, at the start of 2011, Athens.

By December 2010, the company's own optical network was some 1.860km in length, there were 251 telephone exchanges to cover the services and the number of active customers rose from 51.000 to 127.500.

Additionally, the company will extend its optical network with the aim of covering the core network of the greater part of the areas in which it is active, mainly through its own infrastructure.

## New services available to consumers

In 2010 we continued to develop new services and to upgrade existing ones. With the main aim of covering the needs of every customer segment in the market, we went ahead dynamically with projects that aim to satisfy the greater needs of today's society and represent a significant step forward in the development and provision of integrated electronic communications.

We enhanced our basic Fixed Telephony services (analogue telephony and ISDN) with additional services and facilities, so as to satisfy our customers' greater needs, and we increased the number of users of Broadband Telephony.

We proceeded to further expand our wired network in suburban and rural areas, achieving 96,5% coverage for connections and a significant increase in our broadband customer base. By the end of 2011 we shall have expanded broadband to 100% coverage in all urban and rural areas.

In mobile telephony we continued to reinforce our portfolio of voice, content and data products and services, designed to support our customers' business ambitions, taking advantage of Vodafone's global know-how as well as our own.

We introduced the prepaid version of Vodafone Mobile Broadband, enabling our customers to have Internet access whenever, wherever and however much they want from a laptop computer without contracts or commitments.

We succeeded in increasing the Cytavision subscriber base, thanks to the important projects we carried out and our activities aimed at enriching our content and improving the customer experience.

We enhanced our product portfolio with new telematics solutions, offering small- to medium-size enterprises financially beneficial and user-friendly software applications in the form of online subscription services.

We proceeded to implement even more specialised Ethernet Business Networking solutions to meet the needs of our corporate customers.

New Cytashops opened at Lakatamia and Latsia and in Onasagorou Street, Lefkosia while new Customer Experience stores at Lykavitos, Lefkosia and Agia Phyla, Lemosos, were being designed in the framework of the Cytashop network development project.

## Next steps for a bright future

We are the leading provider of electronic communications in the country and nothing can stop our successful progress. With fifty years of experience in the telecommunications sector, we are fully aware that the external environment can change rapidly as it grows ever more competitive and also that in today's digital age customer perceptions, behaviour and demands can change quickly.

We recognise that the demands of the market on our Organisation have increased and that, if we are to maintain our ties to our customers, we must identify with all these changes. We shall succeed in this thanks to Cyta's main pillar and support and its greatest asset - its people with their progressive, restless spirit.

We shall continue to make successful progress in the years to come because all of us who work for Cyta feel that the Organisation belongs to us but mainly because our customers know that with the Cyta they are in good hands.

We are the ones creating the future of electronic communications.



**Photis Savvides**  
*Chief Executive Officer*

*July 2011*

# Chairman and Members of the Board



**Chairman**

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Stathis  
Kittis  
Advocate



**Vice-Chairman**

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Loizos  
Papacharalambous  
Advocate



**Members**

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Stelios  
Americanos  
Advocate



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Antonis  
Antoniou  
Architect



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Christakis  
Antounas  
Mechanical Engineer



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**George  
Chari**  
Electrical Engineer/  
Consultant



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**Nicolas  
Georgiades**  
Economist



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**George  
Tsakkistos**  
Sociologist



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**Charalambos  
Tsouris**  
Architect

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**Legal Advisers**  
A. C. Hadjioannou & Sons

**Auditors**  
KPMG  
Auditor General of the Republic



# Management Team



## Chief Executive Officer

Photis Savvides

*BSc, MSc, CEng, MIET, MIM, AMIPD*



## Deputy Chief Executive Officer

George Koufaris

*FCA*



## Manager Personnel Services

Marios Carlettides

*BSc (Hons), MSc*



## Manager National & International Wholesale Market, Networks

Ioannis Koulias

*BSc (Hons), MSc, MIEEE, MIET, CEng*

## Senior Manager - Support

Constantinos A. Michaelides

*Dipl-Ing*

## Manager Line Access Network

Kyprianos Yianni

*BSc, MSc*

## Senior Manager - Line Access Network

Panayiotis Kallenos

*Dipl. Eng NTUA*

## Manager Support Infrastructure, Support

Christoforos Yiannakou

*MSc*

## Senior Manager - Customer Services

Marios Karatzias

*BScEng*

## Manager Aeromarine Network Services, Support

Christoforos Yiannakou (acting)

*MSc*

## Senior Manager - Marketing

Yiannis Souroullas

*BScEng (Hons)*

## Manager Services Management, Marketing

George Lambrianou

*BScEng, MBA, PhD*

## Senior Manager - Management of the Subsidiaries

Michalis E. Achilleos

*BSc, MSc, MBA*

## Manager Communications & Public Relations

Rita Hadjiloizou-Karatzia

*BScBA (Hons)*

## Senior Manager - Networks

Aristos Riris

*BSc, PhD*

## Chief Financial Officer

Maria Damalou-Hadjigeorgiou

*BSc (Hons), FCA*

## Manager Business Management Support, Support

Glaftos Houtris

*BSc, CEng, MIET*

## Manager Fixed & Mobile Communications Networks, Networks

Chrysis Phiniotis

*BScEE, MScEE*

## Manager Backbone Networks & Network Management, Networks

Tassos Partzilis

*Dott. Ing.*

## Internal Auditor

Antigone Modestou

*FCCA, MBA*



**Manager Services Development, Marketing**

Michalis Lois

*BScEng*

**Manager Information Technology Applications, Networks**

Costas Psillides

*BScEE (Hons), MScEE, MBA*

**Manager Strategic Planning, Networks**

Demetris Hadjittofis

*BSc (Hons), MBA*

**Secretary & Manager Administrative Services**

Petros Hadjiantoniou

*BSc (Hons), MSc*

**Manager Information Technology Infrastructure, Networks**

Sophocles Hadjisophocleous

*BSc Electronic Computer Systems*

**Manager Business Development, Customer Services**

Michalis A. Papadopoulos

*BScEE, MScEE, MBA*

**Manager Human Resource Development, Resourcing & Performance Management, Personnel Services**

Efy Pouri

*BScEcon (Hons), MScIR&PMgt, MBA*

**Manager Retail Sales Network, Customer Services**

Costas Mantis

*BScEE, MScM*

**Manager International Networks Planning & Operations, National and International Wholesale Market, Networks**

Iordanis Pallikaras

*BScE (Hons), MScEE&E*

**Manager Corporate Market, Customer Services**

Georgios Malikides

*Dipl. Eng NTUA, MBA*

**Manager Buildings' Infrastructure, Support Infrastructure, Support**

Charis Makris

*BSc in Civil Engineering (Hons)*

**Manager Fixed Telephony, Internet & Data Network Services, Services Management, Marketing**

Alexandros Alexandrou

*BEng, MEngEE*

**Manager Marketing Strategy, Marketing**

Kikis Kyriacou

*BScEE, MSc, MBA*

**Manager Backbone Networks, Backbone Networks & Network Management, Networks**

George Arestis

*Dipl. Eng NTUA*

**Manager Subsidiaries' Support, Management of the Subsidiaries**

Christos Limnatis

*Dipl. Eng NTUA, CEng, MBA*

**Customer Care Manager, Customer Services**

Nicos Charalambous

*BScEE, MEngEE, MBA*



# Corporate Governance at Cyta

## The Board

As Cyta's highest-level decision-making body, the Board is responsible for the Organisation's smooth running and long-term development, as well as for evaluating and monitoring the activities of Cyta and its subsidiaries. It is made up of nine Members who are appointed by the Council of Ministers which also determines their remuneration. The Chief Executive Officer is responsible for the implementation of Cyta's policy and for the management of its everyday activities in accordance with the directives of the Board. The Boards of the subsidiary companies are made up of Members of the Board and senior management of Cyta.

The Board approves corporate policy and strategy relating to financial, technological and social issues. It also approves major strategic projects, mergers and acquisitions. It monitors the System of Internal Controls and risk management in Cyta and its subsidiaries. It determines the management structure of Cyta's companies, their responsibilities and future plans. It monitors management performance on the basis of the level of achievement of agreed aims and performance indicators. The Board has unrestricted access to all information concerning the organisation and it may also make use of independent advisory services, including those of Cyta's Legal Advisor.

For greater control and monitoring, the Board sets up and reviews from time to time various permanent and ad hoc committees to deal with current issues. In 2010, committees responsible for Auditing, Rewards & Incentives, Investments, Personnel, Broadband Applications & Content and Corporate Social Responsibility, Advertising & Indirect Advertising were in operation. These committees meet as and when required.

## Risk Assessment and System of Internal Control

An important role in Corporate Governance is played by the regular assessment of the System of Internal Control, in conjunction with the management of risks that threaten the achievement of our Organisation's objectives and/or long-term viability.

Every year all the involved Units evaluate the System of Internal Control which covers all our main processes. The results of this evaluation are benchmarked against international best practices in the telecommunications sector.

As regards risk management, this has been extended to cover the whole of Cyta and its subsidiaries. The method we use is that of self-assessment. Specifically, we assess all risks threatening the achievement of the objectives of all the Organisation's Units and subsidiaries during special risk assessment workshops. The workshops are attended by

personnel of various ranks who are directly involved in the specific processes and are considered best-placed to identify possible risks and weaknesses. The workshops are facilitated by Internal Audit Department officers who have received training in the specific field.

The methodology is based on the objectives set out in the Business Plan of each Unit/subsidiary. The risks threatening their achievement are identified, taking into account the existing Systems of Internal Control, and are then assessed for their possible impact on our Organisation (financial, operational and image) and the probability of them occurring.

The results are submitted to Senior Executive Management and the Board for use in the preparation of the new Business Plan and for the approval of the Annual Audit Plan which is prepared every year by the Internal Audit Department on the basis of the most significant risks facing the Organisation.

Additionally, we hold specialist information security risk management workshops during which we assess any risks to the confidentiality, integrity and availability of our information sources. Separate risk management is carried out for business continuity purposes in which all the main Units of the Organisation participate. Finally, risk management is carried out by the HR department, covering all areas and processes developed by Cyta with the main aim of accident prevention and personnel safety/security.

## Audit Committee

The Audit Committee operates in accordance with the Code of Corporate Governance and is comprised exclusively of Members of Cyta's Board. During 2010, in accordance with its mandate, the Committee reviewed, inter alia, the following issues:

- The Organisation's Financial Statements for 2009 and the underlying accounting principles according to which they were prepared.
- The Annual Audit Programme for 2010, which was prepared on the basis of the results of a risk assessment carried out for Cyta and progress made on its implementation.
- Work done by the Internal Audit Department in the framework of its examination of the effectiveness of Cyta's Internal Audit Systems and its monitoring of progress made in the implementation of recommendations made.
- An assessment of the Internal Audit Department by independent external consultants.
- Actions taken by the Internal Audit Department to improve its processes and organisation.



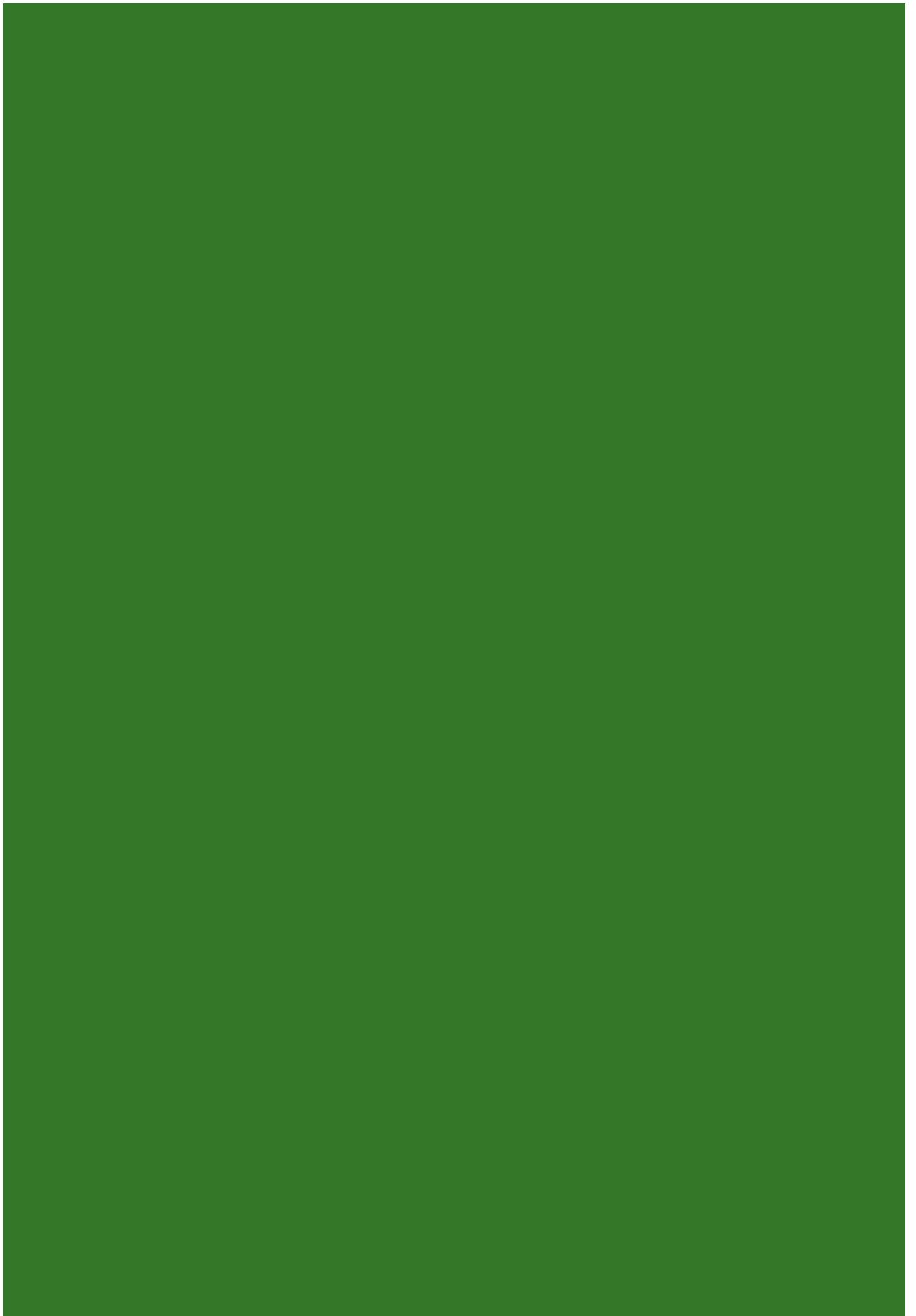
- The drawing up of a code of conduct, in conjunction with external consultants, governing relations between Cyta and its subsidiaries. In this context, following a proposal by the Committee, the Board decided that the Internal Audit Department should carry out an audit within Cyta and its subsidiaries.
- The appointment of external auditors and the fixing of their remuneration.

## Internal Audit Department

Our Internal Audit Department is an important security mechanism in the context of Corporate Governance. It provides us with an independent and objective assessment of the adequacy and effectiveness of the Systems of Internal Control, risk management and the degree of compliance with laws and regulations.

The Internal Audit has the full support of the Board and Management. It has direct access to the Board's Audit Committee and to Senior Executive Management and as well as unrestricted access to the Organisation's information and personnel. Additionally, it may use external consultants for specialised audits and extend the scope of an audit, both in Cyprus and abroad.

We place tremendous importance on regular and adequate training for our internal auditors, most of whom have obtained professional qualifications such as Certified Public Accountant, Certified Internal Auditor, Certified Information Systems Auditor and Certified Control Self Assessor. They receive training on issues pertaining to internal auditing, technology and IT as well as more general topics concerning our Organisation's activities. Best practices are used to evaluate Cyta's Systems of Internal Control, such as the COSO and Cobit methodologies.



# Corporate Social Responsibility at Cyta



Corporate Social Responsibility (CSR) is a term that has been used more and more frequently in recent years and it is generally accepted that companies, individuals, consultancy firms and organisations attribute their own meaning and content to it.

For Cyta, CSR is the voluntary management of the social, environmental and economic impacts, positive and negative, of the Organisation's operations on its stakeholders, over and above its legal obligations. We have adopted a holistic approach since this takes into account not only the positive but also the negative impacts that we may have on the three dimensions of CSR – social, environmental and economic – as well as all stakeholders, i.e. all those who are affected by or who themselves affect Cyta.

We officially adopted this approach when we signed the Sustainability Charter of the Association of European Telecommunications Network Operators (ETNO) in 2004 and committed ourselves to providing products and services that offer significant environmental, social and economic benefits. We also made a commitment to integrate environmental, social and economic responsibility into our business activities, reducing wherever possible any negative effects arising from such activities.

## **Cyta: a responsible organisation "Together for a better tomorrow"**

Our objective, where CSR is concerned, is to implement its integrated management at Cyta. In other words, CSR becomes an integral part of the way the Organisation operates and not a separate add-on activity.

As formulated, our CSR Strategy is based on four pillars: society, personnel, customers and the environment and includes specific projects for each pillar. It also contains projects which target the particular areas for improvement that emerged from the CSR self-assessment, the main indicators for measuring the effectiveness of the CSR Strategy, and actions for communicating our achievements in the field of CSR to the Organisation's stakeholders.

Below are some of the most important activities and projects undertaken during 2010 relating to the four pillars of our CSR Strategy.

## **Responsibility to our personnel "Cyta, an employer of choice"**

As a responsible, good employer, Cyta manages and makes the best of its personnel through the implementation of management systems and development/support programmes which assist them in their professional as well as their private lives. Our Organisation offers its personnel far more than is prescribed in the relevant legislation. Among other things, it takes care of the health and welfare of its employees and their families through the Medical Fund

and the Cyta Staff Welfare Fund. It provides the services of a social worker, a workplace doctor and a nurse, as well as financial assistance to needy employees, pensioners and employees' widows and orphans. We also offer low-interest student and housing loans and we hold social activities for members of staff and their families.

Furthermore our Organisation provides significant career development opportunities, fully subsidising staff participation in training programmes related to their work and providing chances of scholarships for selected academic courses.

During 2010 a project was implemented for the measurement of bone density and the prevention of osteoporosis in female employees over 45 as well as a skin cancer prevention programme for all members of personnel.

Cyta employees, sensitive to social issues, also make their own contribution to society. For some years we have established and promoted voluntary blood donation sessions. Every year these are held on a regular basis in all districts in the workplace and during working hours.

Other related activities are described in the "Management" chapter of this report under the heading "Human Resources".

## **Responsibility to our customers "Cyta provides responsible products and services"**

### **Mobile telephony**

In recognition of our responsibility for the proper use of our products and services by customers and with the aim of keeping them informed about issues related to mobile telephony, in 2010 we began a mass mailing of informative leaflets with bills. The series has the overall title "Mobile Telephony in Our Lives" and in 2010 we sent out two leaflets. The first explained in simple terms "How Mobile Telephony Works" while the second on "Mobile Phones and Driving" responsibly informed customers about the dangers of using a mobile phone at the wheel and about the relevant legislation and it contained practical advice on safe driving. The mailing of other leaflets in the same series will continue in 2011.

### **"Everyone has a right to communication" - Special prices for hearing impaired customers**

Responding to the needs of those with special social needs, Cytamobile-Vodafone offered new special prices to pay monthly and so easy pay as you go customers with hearing impairment. The new special prices come on top of the free monthly subscription that already exists for hearing impaired customers registered with the Classic pay monthly package. The special prices are provided for mobile telephony services such as video calls and SMS text messages which, as has been seen in the cooperation between Cytamobile-Vodafone and various organisations for the deaf, offer substantial help and make life and communication easier.



**For our business customers**

In collaboration with E-group, Cytanet held a seminar on e-business with the aim of informing entrepreneurs about Internet applications in today's world.

**"Digital Municipality: Solutions from Cyta"**

In the context of its broader collaboration with the Union of Cyprus Municipalities, Cyta organised a seminar entitled "Digital Municipality: Solutions from Cyta". The objective of the meeting was to present the telematics business model that Cyta and its partners offer with specific, integrated, reliable and economical solutions that can support a more efficient functioning of the municipalities.

During the seminar, which was attended by Mayors, Municipal Secretaries and other local government officials, we presented solutions such as Microsoft Hosted Exchange, customer relations management (CRM.COM from Cyta), fleet vehicle management (n-tracker), car park management (SMS4PARKING from Cyta, NCP200) and premises, buildings and machinery management (WebTMA).

**Safe Internet**

Since 2001, Cytanet has been giving presentations in primary, secondary and technical schools, as well as in private schools entitled "The Internet: A Tool for All".

Through these presentations, pupils have a chance to get to know the main services available online and the advantages and weaknesses of the Internet, as well as to find out about new online applications in their daily lives.

The greatest emphasis is placed on the dangers and pitfalls that pupils may encounter during their Internet navigation and on practical ways of dealing with such dangers. During the 2009-2010 academic year, some 79 visits were made to

schools where 9.521 pupils and teachers attended the Cytanet presentations. In total, since the 2001-2002 academic year, 479 schools have been visited and 52.251 pupils and teachers have attended the presentations.

Cytanet also gives presentations on "The Internet and Our Children - Safe and Responsible Use" which are aimed primarily at parents but also at other organised groups, with the purpose of informing them about correct Internet use, online pitfalls and dangers, and how to deal with them.

Special mention is made of the Safe Internet service which Cyta provides free to its customers. Parents have shown particular interest in this service since it can protect their children from illegal, undesirable and harmful online content. Moreover, Cyta has published a special booklet for parents, which is distributed during the presentations on the service. At the same time, Safe Internet - for home is provided free to all Cytanet home customers and Safe Internet - for schools is given free to all state primary, secondary and technical schools.

More information is provided under the heading "Retail Products" in the chapter entitled "Products and Customer Service" in this report.

**Responsibility to society  
"Cyta: helping society"**

**Health and welfare**

On the sensitive issue of road safety, our policy continues to focus on the cultivation of road safety awareness by educating young people who make up a large percentage of the victims of traffic accidents in Cyprus. For this reason, we again organised road safety seminars for National Guard conscripts. At the same time, we offer cycle helmets to all children visiting the Police Road Safety Park.

In a new effort aimed at cultivating driver awareness in users of Cyta's fleet of service vehicles, we began the "Cyta Responsible Driver" project in February 2010. A sticker bearing a slogan and a telephone number was affixed to some 800 vehicles belonging to the Organisation enabling the public to report driving behaviour by Cyta employees to a call centre.

The various initiatives undertaken by Cyta confirm its commitment to the European Road Safety Charter (which it signed in Dublin in 2004) and to the common European goal of reducing road fatalities. Cyta renewed its commitment to the Charter in Lefkosia in 2009.

As an indication of our constant interest in the welfare of those manning the National Guard, in 2010, as in previous years, we distributed free soeasy pay as you go connection packs to all newly-drafted soldiers on their first day of military service and to all newly-arrived members of the Greek army contingent in Cyprus.

Regarding health, for the seventh successive year we supported the Centre for Preventive Paediatrics.

With the aim of offering telecommunications support to charity fundraising events, Cyta has for some years provided the free Charity Direct service which enables people to make donations by telephone to the charitable organisations of their choice. We also operate several services with a four-digit telephone number via which free calls may be made to various emergency services.

### **Education**

In the framework of a special agreement between Cyta and the Ministry of Education and Culture, we have connected all the island's schools to the Internet free of charge and offer a special low monthly subscription fee as well as free web hosting of school and teachers' websites (those with educational content).

Every year we publish an activity book for children entitled "Playing, having fun and learning with Telly" which is distributed to all pre-school and primary school children throughout the island. The book contains educational and recreational material approved by the Ministry of Education and Culture. The book, which has a different contemporary theme each year, also contains the announcement of a children's painting competition in which the best entries are subsequently chosen and prizes are awarded at a special ceremony. The winning paintings are included in a wall calendar published by Cyta and distributed to all pre-primary and primary schools.

### **Environment**

Our Organisation wishes to contribute to the strengthening of an environmental awareness among the people of Cyprus as part of its contribution to society, by implementing a variety of projects and activities. (Read more about Cyta's

internal environmental management later in this chapter.)

In this context, members of the Diving Club of the Cyta Staff Welfare Fund, in conjunction with the Paralimni Port and Marine Police and the Cyprus Marine Environment Protection Association (CYMEPA), undertook their annual sea bed cleanup in the Agia Triada area at Paralimni. The event was sponsored by Cyta's Yellow Pages service.

Since 2001, we have provided special waste paper collection boxes for recycling (which we also use in our own offices at Cyta) and related posters to eco-schools and other interested schools. Specifically, in 2010 we donated 800 such boxes and posters to 35 schools for use in classrooms in order to help develop environmental awareness in children.

In collaboration with the Green Party and the Forestry Department, Cyta participated in a tree planting project in an area of Athalassa Forest in need of reforestation. The project, in which members of Cyta personnel took part on a volunteer basis, is one of the Organisation's broader activities aimed at protecting the environment and improving everyone's quality of life.

There is now a well-established sponsorship of the activities of the Cyprus Marine Environment Protection Association (CYMEPA) which, among other things, provides environmental education to schoolchildren. It includes the programme "Young Journalists for the Environment" which is supported by the Ministry of Education & Culture, coordinated by the Foundation for Environmental Education in Europe and sponsored by Cyta. In the framework of this programme a competition is held among high school students, the winners of which are awarded prizes by our Organisation at a special ceremony.

### **Culture**

In 2010, Cyta continued its "Let's Go to the Theatre" sponsorship programme of support for all of Cyprus's independent professional theatre companies. At the same time, it carried out an advertising campaign aimed at encouraging the public to embrace the theatre and to applaud the theatre companies' efforts.

Also, in an effort to bring people closer to the theatre, in March Cyta celebrated World Theatre Day with the sponsored companies, offering everyone in Cyprus a free ticket to a performance of their choice. This gesture was warmly received and the public responded with such enthusiasm that all seats for the performances in question were taken on the day the special offer was announced.

### **Sport**

In 2010, we continued our sports sponsorship programme to provide support for the Cyprus Tennis Federation and the Cyprus Table Tennis Association.

We are also official sponsors of the Cyprus Referees



Association and the Cyprus Sportswriters Association as well as of other occasional but important activities of various sports associations and clubs.

We actively support Cypriot football with a sponsorship programme that covers the Cyprus Football Association, the teams in Divisions 1 and 2 and the 3<sup>rd</sup> and 4<sup>th</sup> Division championships. We also sponsor the Cyprus Basketball Federation and all the 1<sup>st</sup> Division teams.

**Technology and research**

As an organisation operating in an area of activity that is directly linked to technology, Cyta supports activities which are aimed at its development locally.

Wishing to encourage young people to take up technology, for the second time we awarded prizes during a special ceremony to all graduating Lyceum and Technical School students who had excelled in IT studies.

**Responsibility to the environment  
"Cyta leads with environmental solutions"**

Recognising the positive and negative impacts of its operations, products and services on the environment, Cyta has been active in this sector since 2001 when its Environmental Policy was formulated.

**"Give life to your old mobile phone. Recycle it!"**

As Cyta continued its environmental work, it proved to be an innovator once again by inaugurating a project for the recycling and reuse of mobile and fixed telephones, chargers and other accessories. In the framework of this project, collection boxes for mobile phones have been placed in all the stores on the Cytamobile-Vodafone sales network.

The aim of the project is primarily to protect the environment and public health from uncontrolled dumping but it also wishes to raise public awareness of and participation in recycling. At the initiative of Cytamobile-Vodafone, any

income from the recycling/reuse project will be donated to charity. Income from the first year of the project will be donated to the "Make a Wish" foundation for children with cancer and related illnesses.

**Recycling of old telephone directories**

With a sense of responsibility and sensitivity towards the environment, we published the 2010 editions of our telephone directories while promoting the recycling of the old ones through the recycling projects of Green Dot Cyprus. At the same time, the covers and the separators in the Yellow Pages featured environmental messages and information to reinforce the efforts to save natural resources through recycling. In previous years Cyta encouraged its customers to return their old directories to Cytashops and then sent them for recycling.

**Electricity consumption**

With the aim of reducing electricity consumption and costs, we continued to implement the islandwide Integrated Electromechanical Equipment Management System (IEEMS). Additionally, with the aim of reducing fuel consumption and pollution, we continued to replace old, inefficient vehicles of our fleet with next generation ones including hybrids. For more information, see the section on "Support Infrastructure" in the chapter entitled "Management".

**Waste**

In 2010, in collaboration with Green Dot Cyprus, we completed the implementation of the project for the collection and recycling of domestic package waste (plastic water bottles, soft drink cans, juice cartons and cardboard boxes) from the Organisation's offices in all our buildings in all districts.

It is worth noting that, for many years, Cyta has been recycling waste paper in all its buildings, discarded or obsolete cables, obsolete electrical and electronic equipment, vehicles and commercial package waste (cardboard and plastic) from its Central Stores.



# Management

*Cyta's interest in the welfare of its employees continued in 2010 through the institution of the Occupational Physician and the appointment of a second Social Worker. Furthermore, programmes of preventive medicine were put in place for all members of staff while preventive testing was also introduced for certain groups of employees.*

*In the area of excellence, we again competed for the European Excellence Award of the European Foundation for Quality Management (EFQM), confirming once again our top five star Recognised for Excellence ranking. We continue to be the first and only company in Cyprus to have achieved this.*

*We began to introduce a unified Enterprise Resource Planning (ERP) environment, the biggest ERP project in Cyprus, with the objective of achieving still greater efficiency and productivity through the unification and automation of the Organisation's relevant internal processes. We continue to progress, leading Cyta into a long-term IT Transformation Project, a transformation that is not merely technological but entrepreneurial.*

*In the context of implementing the principles of Sustainable Development we continued to replace old and energy-inefficient vehicles with new generation ones with the aim of reducing fuel consumption and harmful emissions.*

## Human resources

### Personnel welfare

The institution of Occupational Physician continued in 2010 with the provision of primary healthcare, examination of employees due to be given permanent posts, the provision of flu injections for vulnerable groups of personnel and more. Also, programmes of preventive medicine relating to osteoporosis and skin cancer were put in place for all members of staff, while preventive testing was also introduced for certain groups of employees. In 2010 it was aimed specifically at Wired Access Network personnel and climbers and included a broad range of clinical laboratory tests.

Furthermore, we strengthened our commitment to the social welfare of our personnel by employing a second social worker and through the organisation of cultural and social events for personnel and their children. At the same time we continued our annual staff social and financial schemes and our support for the activities of Cyta's Volunteer Groups. We awarded prizes and scholarships to outstanding students and we continued the retraining scheme for retiring members of staff.

In the field of safety, risk assessment continued for all Cyta's premises and activities, while the precautionary analysis and sterilisation of its water systems was undertaken to combat any possible contamination, including Legionnaires' disease, in all buildings.

### Education

In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2010 we continued to provide many and varied opportunities for training, development and learning, funding their participation in training schemes and programmes in Cyprus and abroad for the development of their knowledge, skills and personal competencies.

Some 55,5% of staff participated in training schemes and programmes in 2010 and the corporate index of training days per employee was 3,66, while human resource development as a percentage of payroll was 2,04%. Both personnel development indices compare favourably with those of other successful international organisations.

At the same time, an innovative development programme has been designed and is now being prepared for employees promoted to the ranks of Supervisor, Deputy Head of Department and Head of Department.

In addition to traditional forms of education/development/learning, we also promoted other methods of development such as in-house training, with educational material as well as individual learning activities and guidance from immediate superiors.

### Industrial relations

Maintaining good industrial relations was a crucial factor in Cyta's success during the year under review, and this was helped by the mutually agreed solutions that were applied to various internal problems that arose.

Following the decision to employ hourly-paid staff for Terminal Equipment Sales, in 2010 we had a new round of recruitment for Shop Assistants. The number of applications was unprecedented - more than 3.000. The evaluation process, which included a written examination, an oral/practical exam and role play, ended with the drawing up of a reserve list of successful applicants. The best candidates were offered positions in existing shops and in new Cytashops that we opened.

At the same time, we continued to recruit hourly-paid staff (Call Centre Assistants) from the reserve list of successful applicants, according to the needs of the Call Centres in Lefkosia and Lemesos.

## Communications policy

In 2010 we further reinforced our Organisation's position in the market as the leading provider of integrated electronic communications since, by providing reliable solutions in a simple, smart and secure manner, Cyta makes a considerable





Participation in the Cyprus International Fair

contribution to improving its customers' way of life and productivity. At the same time, the way our people deal with minor and major issues on a daily basis inspires optimism and confidence.

Through its actions, Cyta confirms its commitment to offer its stakeholders freedom of choice, movement, expression and options.

Continuous progress is one of the Organisation's permanent objectives and we wish to inspire our personnel and, of course, our customers, with the same aim.

Focusing our attention on providing integrated solutions to customers, in recent years we have implemented new methods of brand management. As a result, Cyta now implements a monolithic communications strategy, based on which it invests in and promotes the corporate brand first and foremost and adopts a uniform communications style. This strategy has enabled us to strengthen our corporate brand and to avoid creating or maintaining independent brands. There is now continuity among all the brand's contact points and throughout all promotional activities, which simplifies our communication with customers.

With integrated brand management as our aim, we continued to carry out market surveys for the measurement and constant monitoring of our brand value/productivity. The results of these surveys are an important tool in the hands of the Organisation's Board and Management when

it comes to decision-making and corrective action, mainly of a commercial nature.

In the course of the surveys, it was noted that in the new competitive and, at the same time, regulated environment in which we operate, a strong brand can affect consumer choice to a great extent and can win over hearts and minds in the long term. The results so far have been more than encouraging in every way.

This gives us the strength to move towards further coordination of important aspects of our brand communication strategy with the aim of focusing on areas that will lead us to the next stage of the relationship with our customers. For the best possible customer service and the achievement of our business and commercial objectives we have started various projects which deal with the correct diffusion of our values among personnel and the integrated management of the customer experience at Cytashops and other important points of contact. An important aspect of our brand communication strategy is internal communication within the Organisation. With the aim of improving internal communication, areas revealing weaknesses have been identified and a strategy has been developed to resolve them.

Crisis communications management is an integral part of communications management. In collaboration with external consultants, a manual and processes have been developed to deal with crises at communications level with the contribution of the Organisation's Board and Management.



We shall continue to invest in our brand so as to strengthen it even more as we look forward to the prospect of the Organisation's continued success.

### **Media relations**

With the aim of providing timely and reliable information to the public, we continued to issue regular Press Releases which were distributed to the media throughout 2009. Cyta officials participated in radio and television interviews and discussions and gave interviews to the press. Articles and other features on the Organisation were published, press conferences were held and information campaigns were undertaken on a variety of issues.

### **Participation in the Cyprus International Fair**

In 2010, Cyta participated in the Cyprus International Fair with what was, by general agreement, a highly distinctive presence. The Organisation transformed its pavilion into a global neighbourhood with notable landmarks from the five continents, offering a new experience to visitors to the International Fair. The theme of the Cyta pavilion aimed to give people the message that modern integrated electronic communications solutions reduce distances and enable people to achieve their goals. In this way, it is possible to create, communicate with sound, image and data, work, be entertained, be informed, learn about whatever interests us wherever we happen to be. The thousands of visitors to the Cyta pavilion had a chance to find out more about and benefit from the many special offers on various Cyta services and products that were valid for the duration of the Fair. Special offers concerning Cytamobile-Vodafone, Cytanet, Cytavision and Fixed Telephony included special prices on terminal equipment, free installation of services, free subscriptions and lower charges.

### **"Telecommunications Street"**

During 2010 we continued to publish Telecommunications Street, Cyta's monthly newsletter which is distributed to all present and retired members of staff and to outside recipients including representatives of the media.

### **Websites**

Our benchmark corporate website [www.cyta.com.cy](http://www.cyta.com.cy) is modern and functional, providing easy navigation for obtaining information. Specifically, it enables users to search easily and quickly for information about Cyta products and services, to order a large range of products online, and to check and settle their bills via the ebill service. Moreover, visitors to the corporate website may also access other useful Cyta sites such as those of Cytanet, Cytamobile-Vodafone, Cytavision, the Yellow Pages and the White Pages as well as those of its subsidiaries. Users may also obtain information about our Organisation, Cytashops, Calls for Tenders, Annual Reports, archived issues of Telecommunications Street and Press Releases.

Within the Organisation we continue to operate our own intranet, which has been upgraded to a portal and is a fast and reliable means of internal communication and information exchange.

All of the above contribute not only to the fast and efficient provision of information but also to saving paper in the context of Cyta's broader environmental policy.

## **Quality and strategy issues**

In 2010 considerable progress was achieved on projects relating to corporate performance management, such as computerised project and indicator management and the alignment of strategy at all levels. Furthermore, we continued to work on the project for end-to-end processes management in the Organisation.

In the area of excellence, we again competed for the European Excellence Award of the European Foundation for Quality Management (EFQM), confirming for a second time our top five star Recognised for Excellence ranking. We continue to be the first and only company in Cyprus to have achieved this.

The Cyprus Excellence Community continued to thrive. It was inaugurated at Cyta's initiative a year ago with the aim of exchanging best practices in management and quality among Cypriot companies.

A total of 385 ideas were submitted by 7% of personnel to the idea.click Staff Suggestions Scheme in 2010. Yet again, Cyta achieved recognition in an international ideas competition, winning the Best Idea award in the Customer Service category.

## IT applications

We provide IT applications so that the Organisation can carry out its strategy in the face of challenges and exploit opportunities that arise in the electronic communications sector in today's competitive local and international environments. The use of modern, advanced IT applications contributes to reducing our costs. This consequently enables us to provide products and services to our customers at prices that are as reasonable as possible while maintaining our competitiveness.

We began to introduce a unified Enterprise Resource Planning (ERP) environment, the biggest ERP project in Cyprus, with the objective of achieving still greater efficiency and productivity through the unification and automation of the Organisation's relevant internal processes.

With the objective of supporting our frontline staff, we modernized existing Business Systems wherever possible, while laying the foundations for their renewal.

We continue to progress, leading Cyta into a long-term IT Transformation Project, a transformation that is not merely technological but entrepreneurial.

## Financial management issues

The robustness of an organisation is, to a significant degree, based on appropriate financial management and a correct assessment of strategic projects and new opportunities.

Our constant concern is to obtain top quality financial data, through the use of internationally accepted methodologies, for decision-making regarding the implementation of strategic development projects and financial and business performance assessment and management.

Financial information is made available in accordance with International Financial Reporting Standards. We ensure the equitable management of reserves and apply best practices to the budgetary control system. At the same time, we ensure the proper costing and charging of products and make every effort to maintain possible risk at low levels.

In 2010 we completed the first stage of the unified Enterprise Resource Planning (ERP) environment, which includes the cycle from Order Management to Cash Management. For this range of tasks we succeeded in unifying the automatic systems on a single platform, we removed the interfaces between systems and implemented more user-friendly tools. Via the unified environment, it will be possible to speed up processes, make cost savings and further upgrade financial information systems.

## Regulatory issues

During 2010, Cyta participated in public consultations on market analysis and completed important work such as the preparation and publication of the Offer for Wholesale Broadband Access.

## Support infrastructure

### Buildings

During 2010, we continued to plan new buildings and to carry out the upgrading, antiseismic reinforcement and extension of existing buildings all over Cyprus. The antiseismic reinforcement and renovation of the Personnel Services building was more or less completed and it was delivered during the first quarter of 2011. The planning of antiseismic reinforcement and renovation work on the Electra building was completed and we are due to issue a Call for Tenders very soon. In the context of developing the Cytashop network, we opened new Cytashops at Lakatamia and Latsia and in Onasagorou Street, Lefkosia all of which came into operation in 2010, while we began work on a new Customer Experience design for the Lykavitos and Agia Phyla Cytashops.

In the framework of the support services that we provide to Cyta Hellas, shops in Edessa, Chania, Thessaloniki (Metropolis), Thessaloniki (E. Rostand), Veroia, Kozani and Heraklion were delivered and brought into operation. The Thessaloniki Data Centre was also designed. We continued to provide services for the development of the mobile telephony network, both with construction work at base stations and the preparation and submission of applications for planning and building permission. Regarding furniture, we awarded tenders for the supply of a large number of office chairs as well as chairs for the Cytashops. In the framework of cleaning and hygiene services management, our efforts to provide a high standard of services continued and we held seminars for cleaning staff with the aim of achieving continuous improvement.

### Electromechanical services

During the year under review we continued the full operation of the Integrated Electromechanical Equipment Management System which will improve the standard of services, reduce electricity consumption and make significant savings. We also continued to replace old, inefficient vehicles with next generation ones so as to reduce fuel consumption and pollution. We proceeded to replace a large amount of electromechanical equipment with the aim of further improving the reliability of the services that we provide. We issued a Call for Tenders for the development of an Islandwide Fire Protection System and we completed the processes for the introduction of an integrated vehicle fleet management system.



In the context of our implementation of the principles of Sustainable Development, we continued to replace old and energy-inefficient vehicles with new generation ones with the aim of reducing fuel consumption and emissions. Furthermore, we developed a strategic cooperation with the Cyprus University of Technology (CUT) based on which we carried out an energy assessment of our Head Offices in different towns and our fleet of vehicles, and at the same time we calculated the Organisation's carbon footprint. We then prepared the necessary studies and submitted applications to the Energy Service for the installation of photovoltaic systems for the generation of electricity in 47 of Cyta's buildings.

### **Security Infrastructure**

In 2010 we began and completed 90% of the second phase of the project to upgrade the Islandwide Security System. The upgraded system employs state-of-the-art technology with multiple applications and resolves problems caused by the huge area it covers and by the age-related limitations of the existing system. At the same time we continued to expand the Islandwide Security System with the installation of new electronic access monitoring points and terminal equipment for the Electronic Timekeeping System and the implementation of the Trespassing Detection subsystem. We also placed considerable emphasis on improving Cytashop security systems and the guarding of the Organisation's buildings in cooperation with the Cyprus police and private security firms. We also consider the execution of drills at all our manned buildings, in

accordance with Cyta's Civil Defence Plans, to be extremely important.

### **Materials management**

In 2010, the Organisation's Central Stores continued to send materials and equipment abroad for repairs and to receive, store and distribute materials and equipment.

Following the relevant study and approval, we acquired new, up-to-date purchases and asset management software which is at the final stage of development. This project, in conjunction with the reorganisation of the entire supply chain (relocation of the Central Stores out of town and their upgrade to a Materials Distribution Centre) is expected to make a positive contribution to increasing productivity.

### **Relations with international organisations**

Cyta actively participates in the processes and activities of the major international telecommunications organisations of which it is a member and is represented on various working committees and at conferences organised by these bodies. It is thus in a position to monitor and implement technological and other developments in the telecommunications sector.

Cyprus is a member of the International Telecommunications Union (ITU), a United Nations body, and Cyta closely monitors its activities and implements all the recommendations of

the ITU and its related bodies in the Telecommunication Standardisation Sector, the Radiocommunication Sector and the Telecommunication Development Sector.

Our Organisation is a founder member of the Association of European Telecommunications Network Operators (ETNO) which coordinates its members' activities regarding the promotion of services and the use of networks in Europe. Moreover, it determines a common policy for members on telecommunications issues and submits views and proposals to various European bodies, mainly in the European Union but also to other international organisations. Cyta representatives observe the Working Groups set up by ETNO members such as the Competition Group and the Data Protection Group.

Cyta is also a founder member of the European Telecommunication Information Society (ETIS) and the European Telecommunications Standards Institute (ETSI) in which it has national administration membership and whose activities it monitors closely. It is also an active member of the Commonwealth Telecommunications Organisation (CTO).

In the context of its Research and Development activities, Cyta is a member of EURESCOM, an organisation which deals exclusively with research programmes in the telecommunications sector.





# Products and Customer Service

*In 2010 we proceeded to dynamically implement projects aimed at satisfying the increased needs of today's society and which represent another significant step in the development and provision of integrated electronic communications.*

*During the year under review we implemented Cytamobile-Vodafone's MyGroups reward scheme, offering monthly billed customers the chance to participate in groups and to receive discounts and other privileges. At the same time we introduced the prepaid version of Vodafone Mobile Broadband, thereby expanding the solutions we offer for wireless Internet access.*

*We extended the Cytanet Wireless Zone's WiFi network with the addition of 24 new Hotspots. At the same time we enabled existing and new Cytavision customers to choose between the Value Pack and the Full Pack according to their particular needs and interests. We also upgraded our content with our new channels.*

*In 2010 we offered the new Broadband Telephony Business to our business customers, giving them the facilities of a PBX hosted through an infrastructure that we have developed at Cyta.*

*In the framework of the development of our sales network we opened new Cytashops at Lakatamia and Latsia and in Onasagorou Street, Lefkosia while Cytashops at Lykavitos, Lefkosia and Agia Phyla, Lemesos, are being designed on the basis of the "Customer Experience" project.*

*During 2010, Cyta concluded deals with many national telecommunications service providers for the provision of wholesale products for telephony, broadband, access and leasing of infrastructure and other services, offering the necessary support*

*to the national providers. During the year various specimen offers and agreements were reviewed and support systems and processes were developed and upgraded for the provision and management of most wholesale products and services.*

## **RETAIL MARKET**

### **Fixed telephony services**

Remaining true to our commitment to provide top quality, reliable fixed telephony solutions with respect for our customers, we implemented a range of projects with the aim of making their lives easier at home and at work.

During the year we enhanced our basic Fixed Telephony (analogue telephony and ISDN) with additional services and facilities so as to cover our customers' increased requirements.

With the aim of satisfying the varied needs of our customers, we now offer eight telecommunications packages for national calls (Classic 1 and 2, Home Package, three Business Packages and two packages for vulnerable social groups) at especially attractive rates.

In 2010 the number of customers of the innovative Broadband Telephony service continued to grow steadily. The service can be used by many people within the same household or office and it enables each member of the family or company to have his/her own number at low cost. Broadband Telephony customers can also make voice and video calls by telephone or from a computer with a camera and microphone/headset.

A clear indication of the confidence that our business customers have in us is the increased number of businesses





using Single Number (7777), Freephone (800) and Personal Number (700) for communication with their customers. Additionally, in order to offer even more competitive and attractive prices, we significantly reduced the monthly subscription to specific Single Number (7777) and Freephone (800) packages.

In international telephony, with the aim of providing reliable connections to our customers with every country in the world at particularly low rates, in the context of our cost-effectiveness policy, we proceeded to review our international call charges to countries to which they travel frequently. At the same time, we offer customers the opportunity to choose from international telephony discount plans so as to enjoy even more economical communication.

## Mobile communications

### Cytmobile-Vodafone

Carefully monitoring international developments in the mobile telephony sector, we continue to operate and grow in a dynamic environment, seriously aware of our responsibilities towards society, and we remain consistently the first choice for mobile telephony in Cyprus.

We have been following an extremely ambitious development plan, the main objectives of which are to provide quality communications everywhere and at all times in Cyprus and abroad, to offer advanced voice, messaging and Internet services via mobile phone or laptop computer, to constantly improve our customer service and to play an active role in society.

By combining Vodafone's global knowledge with our own, we are able to offer customers a complete portfolio of voice, content and data products and services designed to support their business ambitions and to improve their quality of life, through a combination of high quality and competitive pricing. During the year our portfolio was further enriched with new and upgraded services:

#### •MyGroups reward scheme

We implemented the MyGroups reward scheme via which monthly customers (with the Classic, Light, Business 300 & 600 packages), can create or participate in groups and obtain attractive discounts and other privileges.

#### •Mobile Internet

Following global trends with the aim of satisfying the personal needs of our customers for Internet access from their mobile phone or laptop computer, we launched new Mobile Internet price packages and new Vodafone Mobile Broadband plans.

#### •Vodafone Mobile Broadband pay as you go

Further enhancing our customers' choices, we introduced the prepaid form of the Vodafone Mobile Broadband service, enabling them to have Internet access whenever, wherever and however much they want via a laptop without contracts or commitments.

#### •Vodafone live!

We enriched the content and developed new services, such as buying and downloading music (MP3), local and international motorsport news, financial news from Stockwatch and other entertainment. To this end, new contracts were signed with sports, entertainment and information providers such as Universal Music, Sony Music, Warner, EMI, Attic Publications, MediaSpeed, Stockwatch and supermpala.com.cy.

#### •Premium SMS upgrade

We upgraded the Premium SMS service so that companies working with us with content for mobile phones can offer Premium SMS to our customers who are charged upon receipt of the message.

#### •New cybee SMS alerts

With new cybee alerts our customers can receive information such as the results of the GP World Championship and the World Rally Championship.

#### •International roaming

During 2010 the number of international roaming agreements with foreign networks for pay monthly customers reached 377 in 167 countries, thereby enabling our customers to make even greater use of their mobile telephones while abroad through the constant addition of new destinations. At the same time, we offered our customers the chance to preset a monthly limit of €50 for the use of Internet via their mobile phone or computer when travelling within the EU, thus protecting them from unwanted and unexpectedly high bills.

The number of international roaming agreements with foreign networks for direct calls by soeasy pay as you go customers rose to 103 in 63 countries. For the remaining 104 countries and 273 networks with which we have international roaming agreements, customers can make calls by using the code \*111\*. Pay as you go customers of 116 foreign networks in 67 countries may also make direct calls when visiting Cyprus.

For our customers who travel abroad and for whom data transfer is important for personal or professional reasons, we increased the number of international roaming agreements for 3G/GPRS with foreign networks





to 197 in 89 countries, expanding further the services available. Customers have easy access to the Internet and e-mail via their mobile phone and they can also use Mobile Internet and BlackBerry® from Vodafone to keep in constant contact with their office and associates while abroad. Customers of 206 foreign networks in 90 countries can do the same when visiting Cyprus.

On 1 July 2010 we applied new regulated international roaming charges for the 4th consecutive year in the framework of our compliance with the European Regulation on International Roaming.

As an integral part of the society in which we operate, we continued a series of projects which stem from our social responsibility, laying the foundations for greater action in various sectors related to our activities:

**• Recycling and reuse of mobile phones and other terminal equipment**

Innovating once more, in July 2010 we inaugurated a project for the recycling and reuse of mobile phones with the aim, on the one hand, of raising awareness and encouraging the public to recycle telephones and, on the other, to contribute to protecting the environment and public health from uncontrolled dumping. The income from the recycling/reuse project will be donated to charities such as the “Make a Wish” foundation. Collection boxes for mobile phones have been placed in all the stores on the Cytamobile-Vodafone Sales Network.

**• Special discounts for customers with impaired hearing**

In the context of providing support for customers with hearing impairment and in cooperation with various

organisations for the deaf, since September 2010 we have offered special prices to pay monthly and so easy pay as you go customers. The special prices come on top of the free monthly subscription and are provided for video calls and SMS text messages which have shown to offer substantial help and make life and communication easier for hearing impaired customers.

Investing in our long-term relationship of trust and communication with our customers, we designed and implemented a dynamic, innovative and important publicity plan which included:

- Advertising and information campaigns for products, services and offers of services and devices for new and existing customers.
- A dynamic presence at key points of sale and in our Sales Network stores.
- Our participation in exhibitions, the organisation of events and the optimisation of international and local sponsorships.

## Internet

### Cytanet

Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2010, thanks to significant network development projects and our provision of upgraded services at more attractive rates. With the aim of providing integrated electronic communications with quality, reliability and professional service, as well as promoting greater use of the Internet and the services it provides, we completed the following projects:

#### •Network

Placing emphasis on improving the quality and reliability of the network and, by extension, of the services we provide, with the objective of offering even more reliable and faster speeds, we implemented a number of upgrading and development projects which will form the basis of our future plans for the provision of new and innovative solutions.

- We completed projects such as the transfer of equipment from ATM to IP technology and the installation of new equipment on the main DSL Access network.
- We developed the Cytanet network for further upgrading of access to the global Internet with the installation of new STM-16 (2,5Gbps) and Ethernet 10Gbps connections.
- We upgraded the Cytanet network's internal connections to Ethernet 10Gbps. The total capacity of our connections to the global Internet is now in excess of 25Gbps.

During 2010, with the objective of expanding broadband to even more areas so as to satisfy the greater needs of our customers, we proceeded to further extend our network to suburban and rural areas, achieving 96,5% coverage of telephone connections and significantly increasing our customer base.

#### •Live Streaming

We upgraded the service so as to provide a better online viewing experience for those watching live or recorded games of the Cyprus football championship, basketball and other sporting events that Cytavision shows for sports fans. Furthermore we broadened the scope of the service, enabling games to be watched not only by viewers abroad but by those in Cyprus too.

#### •Expansion of the Cytanet Wireless Zone's Wi-Fi network

We installed 24 new Wi-Fi hotspots and proceeded to provide specialised solutions for specific customer segments. By the end of 2010 the number of Wi-Fi Hot Spots was 95, making the Internet more accessible outside the home. Additionally, in the framework of our commitment to the continuous upgrading of our services, we made changes to the availability of prepaid Wi-Fi Internet access cards for the greater convenience of customers and partners. In October 2010 we launched the Cytanet Open Wireless Zone for free Internet access to satisfy certain customer segments.

#### •Replacement of customers' modems

We continued to provide free replacement of customers' old modems with new Wi-Fi compatible models. In this way all customers can set up their own small

wireless network at home so as to connect from anywhere without the use of sockets and cables.

#### •Special offers and charges for specific customer groups

We expanded our special offers to the island's student community for another year and enhanced our broadband Internet connection packages for students.

#### •Support for large families

In 2010, for the duration of the Cyprus International Fair and during the "Back to School" period we offered free 3-month subscriptions to new customers and new special rates for families with four children or more.

We took part in various exhibitions and fairs in Cyprus and our customers had an opportunity to learn about the latest Internet developments and to benefit from various special offers.

At the same time, for the tenth consecutive year we continued our presentations entitled "The Internet: A Tool for All" in state primary, secondary and technical schools and in private schools. These presentations started during the 2001-2002 academic year and are part of Cyta's collaboration with the Ministry of Education and Culture. Pupils have an opportunity to get to know the main services that the Internet has to offer, its advantages and weaknesses, and to learn about the use of new online applications in their everyday lives.

During the 2009-2010 academic year, some 80 visits were made to schools in all districts while 9.000 pupils and teachers attended the Cytanet presentations.

### Cytavision subscriber television platform

Cyta was one of the first telecommunications organisations in the world to introduce such an innovative service as Cytavision which digitally transmits images and sound via a broadband connection. Thanks to the rich content and multiplicity of features, we are able to fully cater to our customers' entertainment and information needs and Cytavision has established itself as the most popular multi-channel subscriber television platform in Cyprus.

Via Cytavision, customers have access to more than 60 thematic channels and all Cypriot national and local channels and they can connect to premium channels for sport, movies and adult content. Moreover, they can watch a range of live and exclusive transmissions of major football matches and other sporting events, rent movies via the Video on Demand service, and enjoy innovative services such as Time Shifted TV and Pay per View.



In 2010, due to the important projects that we implemented and our actions to enrich our content and improve our customers' viewing experience, we succeeded in significantly increasing Cytavision's subscriber base.

• **New Value Pack and Full Pack packages**

From October 2010, we gave existing and new Cytavision customers the chance to choose one of two price packages - the Value Pack and the Full Pack - according to their particular needs and interests.

• **More live sport**

We secured the exclusive rights to show football matches featuring twelve Cypriot teams as well as major European football, basketball, volleyball league games and Super League Formula. Furthermore, during the year we continued to screen most UEFA Champions League and Europa League matches. Our aim was to satisfy even the most demanding sports fan with quality and quantity when it came to football and other sports.

• **Popular new channels**

From autumn 2010 we enhanced our content with the addition of four new channels on good food, sport and news. Among them are the very popular Food Network and Extreme Sports. Our aim is to enrich our package with quality channels for all tastes, for men, women and children.

• **Pay per View**

The Pay per View service is available to Value Pack customers wishing to watch selected live broadcasts from Cytavision Sports. In this way, even though the Cytavision Sports channels are not part of the Value Pack, customers may still watch individual matches at an additional charge per match.

• **Technical upgrading and improvements to the customer experience**

We upgraded the electronic programme guide to prevent omissions and to obtain correct and timely information for our customers.

• **Cytavision magazine**

Since summer 2010 the Cytavision magazine has been published every month as an additional means of communication with thousands of Cytavision subscribers and more. The magazine is printed on 100% recycled paper and is sent to more than 35.000 households.

## National private leased lines

In 2010, national private leased lines remained among the first choices of business customers for the transfer of data, offering a wide range of low and high speed services. With WDM technology, speeds of up to 10Gbps are possible.

During 2010 the service continued to provide hundreds of businesses with reliable, secure and financially advantageous solutions for connecting their premises for image and data transfer.

The main characteristics of leased lines are their exclusive use on a 24-hour basis, a fixed monthly charge and their adaptability to the particular needs of any company through customised solutions.

## Telematics solutions

In 2010 we enhanced our product portfolio with new telematics solutions, thus providing small- to medium-size enterprises (SMEs) with economical, easy-to-use software applications online, payable by monthly subscription. In 2010 we launched the PARKSMS and SMS4PARKING car park management solutions, the n-tracker fleet management solution, and the WebTMA installation management and maintenance solution. Regarding the already available Microsoft Communication Services (Microsoft Exchange) solution, we revised our prices and upgraded it to the latest version. At the same time we reached agreement with various companies in order to expand the portfolio of available solutions. Specifically, contracts were signed with Cypriot and Greek companies for the development of three more vehicle fleet management solutions and for an additional Customer Relations Management (CRM) solution. The telematics portfolio was also enriched with solutions in other areas such as logistics and security.

## National television broadcasting

The national television broadcasting service enables TV stations to cover a variety of events with reception and transmission in Cyprus.

Via this service, live broadcasts can be made from any venue and recorded highlights transmitted, through the provision of part or all of the telecommunications link with the TV station.

## Hosting/co-location service

The hosting/co-location service enables third parties to house their equipment on Cyta's premises.

Where customers of our Organisation wish to install equipment in areas where they do not own buildings, Cyta can host it on its premises, providing at the same time a broad range of telecommunications services.

## Ethernet services

2010 was another successful year for our Ethernet Business Networking services which continued to attract major business customers. With the aim of providing even greater customer satisfaction we proceeded to implement specialised solutions such as asymmetric connection to Cytanet via Ethernet at low download speeds and high upload speeds at even lower cost.

The E-Line and EVPN Ethernet services are aimed at business customers and enable high-speed, low-cost telecommunications traffic transmission (voice, data and images) between two or more points within an enterprise.

The main advantages to customers of these services over other networking options are higher connection speeds of up to 1Gbps, lower cost and easier installation. They offer various connection options and data transmission prioritisation with three service quality levels (Gold, Silver and Bronze), to cover each business customer's particular requirements at low cost.

E-Line and EVPN have Cyta's new Ethernet/IP network as a common infrastructure. The network, which was designed to international specifications and provides islandwide coverage, is characterized by its reliability, security and the ease with which it can be extended and centrally managed. Monitoring by Cyta of all network equipment and the natural infrastructure guarantees the most efficient operation of end-to-end protection mechanisms and, by extension, the reliability of the services provided.

## PBX hosting for business

In 2010 we offered the Broadband Telephony Business service for both small and large enterprises.

This service provides our business customers with the facilities of a PBX hosted via an infrastructure developed by Cyta.

Cyta undertakes all the upgrades to the system while daily management may be carried out by the customer via a user-friendly online application. The expanded facilities that we offer may be adapted to the specific needs of each business, providing a reliable, fast, easy and flexible solution.

## Cardphones and emergency telephones

Our Organisation's cardphones continue to enjoy widespread public use, mainly by tourists and foreign workers. At the end of 2010, a total of 1.910 cardphones were in operation (1.654 in public spaces and 256 in private spaces) for the best possible service to customers. Some 89 of the 1.654 cardphones have been especially adapted for use by people with impaired mobility.

In 2010 the Telecard Collectors Service continued to support collectors in Cyprus and abroad, by issuing special collector's cards and special informative literature and assisting them to obtain telecards/phonecards from old and new series.

Cyta continued its successful operation of emergency call systems on highways on behalf of the Government. The network of 268 telephones covers all of Cyprus's highways.

## Customer service

In recent years we have placed great emphasis on the development and upgrading of our sales network in terms of the appearance and commercialism of our stores. In 2010 we focused particularly on extending Cytashop opening hours with the ultimate aim of making them the same as those in the rest of the market. In response to customer suggestions and in the framework of our policy of developing the sales network, we opened two new Cytashops at Lakatamia (June 2010) and in Onasagorou Street, Lefkosia (December 2010).

Thanks to the great flexibility regarding choice and products, our specialist network of Telecommunications Consultants provides an upgraded personal service to major customers and to small- to medium-size enterprises (SMEs). Each company can select the ideal and, at the same time, most economical solution for its particular needs, combined with the optimisation of financial gain and

Cyta's quality. Moreover, our specialist Consultants initiate telephone contact with smaller businesses and freelance professionals to handle issues of concern to them.

Our aim is to provide integrated solutions which arm professionals with autonomy and flexibility in their chosen sector, thus rendering their business more efficient and, by extension, more competitive. The development, reinforcement and maintenance of mutually beneficial long-term relations with customers, combined with the chance for them to enjoy an excellent experience, are the basic components of our approach: "Get close to business and next to the professional in order to touch the world together." To this end we give our employees a high level of technological know-how and advanced tools that correspond fully to our customers' demands.

Via the Cyta Call Centre we offer high-quality telephone assistance via the islandwide number 132. Customers can obtain information about our products, place orders, report possible faults to their services and receive technical support. The Call Centre also provides service to customers of Cyta Hellas and thus makes an active contribution to the successful expansion of the Organisation's activities in the Greek market.

The Directory Enquiries Service (11892), operating in a highly competitive environment, remains the leading service of its kind in Cyprus. Through simple and practical facilities it gives customers fast, reliable and inexpensive information relating to directory enquiries.

For technology buffs, we offer 24-hour service via our corporate website [www.cyta.com.cy](http://www.cyta.com.cy). The website provides easy and fast access to information on Cyta's products and services, and enables online ordering and purchases (telephones, netbooks, etc.) Moreover, the ebill service has been integrated into the

website, enabling customers to obtain billing information and to settle their bills.

Implementing our strategy of staying close to the customer, we are continuing to strengthen our Sales Network which is an important customer service channel. In this context, in 2010 we signed a new cooperation agreement with MK Telephone for more than 30 revamped stores across the island that will exclusively sell our products and services and will feature the sign "Cyta Partner".

Our technical staff, backed by a new task management system, upgraded equipment and their own constantly enriched knowledge, are able to respond to any customer request for support to resolve problems that may arise. Through preventive action to guarantee the quality of the services we provide, both on the Cyta network and on our customers' premises, we achieve to the highest possible degree the uninterrupted operation of our services and, by extension, of our customers' own operations.

Every contact with customers is a unique experience for us and for them. We encourage our customers to share these experiences with us by submitting suggestions and/or complaints and completing customer satisfaction surveys in order to give us their views about the service/assistance they have received so that we can make further improvements to it and to the services they are using.

The latest editions of the printed Yellow Pages, White Pages and Business to Business Directory were published in 2010, updated with all the latest information on companies and individuals, together with the Cyprus Holiday Guide. Thanks to the amount of information they contain, our publications are unique information research tools and, at the same time, an effective means of promoting businesses, products and







services. Featuring data that is refreshed daily, all the directories are also available online at [www.cytayellowpages.com.cy](http://www.cytayellowpages.com.cy).

In the framework of the new Customer Experience strategic pillar, we began a retail sector pilot scheme concerning the Customer Experience Cytashops Redesign with the following main objectives:

- To respond to the challenges identified in the study of the present situation regarding Cytashops.
- To show our customers through action that Cyta is developing, following the trends of the times and its strategic repositioning in the market as a reliable, progressive and dynamic organisation which provides high-tech products and services and cares first about the benefit to customers.
- To create a flexible Customer Experience management model which will enable comparisons to be made on the level of both customer and personnel satisfaction, for the best possible use of the results and expansion of the project throughout the whole of Cyta's Cytashop/sales network.
- To prove the positive effect of the Customer Experience and the benefits it can bring if implemented throughout the full range of Cyta's activities.

In order to achieve these objectives, interdepartmental groups have been set up which, under the guidance of expert consultants, have undertaken to carry out the following projects:

- Brand new Cytashop layout design to support the new strategy regarding how customers make use of the space.
- Brand new HR management design for the Customer Experience (planning of new roles appropriate to the

new layout, development and strengthening of competencies and skills of frontline staff).

- Securing the necessary technical infrastructure and reinforcement of the interdepartmental frontline support mechanisms.

Additionally, in support of the above projects, a timetable was drawn up and begun concerning the implementation of a large number of actions relating to terminal equipment management, marketing and communication for the promotion of products and services inside Cytashops, self-service and customer waiting management, resupplying and feedback analysis and business customer services inside Cytashops.

## WHOLESALE MARKET

### National wholesale market

Cyta supplies national alternative providers of telecommunications services with high-quality wholesale products in a free telecommunications market in the context of the regulatory framework and in accordance with the principles of transparency, non-discrimination and cost-orientation.

In 2010, Cyta drew up agreements with a host of national telecommunications service providers for the provision of wholesale products relating to telephony, broadband services, access to and leasing of infrastructure and other services, offering the necessary support. The national wholesale products and services portfolios are the following:

#### Telephony Portfolio

The Telephony Portfolio includes products relating to (a) Interconnection, (b) Carrier Selection and Pre-selection, (c) Wholesale Line Rental, (d) National Roaming and (e) Access to Cyta's Mobile Network.

Interconnection enables national providers to connect their networks to Cyta's fixed and mobile telephony networks. Interconnection takes place on predetermined nodes on Cyta's networks via interconnection links and enables the termination of telephone traffic between networks.

Carrier Selection allows Cyta subscribers to choose another national carrier for call distribution by dialling the carrier code. The choice of national carrier by Cyta subscribers is on a per call basis. Carrier Pre-selection enables Cyta subscribers to choose another national carrier for the distribution of national and/or international calls without the need to dial a special code per call.

Wholesale Line Rental lets national carriers rent the voice zone of the frequency range of the subscriber's telephone line. This product is offered with Carrier Pre-selection on PSTN, ISDN-BRA and ISDN-PRA telephone lines. Subscribers receive a single bill for the line and calls from the national carrier.

National Roaming gives national mobile telephony providers access to Cyta's mobile network. National Roaming allows subscribers of these providers to use Cyta's mobile network in areas not covered by the national provider's own mobile network.

Access to Cyta's Mobile Network enables national carriers to provide mobile telephony services to their subscribers in geographical areas covered by Cyta's mobile network. Cyta offers access to Service Providers (SPs), Enhanced Service Providers (ESPs) and Mobile Virtual Network Operators (MVNOs).

#### **Broadband Portfolio**

The Broadband Portfolio consists of products relating to Wholesale Broadband Access/Bitstream/Naked DSL, which enable national carriers to provide broadband services to subscribers via Cyta's broadband network.

#### **Infrastructure Access and Leasing Portfolio**

The Infrastructure Access and Leasing Portfolio includes Local Loop Unbundling, Wholesale Leased Lines and Co-location.

Local Loop Unbundling lets national carriers lease Cyta's copper access network in order to provide voice and broadband services to their subscribers. The national carrier's network is connected either at Cyta's main distribution frames or cabinets. Wholesale Leased Lines are circuits on Cyta's network that are leased to national carriers, enabling them to interconnect nodes on their own or their subscribers' networks with their network. Co-location services let national carriers lease Cyta infrastructure (buildings and yards, mobile telephone masts, cable ducts) for the co-location of their equipment.

#### **Additional Services Portfolio**

The Additional Services Portfolio includes Number Portability and Access to the Cyprus Telephone Directory Database.

Number Portability lets subscribers keep their telephone number when they change provider. Access to the Cyprus Telephone Directory Database gives carriers providing Directory Enquiries services (e.g. 118XX) access to Cyta's Cyprus Telephone Directory Database. The database contains basic information (full name, address and telephone number) on the fixed and mobile telephony customers of Cyta and other national carriers. Each carrier is obliged to add to the database information on its own subscribers who have asked to be included.

## **International wholesale market**

In 2010 Cyta continued to offer high quality international wholesale products and services under the Cytaglobal sub-brand to internal and external customers, specifically local and international carriers, business customers and other partners. Cyta has signed bilateral agreements for the provision of wholesale international telephony products for physical and virtual international private leased circuits, Internet access, leasing and concession of international network infrastructure and other services, offering the necessary uninterrupted customer support. The portfolios of international wholesale products and services are analysed below:

#### **Cable and Satellite Interconnection Portfolio**

Cyta provides cable interconnections including indefeasible right of use or lease of cable capacity to local and international carriers,

interconnection of international capacity via its national network as well as extended international capacity from its cable landing stations to equipment co-location premises of licensed national carriers. With the operation in 2010 of the ALEXANDROS submarine cable subsystem, the potential to provide large capacity connections with links was substantially reinforced. Additionally, products for the resale of space segment capacity, satellite links and facilities are also offered. These include the provision of specialised satellite links, international satellite telephony, satellite monitoring and maintenance services and satellite links for the large-scale provision of Internet and data services. Cyta also provides co-location and VSAT services to customers. In 2010 Cyta's satellite services were significantly expanded, providing links to inclined orbit satellites for the mass provision of satellite Internet. The portfolio also contains occasional and regular television transmissions either via satellite or submarine cable systems.

#### **Private Leased Connections and Signalling Portfolio**

Cyta's Private Leased Lines product BusinessLink is aimed at business customers and concerns "physical" international leased connections between Cyprus and other countries. BusinessLink is ideal for applications which require the frequent and fast transfer of data. It is offered via submarine fibre optic cables for speeds from 64kbps to 155Mbps or more and is based on SDH/TDM technology or Ethernet-over-SDH. BusinessLink uses transparent capacity and consequently the capacity allocated to each customer is always guaranteed and available for his/her exclusive use. Furthermore, BusinessLink enables the use of various types of terminal equipment and supports multiple applications, including image, data and voice transmission. Business Link customers receive personal service through their Cyta-appointed business consultant as well as 24-hour technical support. Via Cyta's international telecommunications network, BusinessLink can cover almost any destination in the world. As co-owner of the submarine cables landed in Cyprus, Cyta is able to provide interlinking of connections via the many cable landing stations at its disposal.

Cyta also enables international interconnections for data transfer at guaranteed speeds via Frame Relay products at access speeds from 64kbps to 2Mbps and via ATM products from 2Mbps to 155Mbps. These products are available through special collaborations between Cyta and international providers of Frame Relay and ATM services.

Finally, the portfolio includes common channel signalling facilities for telephony and ISDN services. The product utilizes existing signalling links to Cyta nodes for access to the international signalling network and the provision of Signal Transfer Point (STP) facilities.

#### **Virtual Connections and Internet Portfolio**

Via its CytaWorld.Net platform based on MPLS technology and comprising its own nodes in Lefkosia, Athens and London and other international extensions, Cyta offers International Virtual Private Circuits (MPLS-VPN) as well as International Ethernet-over-MPLS circuits. These circuits are provided via a reliable infrastructure consisting of submarine cable systems which are completely protected via alternative channels, as well as new generation equipment which offers high reliability and is fully protected. A broad range of reliable partners is employed in cases where Cyta's own international network is not being used to the full.

The above products respond to the telecommunications needs of Cyta's business customers for voice, image and data. Service quality is secured through service level agreements. Support for the circuits is provided on a 24-hour basis, seven days a week by specialist staff. At present we are planning to expand the existing MPLS network to neighbouring countries, a move that will enable the expansion of the target customer group in these countries.

Cyta also provides interconnections with the global Internet to national licensed Internet Service Providers (ISPs) via connections to nodes on Cyta's network in Cyprus or abroad. We also offer interconnections with the global Internet to international customers, ISPs and Cyta receivers either via leased satellite or cable connections abroad or their connection to Cyta's network in Cyprus. At the same time Cyta provides global Internet backup access to ISPs in Cyprus or abroad via national or international access to nodes on its network.

#### **Wholesale International Telephony Portfolio**

Cyta offers products for international outgoing traffic to fixed and mobile telephony networks in most international destinations. They are offered on a wholesale basis to internal customers, to satisfy Cyta's retail customers and for resale to licensed providers in Cyprus with interconnections with Cyta.

For the provision of international outgoing telephony, Cyta maintains direct connections with more than 60 telecommunications organisations worldwide. We systematically monitor the increases and reductions to international charges and review the bilateral agreements with our partners accordingly. At the same time Cyta has links with other large telecommunications organisations which provide alternative quality routing to all international destinations. With automated processes and specialist software it supports multiple routing to international softswitch exchanges. In this way we achieve optimum routing for quality and price with the aim of offering excellent quality international telephony at competitive prices. Cyta constantly monitors the quality and availability of all international routing and checks all potential cases of fraud, changing routing accordingly.





At the same time, Cyta provides its international correspondents with termination of incoming traffic on the fixed and mobile networks of Cyprus. It also provides international freephone call products for business customers who wish to receive free calls from abroad.

#### **Additional Services Portfolio**

It contains specialised and personalised products which add value and support to a broad range of international telecommunications products. These services include business customer support consultancy services, international telephone traffic statistics and forecasts, international media restoration services, telephone traffic management services, consultancy services for the administration of submarine cable systems and signalling services for international roaming facilities for mobile telephony.

### **FACILITIES TO THIRD PARTIES**

In 2010 we continued to provide services to civil aviation, merchant shipping and meteorology.

#### **Services to the Department of Civil Aviation**

Cyta provides technical support (the provision and maintenance of equipment) to the Department of Civil Aviation, which is responsible for the smooth, safe, effective and efficient management of air traffic within the Lefkosia Flight Information Region (FIR).

The support provided serves the needs of the Department of Civil Aviation which are based on international standards and the recommendations of the International Civil Aviation Organisation (ICAO), and in compliance with the programmes of the European Civil Aviation Organisation EUROCONTROL.

The broad range of support services includes corrective and preventive maintenance to such a standard as to guarantee reliable and high quality communications between air traffic controllers and aircraft, the monitoring of aircraft movements via radar facilities, the retransmission and exchange of aeronautical information and meteorological announcements. The equipment being maintained includes navigational aids such as VOR, ILS, DME and DF at Larnaka and Pafos airports.

In the context of harmonisation with the programmes of the European Civil Aviation Organisation EUROCONTROL, implementation of the LEFCO project continued with the installation of equipment in the new building belonging to the Department of Civil Aviation at Kokkinotrimithia. The project is due for completion during 2011 and foresees the replacement of the existing Air Traffic Control Centre by a state-of-the-art, next generation one which will contribute significantly to the upgrading of the operational capability and the quality of services provided by the Department of Civil Aviation.

Additionally, in the framework of the project to replace the existing radar system at Kionia, the new system came into operation.

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## Services to the Department of Merchant Shipping

Cyta continued to operate the Cyprus Radio Maritime Station, which serves seafarers and ships at sea.

The main mission of the station is to monitor safety and distress frequencies for ships travelling within the allocated region of the Republic of Cyprus. All relevant messages are transferred to the Joint Rescue Coordination Centre for operational handling. In addition, weather messages and other data are transmitted, covering seafarers' needs for communications of a social and/or other nature.

## Services to the Meteorological Service

We continued to provide telecommunications facilities to the Department of Meteorology, including technical support for the operation and maintenance of the modern Doppler-type meteorological radar system, which enables the study of meteorological phenomena in the broader Eastern Mediterranean region.

the 1990s, the number of people in the world who are poor has increased. The number of people who live on less than \$1 a day has increased from 1.1 billion in 1981 to 1.5 billion in 1999.

There are many reasons for this. One reason is that the world's population has increased. In 1981, there were 5 billion people in the world. In 1999, there were 6 billion people in the world. This means that there are more people in the world who are poor.

Another reason is that the world's economy has not grown fast enough. In 1981, the world's economy was growing at a rate of 2.5% per year. In 1999, the world's economy was growing at a rate of 1.5% per year. This means that the world's economy is not growing fast enough to keep up with the world's population.

There are also many reasons why the world's economy is not growing fast enough. One reason is that the world's resources are being used up. Another reason is that the world's technology is not being used to its full potential.

There are many things that we can do to help the world's poor. One thing we can do is to help the world's economy grow faster. Another thing we can do is to help the world's resources last longer.

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# Subsidiary Companies

## Digimed Communications Ltd

Digimed Communications Ltd is a wholly-owned subsidiary of Cyta, which was created with the aim of realising the strategy for the vertical and horizontal expansion of the Organisation's activities.

Growing competition in the local and international markets makes Digimed's contribution to the Organisation's response to the challenges of today's telecommunications business environment a necessity.

This fact makes it all the more imperative that Digimed Communications Ltd is able to carry out its task of coordinating and supporting Cyta's subsidiaries in collaboration with the relevant management unit of Cyta so that their operations create synergies and to align itself with the strategic and business aims of the Organisation to expand its activities abroad and to compete its portfolio of products in the local market.

In the framework of the Organisation's strategic expansion, the company's main aim remains that of supporting Cyta Hellas SA, which represents Cyta's most significant investment abroad.

## Cyta Hellas SA

In 2010 Cyta Hellas SA continued to expand into new areas of Greece, showing an extremely high rate of growth.

Starting in March 2010, services were gradually activated in Katerini, Larissa, Volos, Lamia, Patras and, at the end of the year, Athens.

During the year, the number of active customers rose from 51.000 to 127.500, despite the fact that in its new areas of activity there was already intense commercial competition. Customers' trust in Cyta Hellas was clear from the very low rate of customer churn compared to the rest of the market and from the fact that in almost every area in which it had a presence the company ended the year having attracted more new customers than its competitors.

The provision of products to the Greek business market was introduced, opening up new horizons of activity for the company.

By December 2010, the company's own optical network was some 1.860km in length and there were 251 exchanges to cover the services. Investing in a direct relationship of trust with its customers, by the end of 2010 Cyta Hellas had opened eight Cytashops and had a large number of technicians in all areas of its activity ready to provide the best possible service to its subscribers.

Moreover, the company obtained ISO9001:2008 quality certification and, despite the fact that it has only been operating for two and a half years, it is the only company in the Greek fixed telephony market to have been thus certified for all its activities.

During 2011 a large number of exchanges will be activated in the Attica region and 17 large exchanges in rural areas through which it will cover almost 60% of the country's available telephone lines.



Furthermore, the company plans to extend its optical network with the objective of covering the greater part of the areas in which it is active mainly via its own infrastructure. In this way the company will, on the one hand, be able to reduce its operating costs with a parallel increase in its value and, on the other, improve the quality of the services it provides.

## Cyta UK Ltd

Cyta UK has its own telecommunications node, based on the IP-MPLS protocol and housed on the premises of Telecity Redbus Ltd in London. The node is part of the CytaWorld.Net international network owned by Cyta. It is linked via a Cyta-owned submarine optical ring to similar telecommunications nodes in Lefkosia and Athens owned by Cyta and CytaGlobal Hellas SA respectively.

In conjunction with Cyta and Cytaglobal Hellas SA, the company provides international virtual private network leased connections to providers and corporate customers in the United Kingdom and elsewhere while it also offers occasional co-location services, local loops and other local interconnections on a resale/leasing basis within the UK via its associates and other subcontractors. The company is also in a position to offer, in conjunction with Cyta, wholesale interconnection services for voice, signalling and Internet traffic.

Since December 2005, the company has provided fixed telephony services to the UK retail market based on the carrier pre-selection model, and the competitively-priced packages of products that it has developed, specifically Cytatalk and Cytabusiness which are aimed at home and business customers respectively in the Greek-speaking community. The company also provides additional facilities such as leased lines, resale of mobile telephony services, hosted IP Centrex - PBX and others, while since December 2009 it has been active in the provision of broadband Internet services.

## Cytacom Solutions Ltd

In 2010 the mission and main aims of Cytacom Solutions Ltd were crystallised.

### Our Mission:

To design and manage innovative communication and IT solutions, fully adapted to the needs of every customer. We make the most of our customers' telecommunications infrastructure and state-of-the-art technology in order to offer specially designed solutions to small and large businesses, helping them to benefit from the potential of technology and improve their entrepreneurship.

### Our Vision:

To be the company of choice for the design and provision of specialised integrated communications and IT solutions to organisations and businesses in the Cypriot market with the following products:

- Cabling in buildings
- PBXs
- Networking equipment
- Project management & consultancy services
- Provision of integrated IT solutions
- Single Stop Shop for ICT

The company's long-term objectives are:

- To maintain its position in the Cypriot market as one of the most outstanding organisations providing integrated solutions.
- Increased turnover and profitability.
- The development of a corporate culture and image and incentives to reinforce personnel faith and dedication.
- Continuous personnel training in new technology so that the company becomes a Cisco, Microsoft and HP Partner. The aim is for Cytacom to have a core team of top engineers with which to serve its customers.
- To support and complement Cyta's new products in the Solutions and Convergence Services management sector.

## Cytaglobal Hellas SA

Cytaglobal Hellas SA was established in Athens on 5 November 2003 as Cyta Hellas SA, a wholly-owned subsidiary of Digimed Communications Ltd. On 2 January 2007, following a decision taken at an extraordinary general meeting of the shareholders, the company was renamed Cytaglobal Hellas SA and the right of use to the brand name Cyta Hellas assigned to another subsidiary.

The company has its own high-tech telecommunications node, based on the IP-MPLS protocol and housed on the premises of Mediterranean Nautilus Greece SA in Athens. The node is part of the CytaWorld.Net international network owned by Cyta and is linked via a Cyta-owned submarine optical ring to similar telecommunications nodes in Lefkosia and London owned by Cyta and Cyta UK Ltd respectively.

The company operates in collaboration with Cyta and Cyta UK Ltd for the provision of international virtual leased interconnections to providers and corporate customers in Greece and elsewhere while it also offers occasional co-location services, local loops and other local interconnections within Greece on a resale/leasing basis via its associates and other subcontractors. Moreover, in collaboration with Cyta, it is in a position to offer wholesale voice, signalling and Internet interconnection services.



## Emporion Plaza Ltd

Emporion Plaza Ltd complements Cyta's portfolio of products and services, offering top quality and competitive integrated e-commerce and online solutions. The company's main activities include:

- Development and design of e-commerce solutions.
- Design and development of Internet and Intranet portals.
- Content Management System (CMSQuick).
- The webSMS.com.cy service for bulk SMS delivery.
- The prepaidcards.com.cy for the online purchase of soeasy top-up time.
- Dedicated software applications for web solutions via Live Streaming.
- Microsites and mobile marketing.
- Interconnection of Internet applications and IT systems.
- Domain name registration and renewal.
- Web hosting.

The e-commerce solutions service offers the design, development and hosting of the e-shop, consultancy services for the development and management of the catalogue of products for the e-shop, continuous technical and business support and e-shop management training. Emporion Plaza Ltd offers e-stores to be hosted at [www.eplaza.com.cy](http://www.eplaza.com.cy) or the infrastructure for independent e-stores which are hosted under their own domain name.

It expanded the dedicated online service for bulk SMS delivery ([www.webSMS.com.cy](http://www.webSMS.com.cy)) for overseas networks while offering new facilities to customers such as longer messages, different messages according to the recipient, etc. This project has established Emporion Plaza in the e-commerce and bulk SMS delivery sectors and strengthened the company's

mission to provide integrated electronic solutions to its customers.

The web solutions service includes end-to-end Internet portal development, including organisation, programming and graphic design, the development of content management systems and web hosting as well as the maintenance and upgrading of existing portals. In the sector of dedicated e-commerce networking solutions, Emporion Plaza developed the online application Cytanet Live Streaming for Cyta, enabling pay per view of live or recorded football and basketball games via an Internet portal. In 2010 the second stage of expansion of the management and organisation potential of the Cytanet Live Streaming application was completed with the addition of new facilities.

In 2010, Emporion Plaza Ltd enhanced its CMSQuick content management tool with new functions. The CMSQuick content management system was expanded with a package of new facilities such as property management, content management for registered users, and product catalogue management while, at the same time its management infrastructure was upgraded for easier and more user-friendly content management. Additionally, a new system interface has been developed in order to cover the specialised needs of customers for online sales of their products with automatic updating of the catalogue via the CMSQuick interface and the systems used by customers.

Also, it is important to note the constant compatibility of the system with the WCAG 2.0 and W3C guidelines for better-designed website navigation so that they are accessible to users with disabilities. This is something we continued to ensure during the year under review.



Finally, the soeasy top-up service was upgraded and expanded for sales abroad via the Internet portal [www.prepaidcards.com.cy](http://www.prepaidcards.com.cy).

### **Iris Gateway Satellite Services Ltd**

Iris Gateway Satellite Services Ltd provides satellite turnaround of radio and television programmes between Europe, Asia and America from the Makarios Satellite Earth Station.

In addition to satellite connections, Iris also offers services via submarine cable systems in collaboration with Cyta's National and International Wholesale Market Department, providing integrated solutions to customers interested in distributing their services to various locations internationally via a combination of fibre optic cables and satellites.

During 2010, Iris continued to broaden its activities with the provision of occasional television transmissions on a large scale. At the same time, the company started to provide VSAT services in cooperation with Cyta's National and International Wholesale Market Department and additional support for Cyta's satellite services.

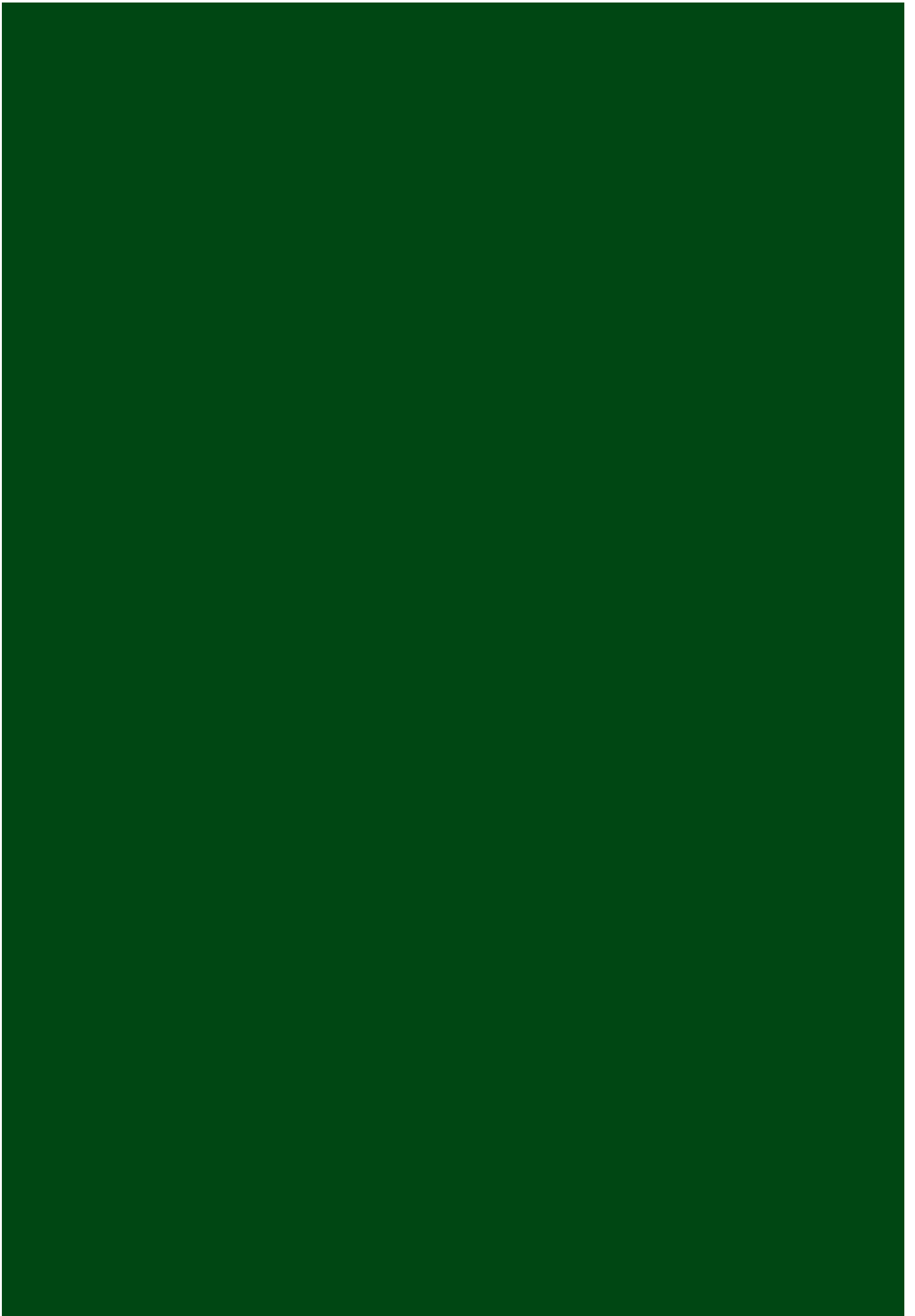
### **Bestel Communications Ltd**

Bestel Communications Ltd was established in May 2001 as Bestelcomms and became active in September of the same year. The company is a joint venture between Cyta and the ZTE Corporation, one of the largest telecommunications equipment manufacturing corporations in China.

Bestelcomms' mission is to support ZTE's internationalisation efforts and to provide integrated telecommunications solutions.







# Network

2010 was a milestone in the evolution of Cytavision. During the year we determined our strategy regarding the introduction of new services. We also completed the installation of decoders for High Definition (HDTV) transmissions and continued to add new channels. Having secured the broadcast rights to most of the UEFA Champions League and Europa League matches for 2009-2012, we also show them online, as we do the games of the Cyprus League Championship.

We continued to expand the Wavelength Division Multiplexing (WDM) network, offering services at very high speeds to other networks of our Organisation but also to corporate customers whose needs can only be satisfied via this technology. Furthermore, we obtained and brought into operation new high-precision cesium clocks from which the signal that synchronises all Cyta's networks is transmitted, thus securing their smooth operation.

The upgrade to 10Gbps of the main national connections of the Cytanet network was completed, with the simultaneous implementation of two 10Gbps connections to the broader Internet. The upgrades were implemented to enable the Cytanet network to respond to the constant increase in traffic, to improve its operational state and for its management to be more efficient.

During 2010, in collaboration with Telecom Egypt, we brought into operation the first of the two sections of the new Cyta-owned ALEXANDROS submarine cable subsystem, specifically the Cyprus-France section. The ALEXANDROS subsystem maximises interconnection in the Mediterranean and reinforces the robustness and reliability of Cyta's international submarine cable infrastructure.

## Central telecommunications network management system

The Network Operations Centre (NOC) is the benchmark by which issues pertaining to the securing the functionality of our Organisation's networks and services are measured. Its main activities concern network supervision and maintenance and faults management 24 hours a day, 7 days a week.

We activate and support services and additionally monitor network quality with recently-purchased special measuring tools which have been installed on the network.

## Value added services

In 2010, with the aim of providing an expanded range of high-quality and reliable electronic communications services which add further value to our organisation's basic infrastructure and services, we completed a number of important development projects.

2010 was a milestone in the development of Cytavision.

During the year we determined our strategy regarding the introduction of new services, aiming at a complete upgrade of the relevant infrastructure during 2011. During the year we also completed the installation of decoders for High Definition (HDTV) transmissions and continued to add new channels. New facilities were also introduced such as Caller ID display on TV and Pay per View.

Having obtained the screening rights to most UEFA Champions League and UEFA Europa League matches for the period 2009-2012, we also transmit all games online, as we do with Cypriot football matches. Viewers thus have the option to watch the games online when they wish, either live or recorded, via a broadband connection and to pay by credit card.

During the year under review, we completed the installation and operation of the new SMS delivery service enabling real time charging. We also designed and implemented a system enabling the delivery of premium SMS to other service providers whereby a Mobile Terminating (MT) charge is made. The system monitors and allows the delivery of such messages only when the customer has opted into the service. This service was considered essential for the protection of our customers from the possible abuse of the system whereby an MT charge could be made by the providers of such services.

## Transmission network

In 2010 we continued to expand the WDM (Wavelength Division Multiplexing) network, offering very high speed services to other networks of the Organisation as well as to large corporate customers whose needs can only be met with this technology. The WDM network, in conjunction with the SDH (Synchronous Digital Hierarchy) network, is capable of serving any network and customer needs at speeds from 2Mbps to 10Gbps with the highest level of reliability currently available. These networks operate via optical fibres that are set up in such a way as to enable uninterrupted service even when there is a fault in a particular fibre.

In 2010 we obtained and brought into operation new high-precision cesium clocks from which the signal that synchronises all Cyta's networks is transmitted, thus securing their smooth operation.

## Core networks

We upgraded the core mobile telephony network to support High Speed Downlink Packet Access (HSDPA) data services at transmission speeds of up to 32Mbps.

Installation and monitoring of the latest equipment was completed for the creation of a common core network for



the 2G/3G networks on the mobile communications network. The new softswitch network will be used for full transmission of voice traffic via the backbone IP/MPLS network.

The project to converge fixed and mobile communications services has been completed. The IP Multimedia Subsystem (IMS) capacity was expanded and its equipment upgraded for the provision of telephony via broadband access to customers of Cyta Hellas in Greece.

During the year under review, work continued on the transfer of international telephony functionality to the softswitch network in order to provide high quality international communications. The softswitch network was completely updated with new media gateways and work was completed on the creation of nodes abroad with the installation of media gateways in Greece and the UK with the objective of handling international traffic from these countries and the subsequent optimisation of Cyta's international IP/MPLS network.

At the same time, we continued to expand the core IP network to provide support for DSLAM/MSAN in new areas and for Ethernet business products.

The DSL Access and Cytanet network was upgraded to support a larger number of customers at higher speeds.

We completed the upgrade to 10Gbps of the main national connections of the Cytanet network, with the simultaneous implementation of two 10Gbps connections to the broader Internet. The upgrades were implemented to enable the Cytanet network to respond to the constant increase in traffic, to improve its operational state and for more efficient management. Work was completed on a geographical backup system for Cytanet's international connections to the broader Internet. In this context, termination of part of the international connections takes place at equipment in the Lykavitos building, beyond the Latsia building where, until recently, all international connections terminated.

Regarding the soeasy pay as you go mobile telephony service, upgrading has begun to a newer software version. The most significant aspect of the new version will be flexibility in data transfer charging.

## Access network

### Wireless access network

In 2010 we continued to develop the wireless access network for mobile telephony with the installation of new GSM and 3G base stations. Although problems persist regarding the acquisition of suitable sites, due to the fact that the legal requirements concerning the licensing of such stations have not been fully implemented, we succeeded in increasing the number of base stations by 66 (6,5%). Population coverage



of the GSM network exceeded 99% while geographical coverage reached 96,8% of the government-held areas of Cyprus. The corresponding coverage for the 3G/HSPA network was 85% and 57,8% respectively. We also carried out substantial upgrades to the mobile telephony networks with the aim of updating them and maximizing their efficiency.

During the year we again carried out two series of electromagnetic field tests at every Cyta base station in the context of fulfilling the conditions under which licenses are issued for the operation of mobile telephony networks. So far we have completed ten series of tests. The results of the latest tests were no different from those obtained on previous occasions and the highest values recorded in areas where mobile telephony equipment is installed do not exceed 2% of the maximum acceptable exposure levels determined by law.

At the same time, we continued to install new Wi-Fi Hotspots, increasing the total to 120, while proceeding to realise our aim of developing larger-scale Wi-Fi networks in specific areas where interest has been shown in reviving them, making a start with the Wi-Fi mesh network in the centre of Lemesos which will be developed in collaboration with the Cyprus University of Technology.

#### **Line access network**

In 2010 we continued to develop and upgrade the broadband access network using Asynchronous Digital Subscriber Line (XDSL) technology.

Specifically:

- We continued to install outdoor MSANs (VDSL2 technology) in areas at some distance from a telephone exchange and closer to customers' premises, thereby enabling more customers to have access to broadband services such as fast Internet and interactive television. The percentage of coverage for telephone connections that can access broadband services is now 96,5%, of which 93,5% can enjoy interactive television.
- We continued to expand the broadband network to isolated rural areas through the use of microwave links so as to cover the remaining 3,5%. From a total of 300km we completed 230km and by the middle of 2011 we expect to have achieved our goal of 100% coverage.
- We planned and completed the necessary preparations for replacing the equipment of older MSANs with VDSL2 and procured VDSL2 terminal equipment to enable access speeds of up to 70Mbps.
- We completed the connection of all broadband lines to the Network Analyzer for monitoring, corrective and preventive maintenance, which will enable drastic improvements to the services received by customers.
- We have planned and are ready to start implementing the strategic Fibre to the Home (FTTH) project.

## Strategic network planning

In the framework of Cyta's efforts to remain at the cutting edge of technology and innovation, it operates a Strategic Network Planning department. A key activity of the department aims at the systematic monitoring of technological developments in the telecommunications sector and the distribution of the relevant information throughout Cyta. Using this information as a springboard, new technologies and global trends are studied systematically and in depth, contributing to better strategic decision-making with regard to issues concerning the adoption and introduction of new technologies. These studies contribute to Cyta's long-term network architecture planning with the aim of optimising the network and offering new and innovative high quality services.

Furthermore, as a member of international telecommunications organisations, Cyta is represented on various working committees and participates in conferences. Such organisations are the International Telecommunications Union (ITU), the Association of European Telecommunications Network Operators (ETNO), the Commonwealth Telecommunications Organisation (CTO), the TeleManagement Forum and the Broadband Forum.

We continued to take measures to guarantee data security and to prevent and detect telecommunications fraud.

## Technological intelligence

The Technological Intelligence Management Department aims at the systematic monitoring of technological developments in the telecommunications sector and forwarding all relevant information to Cyta to ensure that strategic decisions on the adoption and introduction of new technologies are taken under the best possible circumstances.

To achieve this aim, we developed an online data gathering and evaluation system via which around 60 of the most reliable sources of technological information are monitored on a daily basis. From these, some 500 news items are automatically generated every day. These are assessed and a selection is made of those of interest to Cyta. The selected information is then classified according to its content and entered into the Competitive Technological Intelligence System from where it is distributed to interested members of personnel.

## Research and development

Cyta is a stakeholder and active member of the European Foundation EURESCOM, which carries out high-level research into and strategic studies on telecommunications and IT issues. Cyta was also an active participant in the EU's Safer Internet programme.

## New technologies

New technologies and trends are monitored systematically and, wherever necessary, studies are carried out on these





technologies and their potential for implementation by Cyta. Additionally, we identify existing networks and technologies approaching the end of their useful life and study the various options available for their subsequent transformation. The result of these studies is integrated network architecture planning. Planning is always carried out with the aim of maximising network capability and the adoption of new capabilities and technologies that will enable the introduction of innovative services.

### **Data and network security/ telecommunications fraud**

In accordance with Cyta's Vision and Mission, the security of networks and products is integrally linked to quality and together they give our Organisation a competitive edge.

Cyta ensures that its personnel, customers and associates are regularly updated with information with the objective of raising awareness and vigilance concerning telecommunications fraud and information security.

#### **Information and network security**

Our Organisation is active in matters of information security via the implementation of specific measures and processes such as regular security checks and hacking attempts, physical security/guarding and the monitoring of online access.

On issues of information security and the protection of personal data, we follow a holistic approach based on risk assessment methodologies and international standards.

Over and above the ISO27001:2005 certification process

for selected services/networks, at a corporate level with the aim of ensuring the security of all our main processes, an Information Security Management System (ISMS) is in place with information security liaisons in all departments of Cyta, an Executive Advisory Committee, etc.

#### **Telecommunications fraud management**

We take measures to prevent and stamp out telecommunications fraud, a phenomenon that is assuming increasingly worrying dimensions all over the world. For the detection and investigation of instances of fraud against Cyta and its customers, a specialist team using dedicated technology works in conjunction with various services within and outside the Organisation.

### **International cable and satellite network**

During 2010, in collaboration with Telecom Egypt, we brought into operation the first of the two sections of the new Cyta-owned ALEXANDROS submarine cable subsystem, specifically the Cyprus-France section. The Cyprus-Egypt section has been completed technically and is due to come into commercial operation in 2011. The ALEXANDROS subsystem maximises interconnection in the Mediterranean and reinforces the robustness and reliability of Cyta's international submarine cable infrastructure.

There are currently nine international submarine fibre optic cable systems and subsystems landing at Cyta's cable stations as follows: (i) SEA-ME-WE 3, (ii) MED NAUTILUS-LEV, (iii) APHRODITE 2, (iv) CIOS, (v) CADMOS, (vi) UGARIT, (vii) MINERVA, (viii) ALEXANDROS (Cyprus-France) and (ix)



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ALEXANDROS (Cyprus-Egypt). In 2010 work continued on upgrading the UGARIT and CADMOS submarine cable systems with the Syrian Telecommunication Establishment (STE) and the Lebanese telecom operator OGERO. The project is due for completion around the middle of 2011. Cyta's latest submarine cable subsystem (ALEXANDROS) with separate optical fibres to Egypt and to France, and a maximum capacity of 96x10Gbps per direction enables, in conjunction with other existing systems, the optimum performance for Cyta's business needs and the broader interests of Cyprus, maximises the potential for interconnectability in the Mediterranean and reinforces the robustness and reliability of Cyta's international infrastructures.

From the standpoint of business continuity, it offers the possibility of alternative routes to Europe, and interconnections with all present and future cable systems between Asia and Europe, via the Suez Canal and landing in Egypt.

Cyta's international systems are complemented by 25 satellite earth stations providing access to major satellite systems such as Intelsat, Eutelsat, SES World Skies, AsiaSat, ABS and Arabsat, which ensure global connectivity. Satellite communications are developing rapidly and contribute substantially to the reinforcement of the regional telecommunications hub with relay services for radio and television broadcasts, telemetry, satellite tracking and monitoring and satellite Internet.

Through its participation in the above-mentioned cable and satellite systems and other privately-owned regional, trans-atlantic and global cable systems that are used as extensions of the systems landing in Cyprus, Cyta has established its

leading role in the broader region, making Cyprus an excellent telecommunications hub in the Mediterranean, offering business opportunities via access to new markets and excellent service to cover Cyprus's retail and wholesale international telecommunications needs.

Cyta's uninterrupted cable and satellite services are provided with 24-hour support and, like its other business activities, they have obtained ISO9001:2008 quality certification and given a 5-star ranking by the European Foundation for Quality Management (EFQM).

the 1990s, the number of people in the UK who are employed in the public sector has increased from 10.5 million to 12.5 million, and the number of people in the public sector who are employed in health care has increased from 1.5 million to 2.5 million (Department of Health 2000).

There are a number of reasons for this increase. One of the main reasons is the increasing demand for health care services. The population of the UK is ageing, and there is a growing number of people with chronic conditions such as heart disease, diabetes, and cancer. This has led to an increase in the number of people who need to be treated in hospitals and other health care settings.

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# Financial Report

## Summary of results

In 2010, despite the fact that it was a year in which the financial crisis was already under way and the economy showed almost zero growth, Cyta's operating profits rose by 2% or €1,5 million.

**Earnings after tax**, which are transferred to reserves, rose to €69,2 million compared to €66,7 million in 2009.

**Earnings before interest, tax, depreciation and amortization (EBITDA)** fell slightly, amounting to €149 million compared to €150 million in 2009, while the EBITDA margin was 31% (2009: 32%).

## Operating revenue

**Operating revenue** for 2010 rose by €3,4 million over the 2009 figure.

Operating revenue was affected on the one hand by an expected reduction in revenue from fixed telephony (€5,8 million or 5%), and on the other by an increase of €5,4 million in revenue from broadband services and Cytavision. Revenue from Cytavision rose by 12%, which is considered highly significant considering how intense the competition has been in the past two years.

Total revenue from mobile telephony fell by €1,8 million or 1%, due to a drop in revenue from international mobile telephony of €4,7 million. This was expected because of reductions made to International Roaming charges in order to conform with the relevant European International Roaming regulation.

At the same time there was an increase of €2,9 million to revenue from national mobile calls, an increase which is considered significant during the drawn-out financial crisis we are still experiencing.

In addition to the above, operating revenue was also affected by an increase of €2,1 million from the Internet service and €3 million from the availability of space segment capacity on submarine cable systems and from satellite services.

## Operating expenses

**Operating expenses** for 2010 remained at more or less the same level as for 2009, since there was a small increase of €2 million or 0,5% resulting from the organisation's policy of optimal cost management.

## Investments in subsidiaries

During the year under review, Cyta invested €10 million in its subsidiary Digimed Communications Ltd. The aim of the investment was to enable the expansion of the activities of its subsidiary Cyta Hellas SA. in the sector of broadband services in Greece.

## Capital expenditure

**Capital expenditure** amounted to €95 million compared to €84 million in 2009. It was financed exclusively by Cyta's own funds.

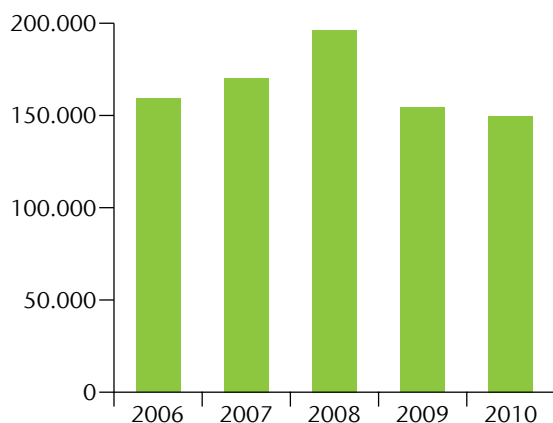
## Liquid funds

Total **liquid funds** in banks amounted to €242 million (2009: €256 million) and in bonds to €45 million (2009: €69 million). The availability of liquidity funds Cyta's development plan and its investments.

## Reserves

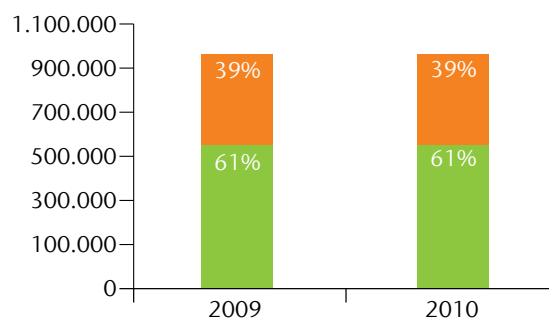
The Organisation's capital **reserves** as of 31 December 2010 amounted to €861 million, having been reinforced by a surplus of €69 million but reduced by the dividend of €80 million paid to the Republic of Cyprus.

## Earnings before interest, tax, depreciation & amortization (EBITDA) (€'000)



	2006	2007	2008	2009	2010
EBITDA (€'000)	158.669	175.149	189.515	149.670	149.019

## Total assets (€'000)



	2009	2009	2010	2010
Non-Current Assets	594.563	61%	584.690	61%
Current Assets	380.757	39%	381.300	39%

## Operating revenue & operating expenses (€'000)



	2006	2007	2008	2009	2010
Operating Revenue	425.751	453.600	484.329	463.036	466.470
Operating Expenses	357.931	358.823	372.392	388.616	390.569

## Cash flow from operating and investment activities (€'000)



	2006	2007	2008	2009	2010
Cash Flow from Operations	190.656	119.735	179.757	113.670	131.621
Development and Investment Expenses	43.405	64.539	65.444	26.705	47.253
Revenue from Investments, Interest and Other Revenue	116.219	106.237	75.836	114.154	104.701

## Five-year financial summary

	2006 €m	2007 €m	2008 €m	2009 €m	2010 €m
Operating Revenue	426	454	484	463	466
Operating Surplus	68	94	112	74	76
Total Assets	984	992	1.036	975	966
Total Liabilities	196	133	152	104	105
Reserves	777	859	884	871	861
Cash Flow from Operating Activities	191	120	180	114	132
Capital Expenditure	(73)	(42)	(10)	(87)	(57)

# Offices and Cytashops

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- Egkomi - 1, 28<sup>th</sup> October Avenue
- Lakatameia - 62, Arch. Makariou III Avenue
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