2013

ANNUAL REPORT

cyta

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Cyta is the trade name of Cyprus Telecommunications Authority

Message from the Chairman

2013 was a crucial year for Cyta. It was a difficult year that rocked the Organisation to its foundations but, at the same time, placed it on a new, forward-looking course, based on its own principles and objectives, which have worked miracles and provided Cypriot society with the tools enabling it to journey with the rest of the developed world along the avenues of evolution and development.

It was only in October of this crucial year that, under extremely unusual circumstances, I was honoured to be appointed Chairman of the Board of Cyta, amid the prevailing financial crisis and following agreements with the country's international lenders on changes to the Organisation's status. Indeed, the composition of the new Board was only finalized at the start of the New Year.

The last few years have been turbulent ones for Cyta, which has endeavoured to deal with many difficult situations and problems, especially those arising during the second half of 2013, with the "haircut" of bank deposits and obvious impact of the financial crisis. Despite this, our coordinated efforts to implement our existing strategy succeeded and, as a consequence, the financial results for 2013 are more than satisfactory, with profits double those of 2012.

Firm foundations for the new era

The Organisation's firm foundations and its highly proficient personnel have acted as a powerful bulwark against the blows that it has been receiving throughout this time, enabling the implementation of its development plans and the creation of new products and services, in order to deal successfully with competition by offering its customers all the latest developments in technology in a reliable and consistent manner.

Cyta is synonymous with progress and growth and has been a main pillar in the development of the Republic of Cyprus, its economy and society since the Organisation's establishment. It has provided long-term, unceasing support to the country, depositing hundreds of millions of euros into the state coffers in the form of a dividend from its profits. In times of crisis and need, in particular, such as the one we are currently going through, it has responded positively on two occasions to the State's request for a loan so as not to be forced to default on payments.

Since the middle of last year, all the talk has not been about this contribution but it has tended to focus on the various scenarios being proposed concerning a change to Cyta's status. These scenarios, which have arisen in the framework of the agreements signed with our international lenders, are on the agenda of the Organisation's Board and Management.

For the Board, this is an additional duty to that of ensuring Cyta's continued smooth operation and increasing its value, once reorganisation has taken place and the mistakes of the past have been corrected. It is a heavy responsibility and a difficult task but one that we are carrying out with great respect in order to give Cyta the opportunity to continue its successful course in the new era.

Success at home and abroad

Our latest achievements reflect the expectations of our customers and, indeed, the country.

Cyprus: A communications hub
In 2013 an agreement was signed with the Lebanese Ministry of Telecommunications for the provision of capacity on the ALEXANDROS sub-system, together with a Memorandum of Understanding for the laying of the new EUROPA cable system linking Cyprus and Lebanon, and work began on drawing up the contract for its construction and maintenance. The laying of the new POSEIDON undersea cable system was completed, together with its connection to the Offshore Communication Backbone (OCB) monitoring system, thereby achieving the convergence of oceanography and telecommunications for the offshore hydrocarbons industry in the Eastern Mediterranean.

There are now nine existing international undersea cable systems and fibre optic sub-systems landing at Cyta stations in Cyprus, while the Organisation's international connectivity includes more than 30 satellite earth stations providing access to the major satellite systems.

Through its participation in all these cable and satellite systems, as well as in other regional and global cable systems, which are extensions of the systems landing in Cyprus, Cyta has consolidated its leading role in the broader region, establishing the island as an important telecommunications hub in the Mediterranean, offering business opportunities in new markets and excellent service to the retail and wholesale telecommunications markets.

Cyta Hellas SA
2013 was characterized by fierce competition among the electronic communications providers in Greece, as each

endeavoured to obtain the biggest possible customer base in a market that was already showing the first clear signs of saturation.

Despite the intense pressure and the large number of special offers being made by the competition, we increased the number of active customers by 5.2%, thus maintaining the upward trend.

As for the financial results, for the second consecutive year we reduced operating expenses and overall losses, while achieving a small increase in the company's turnover.

At the end of 2013, Cyta Hellas made the successful digital TV service Cytavision available in Greece and, from the very first weeks, it was widely accepted by the company's customer base. This development came in response to moves by our competitors to offer combined telephony and television services.

July 1, 2014 sees the start of the provision of mobile telephony services and the maturing of subscriber television services, a development that will make Cyta Hellas a 4play provider, enabling it to offer integrated communication and entertainment solutions to its customers.

Cyta will continue to make history

As 2013 ends with difficulty but, nonetheless, successfully, I am convinced that through teamwork and by basing our effort on this superb Organisation's firm foundations, Cyta will remain profitable and up-to-date since it possesses the infrastructure, the knowledge, the experience and the human resources to succeed.

Our primary duty is to increase the value of the great Organisation, which was created by – and belongs to – the people of Cyprus, and to take it into the new era, while maintaining the trust and confidence of our customers and continuing to be their first choice.

I express my thanks to the Government and all the other responsible bodies for their cooperation and call upon them to stand beside us at this difficult time so that we may achieve our own objectives and our obligations to our international lenders.

Christos Patsalides
Chairman

July 2014

Message from the Deputy Chief Executive Officer

2013 was a financial year that Cyta experienced under the most adverse conditions. On the one hand, a decline in value, a problem faced on a global scale by all telecommunications companies, and on the other the consequences of the financial crisis in Cyprus which directly affect consumers and businesses, slowing growth and undermining viability and require significant reforms that touch upon the Organisation's legal status.

Amid these difficult circumstances, we remained focused on our mission to provide reliable integrated electronic communication solutions that improve our customers' way of life and their productivity.

Despite the intense and unfair competition we face and the regulatory obligations that limit our flexibility in the market, we remain the first choice of Cypriot consumers.

Growth is synonymous with our course

The 2013 results confirm our comparative advantages and the correctness of our strategic choices. Above all, however, they represent the proof of our effective handling of today's increased challenges, as is expected of a pioneering organisation such as Cyta.

In 2013 we continued to work in a prudent and determined manner, guided by our long-term relationships with our customers and our total confidence in the ability of Cyta's human resources to implement their widely recognised high standard of knowledge and specialist training.

This is why we boldly set out our vision in this constantly developing environment, implementing new business models that strengthen our outward-looking approach, increase innovation and provide direction for our growth trajectory.

With steady, well-planned steps, we continued to introduce new, pioneering services to the market and to improve existing ones. We aimed at synergies in our business activities, the optimum use of our technological tools and digital/media applications, once again confirming our mission to systematically introduce quality services that simplify our customers' daily lives.

And we did not stop there, we aspired to join the innovation ecosystem by playing a key role in the support of start-ups and, more generally, in the growth of entrepreneurship in Cyprus. At the same time, we instigated a study into the adoption of intrapreneurship within Cyta, following the practices of other pioneering organisations worldwide.

Development of innovative services

In total compliance with our commitment to the Cypriot business market, we continued to enrich our portfolio of Cloud Services with economical solutions that reinforce entrepreneurship and increase competitiveness, such as Panda Anti-Virus, Microsoft Dynamics CRM and SAP Business All-in-One.

We are proceeding swiftly to update the Hosted Exchange service to its latest release and planning the introduction of disruptive services that guarantee business customers access to a modern IT infrastructure through a leasing option rather than the traditional approach requiring the purchase of products and equipment.

We have determined our strategy for making the Organisation active in new sectors such as Electronic Financial Transaction Services and we are entering areas such as automatic water consumption management, digital signature certification, merchant shipping, e-health and e-government.

We secured cooperation with local academic institutions, with the aim of encouraging the mutual diffusion of scientific and professional knowledge and experience so as to facilitate, on the one hand, participation in joint research projects at a European level and, on the other, the identification of projects in areas of mutual interest and, additionally, increasing student internships at Cyta.

A passion for technology

In the area of mobile telephony, we continued to operate in an intensely competitive environment, which is also influenced by global technological developments and by the European Union's ongoing regulation of international roaming services. Nonetheless, we remain by far the consistent first option in mobile telephony in Cyprus.

Confirmation of this came in the introduction of the new pay monthly RED plans, representing the most integrated communication proposition, designed in response to the demands of today's new and existing customers and offering unlimited talk time and text messaging to all networks, freedom of choice regarding devices, plenty of MB for carefree browsing with complete control and the security of a reliable network. At the same time, for soeasy pay as you go customers, we

introduced soeasy Freebies plans and upgraded the twin SIM service to MultiSIM, enabling customers to make simultaneous use of two SIM cards to make calls, send text messages and browse the Internet.

Cytamobile-Vodafone plans offer access to countless services that are being updated daily so as to respond in the best possible way to all our customers' needs.

Meanwhile, aware of our responsibilities as the largest Internet Provider in Cyprus, we continued to progress in 2013 with significant network development projects and the provision of upgraded services at more attractive prices.

With an emphasis on improving network quality and reliability and, by extension, the quality and reliability of the services we provide, we proceeded to carry out various upgrading and development projects.

Moreover, we continued to upgrade Cytanet's internal network infrastructure, gaining a significant increase in the total capacity of our connections to the global internet, which exceeded 40Gbps.

The year saw our efforts at technological innovation rewarded as our Broadband Telephony (BBT Home and BBT Business) significantly increased its customer base. Broadband Telephony enables the use of several telephone lines on the same premises, giving each member of the family or business his/her own telephone number. At the same time, it enhances customers' telephone experience through lower charges and other significant privileges such as the ability to make voice and video calls from a computer using their fixed Cyprus number wherever they may be in Cyprus or abroad and the chance to benefit from local call charges when abroad.

In the subscriber television sector, Cytavision, which is the most complete subscriber TV platform in Cyprus, provides entertainment and information for all tastes, with a large variety of popular themed channels and a broad range of interactive services, with live and exclusive local and international sports broadcasts from Cyprus and abroad.

Cytavision is a key component of our 4Play service (fixed & mobile telephony, internet and television), contributing decisively to its added value and its differentiation from what our competitors are offering. To this end, we are constantly investing in new content, new and innovative applications, new services and new partnerships.

Fast, quality customer service is a key pillar of our strategy

During the financial crisis, we listened to our customers' concerns and adapted our strategy to make it easier for them to deal with the current adverse circumstances. We focused our efforts on finding economical solutions, while maintaining the advantages of technology for our customers. Despite the difficulties we are facing, we did not reduce what we offer; on the contrary, we maximized the support and end-to-end service offered to business and residential customers.

As part of our efforts, we strengthened our customer-centric approach and upgraded service in our stores, focusing on extending opening hours to bring them into line with the rest of the market.

We reinforced our specialized network of Telecommunications Consultants who offer personal service to large, small and medium size businesses, supporting them as they choose the ideal and, at the same time, most economical solution for them, always with the quality expected of Cyta.

Looking to the future with optimism

In 2013 we remained productive, creative and profitable, despite the particularly unfavourable conditions. We made the most of every opportunity, which is why we view the new telecommunications landscape and all the changes that lie ahead of us as challenges which will fortify our position so that we continue to determine developments in the Cypriot telecoms market.

Efforts to reduce the Organisation's operating costs have already been enhanced by the Voluntary Retirement Scheme, the implementation of which will, among other things, strengthen the cost-orientation aspect of our pricing, which will gradually benefit our customers.

And in this rapidly developing environment, the main objective remains the prospect of added value, successfully aspiring to remain among the leading organisations and keeping the country in the group of states that are characterized by a high level of telecommunications and digital services.

Michalis Achilleos
Deputy Chief Executive Officer

July 2014

Chairman and Members of the Board

Board of Directors for the period 2-8-2012 – 1-8-2015 (Council of Ministers Meeting dated 2-8-2012)

Chairman

Stathis Kittis
Advocate

(In a letter from the President of the Republic, dated 21-10-2013, the Mr. Kittis' resignation from the post of Chairman of the Board was accepted)

Vice-Chairman

Loizos Papacharalambous
Advocate/Deputy Chairman,
Nicosia Bar Association

(In a letter to the Minister of Finance, dated 15-7-2013, he resigned from the Board of Directors)
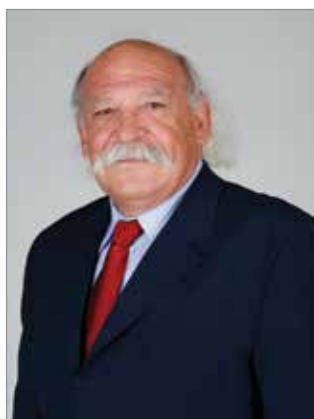
MEMBERS

Antonis Antoniou
Architect

(In a letter to the Minister of Finance, dated 15-7-2013, he resigned from the Board of Directors)

Christakis Antounas
Mechanical Engineer

Charalambos Tsouris
Architect

(In a letter dated 15-1-2013, he resigned from the Board of Directors due to his appointment as Chairman of the EAC)

Antreas Fantis
Doctor

Nicolas Georgiades
Economist

George Tsakistos
Sociologist

George Chari
Consultant Electrical Engineer

(In a letter to the Chairman of the
Board, dated 30-8-2013, he resigned
from the Board)

Christakis Soteriou
Mechanical Engineer

(By decision of the Council of
Ministers, dated 14-2-2013, he was
appointed as a Member of the Board
for the remainder of its term, i.e. until
1-8-2015, as a replacement for Mr.
Charalambos Tsouris)

Legal Advisers
A. C. Hadjioannou & Sons

Auditors
KPMG
Auditor General of the Republic

- By decision of the Council of Ministers, dated 23-10-2013,
  Christos Patsalides was appointed Chairman of the Board,
  replacing Stathis Kittis for the remainder of the Board's term,
  i.e. until 1-8-2015.

- By decision of the Council of Ministers, dated 31-12-2013,
  the appointments of Chairman, Vice-Chairman and Members
  of the Board were terminated.

MANAGEMENT (2013)

Chief Executive Officer
Aristos Riris
BSc, PhD

Deputy Chief Executive Officer
George Koufaris
(Senior Manager) (acting)
FCA

Senior Management - Administration
George Koufaris
(Senior Manager)
FCA

Senior Management - Marketing
Yiannis Souroullas
(Senior Manager) (until 21-11-2013)
BScEng (Hons)

Aristos Riris
(Chief Executive Officer)
(acting from 27-09-2013)
BSc, PhD

Senior Management - Subsidiaries
Michalis Achilleos
(Senior Manager) (until 12-02-2013 and acting
from 13-02-2013)
BSc, MSc, MBA

Senior Management - Networks
Michalis Achilleos
(Senior Manager) (from 13-02-2013)
BSc, MSc, MBA

Senior Management - Line Access Network
Panayiotis Kallenos
(Senior Manager)
Dipl. Eng NTUA

Senior Management - Customer Services
Marios Karatzias
(Senior Manager)
BScEng

Senior Management - Support
Constantinos Michaelides
(Senior Manager) (until 31-08-2013)
Dipl-Ing

Panayiotis Kallenos
(Senior Manager)
(acting from 30-09-2013)
Dipl. Eng NTUA

Marketing, Central Marketing Operations
George M. Lambrianou
(Manager)
BScEng, MBA, PhD

**Marketing, Central Marketing Operations,
Strategic Marketing**
Kikis Kyriacou
(Manager) (until 18-03-2013)
BScEE, MScEE, MBA

Marketing, Communications
Rita Hadjiloizou-Karatzia
(Manager)
BScBA (Hons)

Marketing, Service Development
Michalis Lois
(Manager) (until 10-03-2013)
BScEng

Michalis Papadopoulos
(Manager) (from 11-03-2013)
BScEE, MScEE, MBA

Marketing, Innovation and Service Development
Michalis Papadopoulos
(Manager) (from 01-07-2013)
BScEE, MScEE, MBA

Marketing, Fixed Telephony and Cytanet
Alexandros Alexandrou
(Manager)
BEng, MEngEE

Networks, Backbone Networks and Networks Management
Tassos Partzilis
(Manager)
Dott. Ing.

Networks, Backbone Networks and Networks Management
George Arestis
(Manager)
Dipl. Eng NTUA

Networks, National and International Wholesale Market
Ioannis Koulias
(Manager)
BSc (Hons), MSc, MIEEE, MIET, CEng

**Networks, National and International Wholesale Market,
International Networks Planning and Operations**
Iordanis Pallikaras
(Manager)
BScE (Hons), MScEE&E

Networks, Fixed and Mobile Communications Networks
Chrysis Phiniotis
(Manager)
BScEE (Cum Laude), MScEE

Networks, Information Technology Infrastructure
Sophocles Hadjisophocleous
(Manager)
BSc Electronic Computer Systems

Networks, Information Technology Applications
Costas Psillides
(Manager)
BScEE (Hons), MScEE, MBA

Secretariat and Management Services
Petros Hadjiantoniou
(Secretary and Manager)
BSc (Hons), MSc

Customer Services, Business Development
Michalis Papadopoulos
(Manager) (until 10-03-2013)
BScEE, MScEE, MBA

Kikis Kyriacou
(Manager) (from 19-03-2013)
BScEE, MScEE, MBA

Customer Services, Retail Sales Network
Costas Mantis
(Manager)
BScEE, MScM

Customer Services, Corporate Market
Georgios Malikides
(Manager)
Dipl. Eng NTUA, CEng, MBA

Customer Services, Customer Care
Nicos Charalambous
(Manager)
BScEE, MEngEE, MBA

Line Access Network, Central Operations
Michalis Lois
(Manager) (from 11-03-2013)
BScEng

Line Access Network, Regional Line Access Network
Kyprianos Yianni
(Manager)
BSc, MSc

Support, Support Infrastructure
Christoforos Yiannakou
(Manager)
MSc

Support, Support Infrastructure, Buildings Infrastructure
Charalambos Makris
(Manager)
BSc in Civil Engineering (Hons)

Support, Aeromaritime Services
Christoforos Yiannakou
(Manager) (acting)
MSc

Support, Aeromaritime Services,
Planning and Development
Loizos Kyprianou
(Manager)
BSc (Hons), MSc

Personnel Services
Marios Carlettides
(Manager)
BSc (Hons), MSc

Personnel Services, Human Resource Development,
Resourcing and Performance Management
Efy Christou-Pouri
(Manager)
BScEcon (Hons), MScIR&PMgt, MBA

Subsidiaries Management, Subsidiaries Support
Christos Limnatitis
(Manager)
Dipl. Eng NTUA, CEng, MBA

Internal Audit
Antigone Modestou
(Manager)
FCCA, MBA

Business Support
Demetris Hadjittofis
(Manager)
BSc (Hons), MBA

Chief Financial Officer
Maria Damalou-Hadjigeorgiou
(Διευθύντρια)
Bsc (Hons), FCA

CORPORATE GOVERNANCE AT CYTA

THE BOARD

The Cyprus Telecommunications Authority (Cyta) is governed by a 9-member Board of Directors, the Members of which are appointed by the Council of Ministers for a three-year term.

The Board is responsible for Cyta's smooth running and its long-term development and to this end it approves the Organisation's budget and strategy and monitors their implementation. More specifically, the Board is responsible for ensuring that Cyta maintains its overall functions which, as set out in the Telecommunications Services Law, are:
- to manage and maintain a good and adequate telecommunications service in the Republic of Cyprus for the Government, public organisations and the general public,
- to manage all the installations and equipment procured or to be procured by Cyta,
- to manage all of Cyta's immovable assets and
- to promote, as far as is feasible, the development of telecommunications services in accordance with recognised international standards of practice and public demand.

Moreover, the Board is responsible for the implementation of all general directives issued by the State through the Minister of Finance (who is responsible for Cyta), while Members of the Board represent Cyta at conferences, in meetings and at other events.

The Board exercises its authority and duties through the Chief Executive Officer (CEO) who is responsible for the implementation of Cyta's policy and for the management of its everyday activities. Furthermore, the Board is entitled to transfer any of its powers to any Member, to the CEO or the Deputy CEO, or to Committees comprising Members of the Board and members of personnel.

To this end, the Board has set up a number of permanent Committees, while for special issues it appoints Ad hoc Committees. Permanent Committees which the Board may, at its discretion, increase, reduce and/or modify, are the Audit Committee, the Personnel Committee, the Cytavision Committee, the Corporate Social Responsibility Committee, the Direct and Indirect Advertising Committee, the Rewards & Incentives Committee and the Investments Advisory Committee.

Furthermore, Members of the Board, together with the CEO, during 2013, were responsible for managing the Cyta Staff Pensions and Grants Scheme and the Cyta Permanent Monthly-Paid Staff Pensions & Grants Fund.

Finally, Members of the Board, together with the Deputy CEO, make up the Board of Directors of the Cyta subsidiary Digimed Communications Ltd and with the CEO are on the Board of Directors of the Cyta Hellas SA. Members of the Board with Members of the Management make up the Board of

Directors of Cyta's other subsidiaries: Cytacom Solutions Ltd, Bestel Communications Ltd, Iris Gateway Satellite Services Ltd, CytaHellas SA, CytaGlobal Hellas SA, Cyta UK Ltd, and EnterNet Invest.

RISK MANAGEMENT

Risk appetite is an essential prerequisite for the achievement of the Organisation's strategic and operational objectives. For this reason, methodologies have been adopted based on best practices in order to ensure proper risk management. In other words, all risks (and opportunities) must be identified, evaluated and prioritised and, finally, the best way of managing them is selected.

All of Cyta's subsidiaries and units carry out self-assessment and management of all risks threatening the achievement of their objectives. Specifically, during special risk assessment workshops attended by personnel of various ranks, the aims of the Business Plan are confirmed and, subsequently, risks threatening their achievement are identified. The assessment takes existing control mechanisms into account. Risks are then assessed for their possible impact on our Organisation (financial, operational and image-related) and the probability of them occurring. Finally, all possible ways of dealing with them are assessed (reduction, transfer, acceptance or avoidance) and the best solution is chosen, taking into account the desired level of risk appetite.

The results are recorded in the corporate risk register and, once they have been reviewed by Corporate Risk Management Services, are submitted to Senior Management and the Board for approval and for the preparation of the new rolling three-year Business Plan.

It is worth noting that, in the course of the year, other specialist risk management workshops are held on issues such as:
- Data Security Risk Management, where the risks threatening the Organisation's confidentiality and integrity and the availability of information sources for certain services are assessed.
- Business Continuity and Downturn Risk Management, in which all the main units of the Organisation are involved.
- Personnel Services Risk Management covering all Cyta premises and activities with the main objective of preventing work-related accidents and illness. The aim is to protect the safety and health of our personnel, customers and associates.
- Risk Assessment and Management of the entire Organisation, its resources and services for insurance evaluation purposes.
- Risk management for the Network and main IT systems, as part of our compliance with the relevant directive from the Office of the Commissioner for Electronic Communications and Postal Regulation.

Monitoring of the adequacy and effectiveness of risk management activities is carried out independently by the Internal Audit Department.

INTERNAL CONTROL SYSTEM

In full compliance with best practices concerning corporate governance, the Board and Management carry out regular assessments of the adequacy and effectiveness of our Internal Control System as a measure for reducing risks threatening the achievement of the Organisation's objectives and its long-term viability.

All units of the Organisation are involved in this and, in a responsible, consistent manner, they self-assess the security controls implemented in the specific area of each one's activity. The results of this evaluation are benchmarked against international best practices in the telecommunications sector. Based on the results, decisions are taken to ensure constant improvements to the Internal Control System.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department (IAD), as an independent and objective security mechanism and provider of consultancy services, helps the Organisation achieve its objectives through the implementation of a systematic, disciplined approach to the evaluation and improvement of the effectiveness of activities in the areas of risk management, monitoring and governance.

With strict responsibility for the confidentiality and protection of the Organisation's archives and data, the IAD has full, free and unrestricted access to all the documents, ownership information and personnel of the Organisation and its subsidiaries in order to carry out any audit it wishes.

The IAD has the full support of the Board and Management. The Internal Audit Manager reports to the Audit Committee of the Board of Directors on operational issues and to the CEO on administrative matters. The department is manned by full-time personnel qualified in a broad range of specialist areas. It may also use external consultants for specialised audits and/or to extend the scope of an audit.

Tremendous importance is placed on regular training for the internal auditors on issues pertaining to internal audits, technology and IT as well as more general topics concerning the Organisation's activities. A significant number of auditors have obtained professional qualifications such as Certified Accountant, Certified Internal Auditor and Control and Risk Self Assessor.

AUDIT COMMITTEE

The Audit Committee, which was established in 2004, operates in the framework of the Code of Corporate Governance and is comprised exclusively of Members of Cyta's Board of Directors.

According to its mandate, the Committee reviews, inter alia, the following issues:

- The Organisation's Financial Statements and the underlying accounting principles according to which they were prepared.
- The Organisation's Corporate Risk Management policy.
- The Annual Audit Programme, which is prepared on the basis of the results of a risk assessment carried out for Cyta, and progress made on its implementation.
- Reports prepared by the Internal Audit Department on Cyta and its subsidiaries in the framework of examining the effectiveness of Cyta's Internal Control Systems.
- Recruitment to the Internal Audit Department and actions taken to improve its processes and organisational structure and to train its personnel.

CORPORATE SOCIAL RESPONSIBILITY

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

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

To some enterprises, CSR is about how they allocate part of their revenues for social or environmental causes, which are often unrelated to their business activities. Although such actions are beneficial to society or the environment, they do not contribute to the competitiveness and long-term sustainability of the business. This practice is therefore not sustainable in the long term or when the company faces financial difficulties such as the present crisis. Some other businesses use CSR activities as a marketing tool and sometimes to conceal their bad business practices in other areas.

For us at Cyta, CSR mainly concerns how responsibly we behave as an organisation in all our business activities and in our relationships with all those who are affected by Cyta in some way. We acknowledge that we are an integral part of the society in which we operate and that, through our business activities, we may make a positive contribution but we may also have a negative impact on it. We also recognise that CSR can be a source of innovation and contribute to the long-term sustainability and competitiveness of our Organisation while benefiting our stakeholders and society as a whole.

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 on all stakeholders, i.e. all those who are affected by – or who themselves affect – Cyta. The Organisation's primary stakeholders are its customers, partners and suppliers, the whole of society and the State.

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 impacts arising from such activities. The Sustainability Charter was replaced by ETNO's Corporate Responsibility Charter in 2012.

Our objective, where CSR is concerned, is to implement its

integrated management at Cyta. In other words, to make CSR an integral part of the way the Organisation operates and not a separate, isolated process.

In accordance with the National Action Plan on Corporate Social Responsibility, drawn up by the Directorate-General for European Programmes, Coordination and Development (formerly the Planning Bureau), non-financial indicators – i.e. CSR indicators – are included for the second time in this 2013 Annual Report. In this way we wish to give a more complete picture of the Organisation's performance regarding the three dimensions of Corporate Social Responsibility: economic, environmental and social.

ECONOMIC PERFORMANCE

Cyta is one of the largest organisations in Cyprus and, as such, has made an undeniable and notable contribution to the economy. The economic aspect of Corporate Social Responsibility concerns the positive and any negative impact that the Organisation has on the financial situation of its stakeholders and on the country's economy.

Cyta has a direct financial effect on the economy through the provision of jobs, the purchase of products and services from its suppliers, the sale of products and services to its customers, and the payment of taxes and a dividend to the State.

The financial statistics below illustrate the direct financial contribution of the Organisation to society through its payments to its employees, suppliers and the State.

Direct economic value generated
Direct economic value is generated from the revenues that Cyta earns from services, which are its main source of income. A small percentage of its revenue (3-4%) is from funding and other sources.

## Direct economic value generated (€'000)
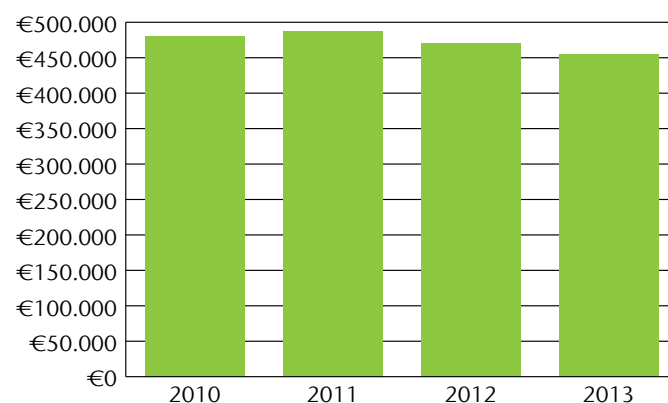
Distributed economic value

The economic value distributed by Cyta includes payments made outside the Organisation, including its operating costs, salaries and other benefits to employees, the dividend paid to the State and payments to government bodies.

Operating costs

The operating costs reported here, for the purpose of reporting the distributed economic value, include content licences, service use licences, maintenance costs, rents and payments to associates and staff training costs. They do not include salaries and staff benefits (which are presented separately), stamp duties, write-offs and provisions for bad debts.
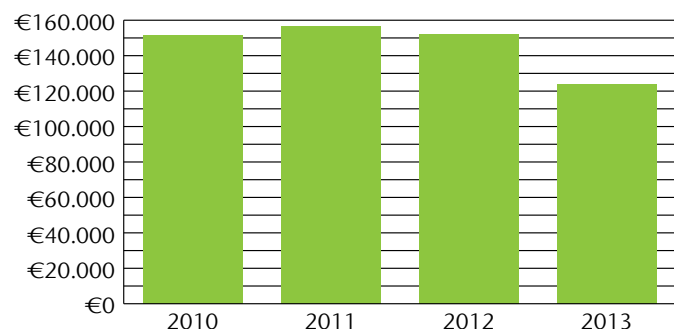
Operating costs (€'000)
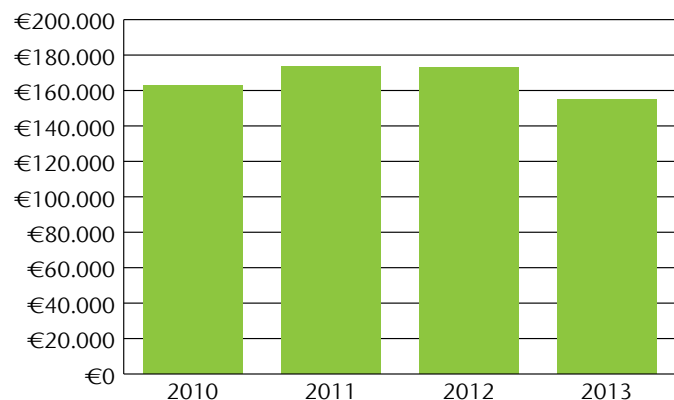
Employees' salaries and benefits

Employees' salaries and benefits include the Organisation's total outflows for its personnel, such as salaries and pensions, social security, healthcare and insurance. They do not include staff training costs (which are included in the operating costs).
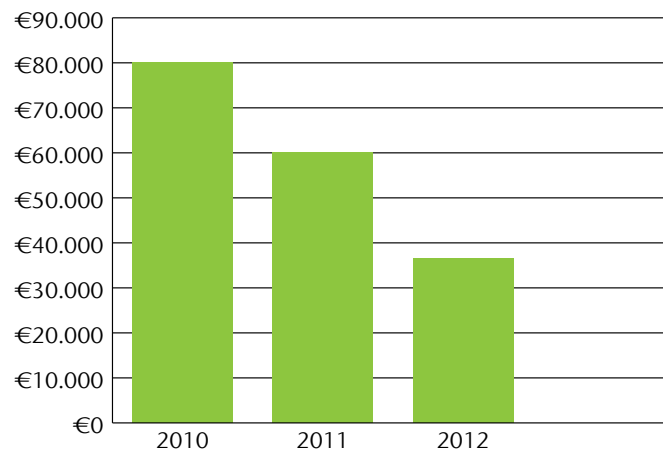
Employees' salaries and benefits (€'000)

Dividend to the State

Cyta pays a dividend to the Republic of Cyprus, the amount of which is determined, according to the law, by the Council of Ministers.
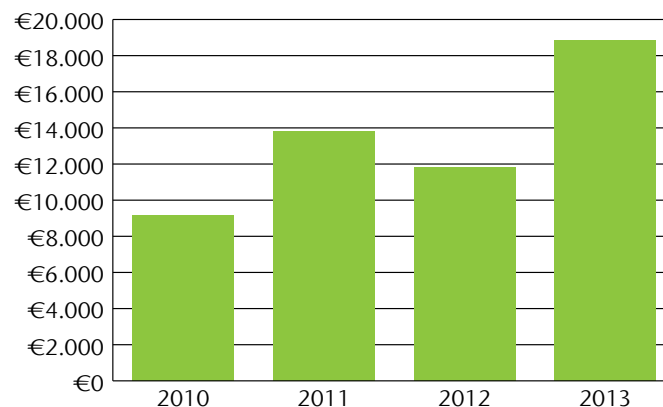
Dividend to the State (€'000)

Payments to government bodies

Payments to government bodies include all paid taxes and fines, including stamp duties.

Payments to government bodies (€'000)

Indirect economic value

The indirect economic value created by Cyta is much more difficult to measure and includes the broader effects on the economy due to its existence and operation. Cyta's products and services play a catalytic role in improving the productivity and competitiveness of Cypriot businesses and in the shaping and development of society. By purchasing products and services from suppliers in Cyprus, we reinforce job creation and the sustainability of Cypriot businesses. Through the payment of salaries to our personnel, we strengthen their purchasing power, the local market and the economy.

CUSTOMERS

Our customers, as primary stakeholders, are at the core of our business strategy and their satisfaction is an important indicator for the effectiveness of the strategy.

Evaluating customer satisfaction

We implement various practices for the evaluation and maintenance of customer satisfaction. Customer surveys are carried out to measure customer satisfaction at every point of contact, i.e. in Cytashops, with Technical Customer Support Crews, the Cyta Call Centre and the Complaints Management Service. The surveys are carried out via telephone interviews with customers with recent experience at each point of contact. Statistics are gathered on a monthly basis and the results are collated every quarter.

Additionally, surveys are carried out at Cytashops using the Mystery Shopper method to monitor customer service procedures. Regarding business customers, surveys are carried out to measure their level of satisfaction with the service provided. This survey is carried out once a year through personal visits to business customers.

Apart from measuring customer service satisfaction, surveys are also carried out to discover the level of customer satisfaction with every service we provide, i.e. Mobile Telephony, Fixed Telephony and Internet (Double Play), Fixed Telephony, Internet and Television (Triple Play). These surveys take place once a year using telephone interviews with customers of each service.

Furthermore, surveys are carried out to discover the reasons why customers terminate their Cyta service and/or transfer to another operator. These surveys take place once a year using telephone interviews with customers who have terminated their service or transferred to a competitor.

In addition, on behalf of the Complaints Management Service, telephone surveys are carried out every two months by the Cyta Call Centre among customers who have reported a complaint during the previous two-month period. The aim of the surveys is to measure the level of satisfaction with the way their complaint was dealt with by Complaints Management. Also, monthly telephone surveys are carried out by an external partner with the aim of evaluating the level of satisfaction with the complaints reporting process, which concerns the channels by which complaints are submitted (Cyta Call Centre, Cytashop, Website) and with the way in which complaints are handled, which concerns the Complaints Management Service. Results are sent to us every quarter.

Mechanisms giving customers the opportunity to comment

Cyta views any complaints submitted by customers as a wealth of information and their careful examination is considered as an essential ingredient for continuous improvement. Our ultimate aim is to align the services we provide with the constantly increasing demands of our customers, which we manage with full awareness of our responsibility to the consumer.

Customers have the opportunity to make comments or submit complaints, either online, in person by visiting any Cytashop, by telephone with a call to the Cyta Call Centre or by mail. Comments, thanks and complaints are entered into the electronic complaints system managed by the Complaints Management Service.

Using social networks for customer support

At the same time, social networking applications are being used to develop additional and more modern channels of communication with our customers. Indicatively, it should be noted that we created a Twitter account and designed a Forum providing technical and other support to customers. Additionally, customers are served through Facebook. This means that customers who choose to contact us through social networks are served without having to wait in line and, at the same time, the replies provided by Cyta are permanently available to the whole community of users.

CytaInfo+ smartphone app

We also created a new special smartphone app which we called "CytaInfo+", which provides constant and immediate assistance to users who can find the programme schedule and information on all the Cytavision channels and organise their favourite channels and movies. They can also locate the nearest Cytashop and Cytanet Wi-Fi Hotspot. At the same time, the app keeps them informed with tips from Cyta's Twitter account (@ cytasupport), Frequently Asked Questions from Cyta's various contact points and lets them visit the Cyta Forum to resolve any queries with the help of the Organsation's experienced personnel. Users can also receive information about special offers and other Cyta news.
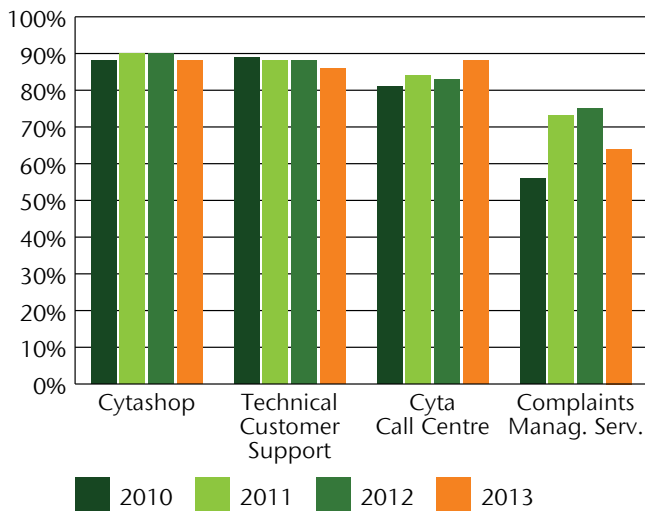
Overall customer satisfaction by service

It appears that customer satisfaction with Cyta's services has fallen compared to the previous year. This decrease in satisfaction is mainly due to the fact that customers have become more sensitive to pricing issues and less to other issues that comprise satisfaction. Price and special offers are now the most important aspects affecting satisfaction and the choice of provider as regards mobile telephony, Internet and television services.

Overall customer satisfaction by service

Below are some the results of our customer satisfaction survey.

Customer satisfaction with contact point service

Customer satisfaction with service at Cytashops and Technical Customer Support is at a high level, something that does not appear to have changed significantly over the last three years. Customer satisfaction with the Call Centres is at a satisfactory level. Customers are less satisfied with the management of their complaints but this may be due to the fact that the particular customers did not perhaps obtain the desired result from the specific process.
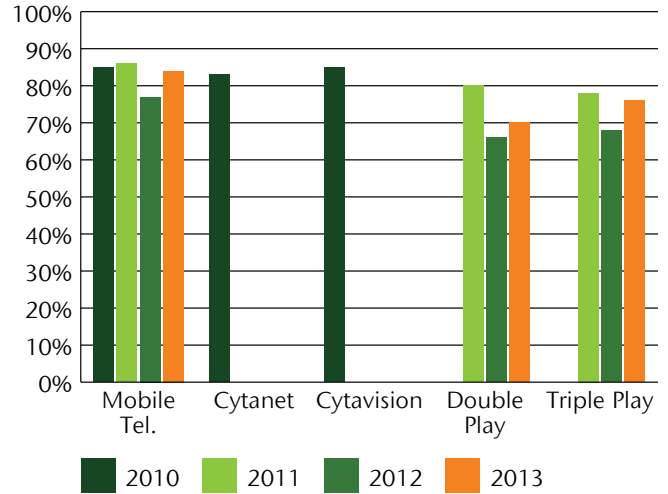
Customer satisfaction with contact point service

Average number of complaints per 100 customers

Considering the number of active customers, a very small percentage of them ever submits an official complaint. In case of a problem, customers tend to contact the Cyta Call Centre or a Cytashop for support and assistance. Overall in 2013, there was a much greater influx of official complaints, which shows that customers have started to become more demanding and, as a result, the relevant indicator rose slightly.

Average number of complaints per 100 customers

* Not available
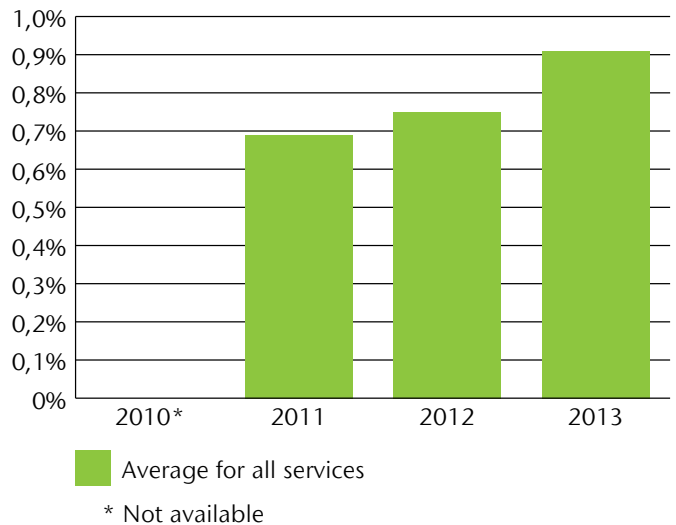
Customer support during the financial crisis

In March 2013, when the financial crisis erupted, Cyta responded immediately and postponed planned mobile phone disconnections that were due to take place in the context of the usual monthly procedure regarding unpaid bills for March and April.

Additionally, wishing to help its customers deal with the difficulties caused by the financial crisis, our Organisation decided on and implemented a series of measures and actions. Specifically, it made all national fixed calls on Cyta's network (to fixed and mobile Cyta phones) free to all customers, later extending this to the alternative providers' networks, for the whole of April. It postponed service disconnections, due to the lack of liquidity in the economy, until the end of April and moved the date for the payment of bills from 29 March to 3 April. It set up a special freephone line from 2 April with the aim of providing immediate assistance to customers regarding bill settlement and offering alternative options and solutions to help them.

Cyta also created a new mobile telephony package for business – Cytamobile-Vodafone Business Benefits – which offers a sliding scale of mobile telephony discounts to businesses. This was just the first of a series of special economical packages of services and aimed to meet the changing needs of its customers.

"Everyone has a right to communication!"

The accessibility of telecommunications products and services by individuals with disabilities or visual, hearing or mobility impairment is an important issue of corporate responsibility for Cyta. We believe that all people have a right to communication and for this reason we make the most of new technologies with the aim of offering equal opportunities in communication to everyone. In 2013, under the banner "Everyone has a right to communication", we presented an integrated range of products, services and solutions for people of all ages who face particular difficulties in communicating. The specialist equipment, which is available from Cytashops, is sold at cost price and has special features such as amplified sound for those making and receiving calls, a large keypad, illuminated warnings of incoming calls, etc., which help those with impaired hearing, vision and mobility. Moreover, Cyta places particular emphasis on service, especially to people with special communication needs, and it is constantly broadening and upgrading its communication channels. It should be noted that the online Cyta Forum is particularly used by people with communication difficulties, such as those with hearing impairment since their written messages receive immediate replies online.

Responsibility for products and services

Cyta, as a responsible organisation, takes full responsibility for its products and services, keeps up-to-date on any issues that may arise and promotes their responsible use as well as protecting its customers from possible dangers. Some examples are our activities to promote safe Internet use, especially among the vulnerable child population, fighting bullying in schools and the recycling of telephone equipment.

Safe Internet use

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 learn about new online applications in their daily lives. The main emphasis is placed on the dangers and pitfalls that pupils may encounter while browsing the Internet and on practical ways of dealing with such dangers. During the 2012-2013 academic year, 46 visits were made to schools where 4,866 pupils and teachers attended the Cytanet presentations.

Additionally, Cyta offers the Safe Internet-For Home service free to all residential customers of Cytanet, and the Safe Internet-For Schools service free to all state primary, secondary and technical schools. Moreover, every year, Cytanet takes part in international events to mark Safer Internet Day.

"Cleanfeed"

With the aim of protecting customers from illegal Internet content, we have implemented a special protection system, widely known as "Cleanfeed". This system blocks access to websites with content that is illegal according to Cypriot law. The main sites to which access is restricted contain child pornography. With the introduction of this special system, all Cytanet customers have "clean" Internet access.

"Beat Bullying" app

School bullying is now carried out via electronic means. Some 6% of children aged 9-16 have received insulting or harmful messages. Recognising the seriousness of the effects of this phenomenon on children, Cyta decided to support the campaign against school bullying by offering the first "Beat Bullying" mobile app, which gives children free and anonymous communication, lets them find out the latest international news on bullying issues, provides practical advice, enables them to call 116111 (the European Children & Youth Helpline) and to send text messages reporting that they are being bullied or have witnessed bullying. The app is available free from the Google Play store.
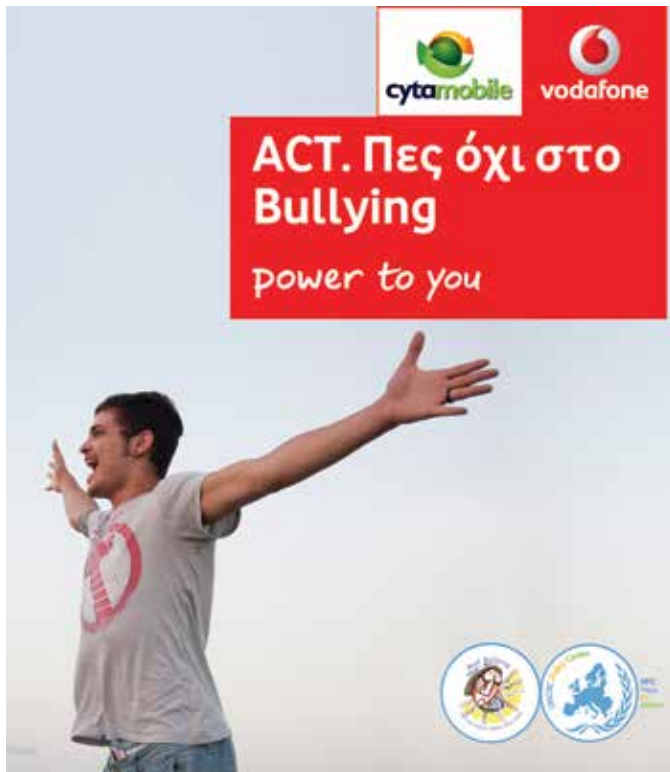
When you drive, just drive!

On the occasion of World Telecommunications & Information Society Day, which is marked every year on 17 May, Cyta was active on the theme chosen by the International Telecommunications Union (ITU) which, in 2013, was "ICTs and improving road safety". Specifically, in parallel with a related media campaign that was being carried out at the time, special simulators were installed outside selected Cytashops and Cyta offices, universities and other central spots around the island, enabling members of the public to test their abilities at "driving" while using a mobile phone, so as to raise awareness of the dangers they face. Furthermore, three-hour interactive seminars were held for drivers of Cyta's vehicles and those of selected business customers. Also, in cooperation with the police, informative material on the correct use of a mobile phone when at the wheel was distributed throughout the island.

Recycling/Re-use of mobile and fixed phones

Cyta's programme for the recycling and re-use of mobile and fixed telephones and their related accessories began in 2010 and was the first of its kind in Cyprus. The aim of the programme is primarily to protect the environment and public health from the uncontrolled dumping as well as to raise public awareness of, and participation in, recycling. Through the programme we encourage our customers and the general public to return mobile and fixed phones that they no longer need to Cytashops or stores on the Cytamobile-Vodafone Sales Network. Additionally, collection bins are hosted at various events organised by other bodies, schools and companies. Proceeds from the recycling project are donated to support the work of various charities.

Mobile & Fixed Phones and Accessories Collected (Kg)
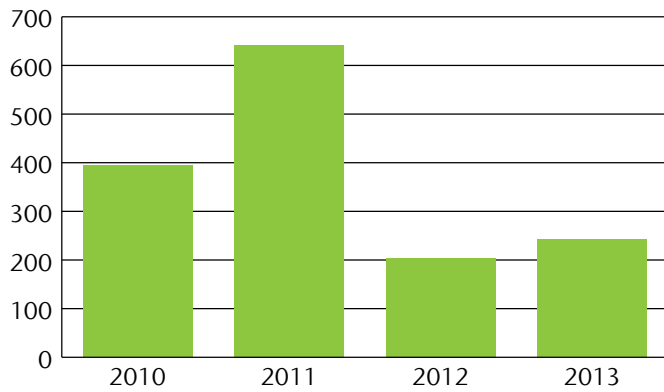
More details about products and customer service are given in the chapter on Products and Customer Service.

PERSONNEL

As a responsible, good employer, Cyta manages and makes the most 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, as part of its work-life balance policy. 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, the Occupational Health Centre and the Cyta Staff Welfare Fund. It provides psychosocial support services to its personnel through Social Workers, as well as financial assistance to needy employees, pensioners and employees' widows and orphans. Cyta also offers student and housing loans and organises social activities for members of staff and their families.

Our workforce
The size of our workforce is an indication of the size of the impact Cyta has on labour issues and on society in general. Our workforce includes monthly-paid employees, hourly-paid employees and a small number of external associates on fixed-term contracts. The charts show the size of the workforce, broken down by employment and gender.
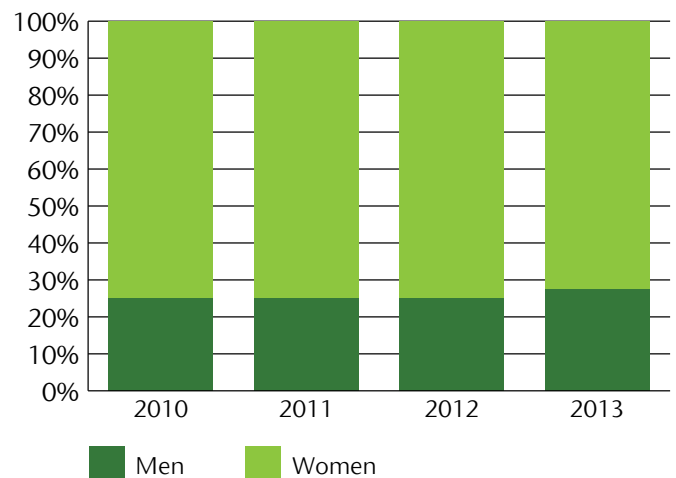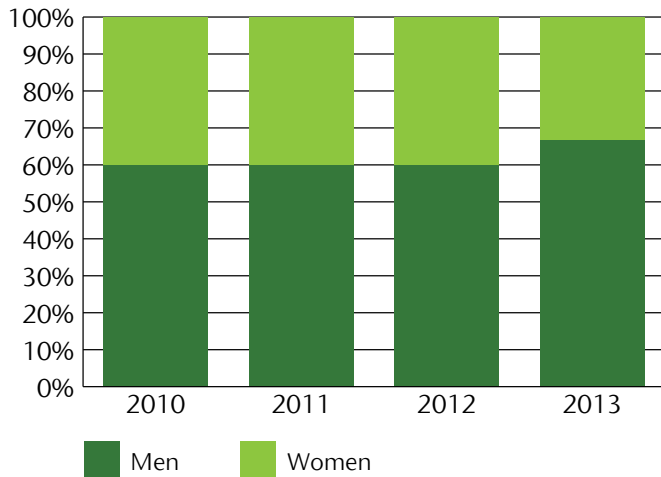
Workforce
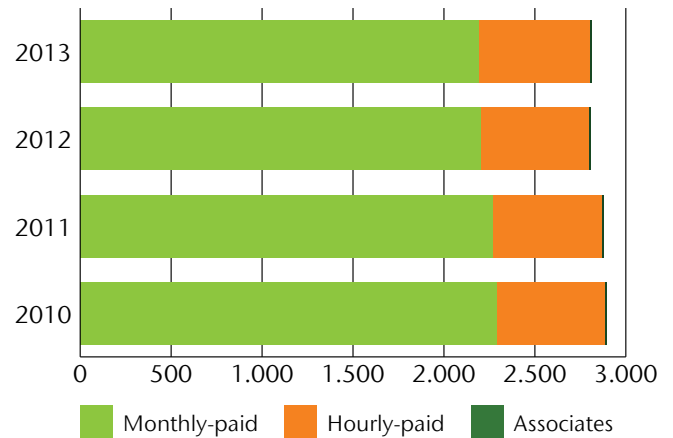
Workforce broken down by gender

Monthly Paid

Hourly Paid

## Associates

Men   Women

Sick Leave

Days off per employee

Health and safety in the workplace

The health and safety of our employees is one of our top priorities. The main indicators of the level of staff health and safety are the number of accidents and the number of calendar days of sick leave per employee. In 2013 no employee died as a result of a workplace accident or work-related illness. The number of accidents appears to have stabilised in recent years, while sick leave indicator continues its downward trend.
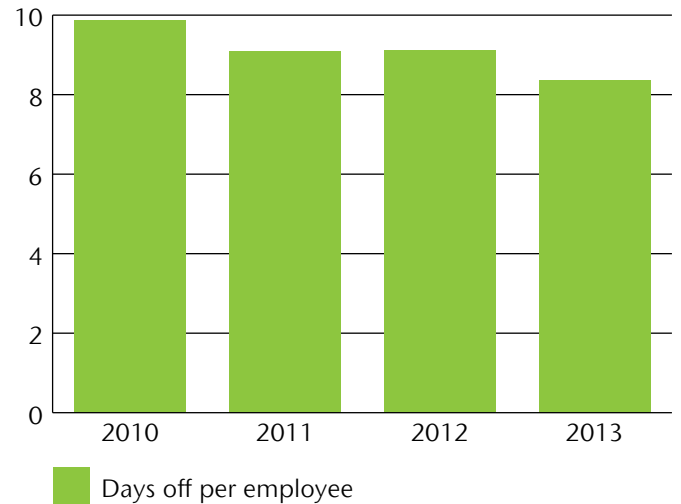
Personnel training

Cyta provides significant opportunities for training, development and learning, subsidising staff participation in training programmes, certifications and educational materials related to their work, and organising specialist courses on issues of development which improve productivity as well as employee job satisfaction, such as, for instance, teamwork, leadership-mentoring and customer-orientation, as well as technology and IT.

Accidents

Traffic work-related   Labor accidents

Man Hours Spent on Training per Employee
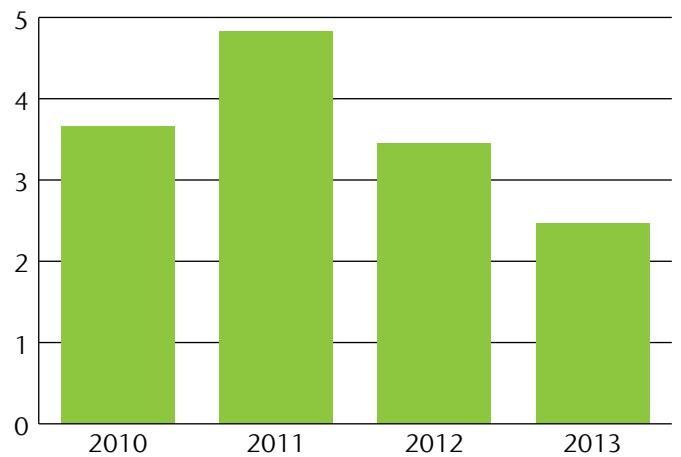
Industrial relations

Cyta, as a responsible employer, respects the right of its employees to trade union membership and, for this reason, all our staff - monthly- and hourly paid personnel - are covered by agreements based on collective bargaining. (See also the Chapter on Management > Human Resources > Industrial Relations.)

Employee performance evaluation

Performance evaluation contributes to the personal development of employees. At Cyta all monthly-paid employees receive an official evaluation of their performance for each year.

Some 70% of our front-line regular hourly-paid employees (Call Centres) are evaluated with the aim of maintaining the quality of customer service at the highest possible level.

Voluntary work

Cyta employees are sensitive to social issues and they make their own contribution to society. For some years now, we have established and promoted voluntary blood donation sessions. Every year we organise blood donation session on a regular basis in all districts in the workplace and during working hours. Furthermore, members of staff, forming volunteer groups in all towns, offer assistance to colleagues and their families who are facing particular problems. They also organise charity fundraising events from time to time. Additionally, in 2013, in response to the financial crisis, members of staff donated foodstuffs to the Social Food Banks and to the "Wagon of Love" Charity. The Food Banks also received financial assistance from Cyta and its personnel. It should be noted that, on a voluntary basis, our staff, together with the Organisation's associates and customers, also supported various activities of a social nature organised by Cyta.

Employee perceptions of Cyta

Cyta recognises its employees as a very important participant and a crucial element in the achievement of its business strategy. For this reason it is continuously developing channels of communication and dialogue with its personnel. Among other things, and in the framework of measuring its brand value, it carries out frequent surveys to find out the views of its employees. Below are the results of these surveys for indicators related to the Organisation's Corporate Social Responsibility.

Other related activities are described in the Chapter on Management > Human Resources.

Employee perceptions of Cyta

- December 2013
- December 2012
- June 2011
- July 2010

ENVIRONMENT

Cyta recognising its positive contribution, as well as the negative impacts on the environment from its activities, products and services been active on environmental issues and it formulated an Environmental Policy since 2001. The environmental policy commits the Organisation to offering products and services that contribute to sustainable development and to working towards the minimisation of the negative impacts of its operations on the environment.

The most significant environmental aspects of Cyta's operations, products and services are the use of energy, in the form of electricity and fuel, the production of waste - mainly electric and electronic waste - and the consumption of other resources such as paper and water.

Electricity consumption

Cyta uses electricity to power its telecommunications equipment, as well as to cool the areas where it is installed (around 70%) and to power its offices. In 2011 there was a small reduction in consumption since, due to the accident at Mari, backup generators were used for a while as part of broader efforts to relieve the Electricity Authority of Cyprus (EAC) grid. In 2013, there was also a small reduction in electricity consumption compared to 2012, due to coordinated energy conservation efforts. Specifically, 4.835 lights were permanently switched off in 17 buildings across the country and the hours during which heating/cooling equipment is switched on in offices were reduced. In our Head Offices in particular, reduced lighting combined with staff awareness and other energy saving actions led to a decrease of 11.5% in electricity consumption compared to the previous year.

It is worth noting that the freezing of development costs, due to the financial crisis, affected the implementation of actions planned to reduce electricity consumption even further, such

as the replacement of obsolete and energy-inefficient heating/cooling units and rectifier systems with new, more efficient equipment.

## Electricity Consumption (MWh)
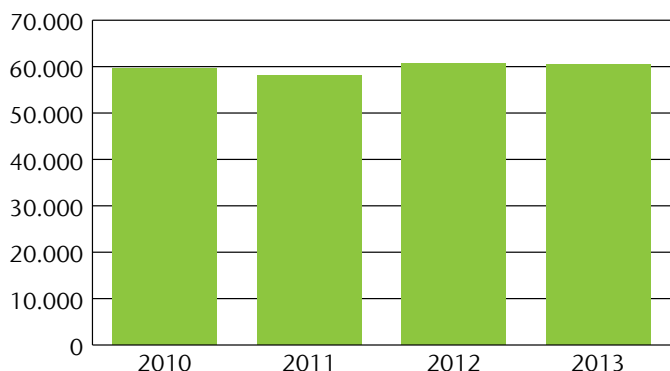
Fuel consumption

Fuel is used at Cyta by its fleet of vehicles, for the heating of offices in winter, for generators and various other types of equipment. In 2011 there was a significant increase in fuel consumption since, due to the Mari accident, we brought our backup generators into operation, as part of a broader effort to relieve the EAC grid, as noted above. In 2013 we initiated activities for reducing fuel consumption through the reorganisation of our fleet, the reduction of the number of vehicles, the renewal of the fleet with more energy-efficient vehicles and the implementation of a telematic vehicle fleet management system. Specifically, in the context of restructuring the Cyta fleet, significant efforts were made to reduce the number of vehicles through the creation of a Common Use Vehicles Group in more buildings, apart from our Head Offices where this institution was already in operation.

At the same time, a redistribution of vehicles took place so that the most energy-inefficient and older ones could be withdrawn from service.

As for generators and machinery, we reduced the number of mobile telephony base stations with 24-hour support of generators and this led to a reduction in fuel consumption.

Fuel Consumption (litres)
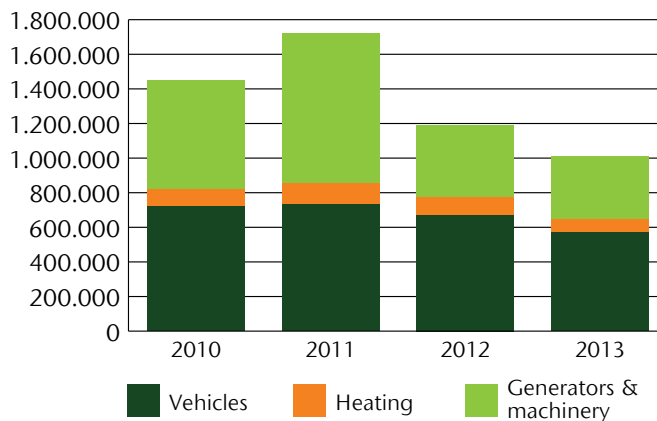
Paper consumption for customer bills

With the aim of reducing the consumption of resources, in November 2011 we discontinued the sending out of itemised bills for Fixed Telephony and Cytamobile-Vodafone Mobile Telephony. This initiative, with the help of our customers, led to a substantial saving of the amount of paper required for the printing and mailing of itemised bills. As a consequence, in 2011 two tons of paper were saved in comparison with 2010 while, in 2012, 32 tons were saved compared to 2011. In 2013 we saved a further 4 tons of paper and we are continuing our efforts to bring about still further improvements through additional actions planned for 2014.

Paper for Customer Bills (tons)
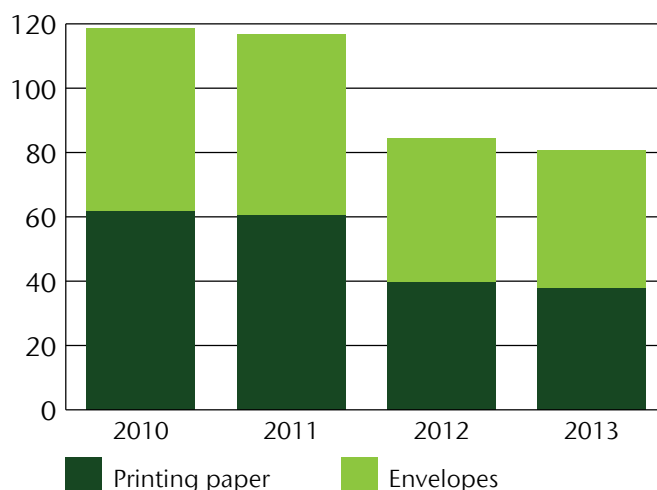
Use of recycled paper

Our environmental policy commits us to offering environmentally friendlier products. Since 2010, the Cytavision magazine has been printed on 100% recycled paper. Since 2011, the Telephone Directory and Yellow Pages have been printed on 40% recycled paper while the Business-to-Business Guide and the Holiday Guide use 100% recycled paper.

At the same time, in our effort to raise public awareness of the need for environmental protection, we urge people to recycle their old telephone directories through the recycling programmes of Green Dot Cyprus, with which we cooperate.

Paper consumption for telephone directories

In addition to using recycled paper for the printing of telephone directories, we adapt the number of directories produced according to demand so as to reduce the consumption of resources and the corresponding environmental impact. In 2013 we managed a 54% reduction (222 tons) in the amount of paper used on directories compared to the previous year, by discontinuing the Cyprus Holiday Guide and reducing the number of copies of the Telephone Directory and Yellow Pages by 25% and of the Business-to-Business Guide by 20%.

Paper for Directories (tons)

- Total weight of directories
- Total content of recycled paper
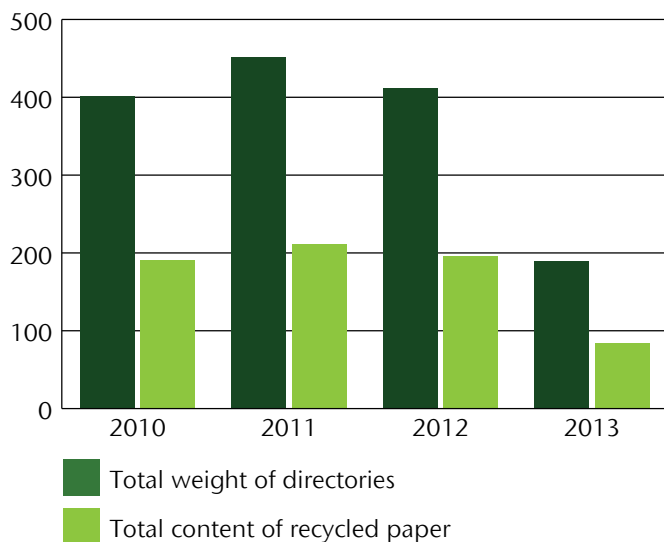
Water consumption

At Cyta we do not consume large amounts of water since its use is precisely the same as domestic use, i.e. for restrooms, canteens and gardens. However, we consider water use as an important aspect of our environmental impact since the country frequently suffers from drought and a lack of adequate amounts of water. For this reason, we have long promoted various measures that aim to save this precious resource. These include using water from boreholes (where they exist) for the watering of gardens, placing water-saving filters on taps, using dual-flush toilets and

automatic flushing sensors on urinals in new and refurbished buildings.

Total Water Consumption (tons)
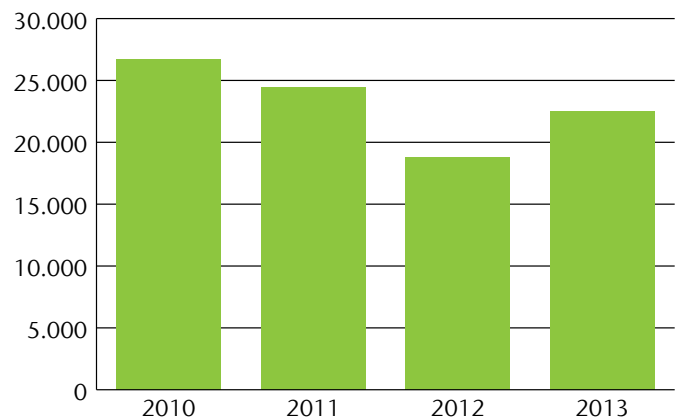
Carbon dioxide emissions

Carbon dioxide (CO_2) emissions are caused either directly, by the burning of fossil fuels by our fleet of vehicles, for heating our buildings, in generators and other equipment, or indirectly, through the use of fossil fuels on the part of the EAC to generate the electricity that we consume. To calculate the CO_2 emissions from our electricity consumption we have used a conversion factor provided by the EAC. To calculate the CO_2 emissions from fuel we used the conversion factors of the Greenhouse Gas Protocol.

Carbon Dioxide Emissions (tons)

- From electricity
- From heating fuel
- From vehicle fuel
- From fuel for generators and machinery
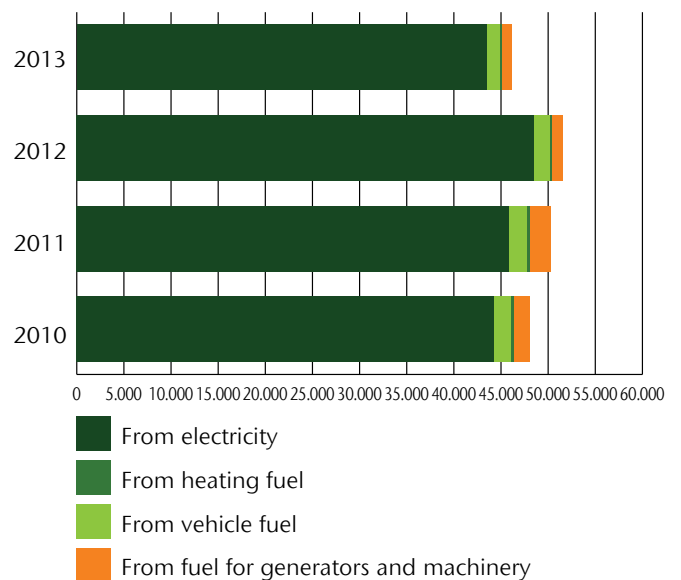
Waste management

The reduction, re-use and recycling of our waste is one of the commitments of our environmental policy. Cyta was one of the first organisations - if not the very first - in Cyprus to start the systematic recycling and/or re-use of its waste.

The first types of waste to be recycled were old cables and scrap metals, obsolete telecommunications equipment, old telephone directories and office waste paper. Today we also recycle or promote the re-use of plastic waste, old vehicles, electrical and electronic equipment, batteries, accumulators, packaging waste and toner and ink cartridges. Garden waste is sent for composting. Domestic waste packaging (e.g. cans, plastic bottles, etc.) from our administrative offices are collected separately for recycling by Green Dot Cyprus Ltd.

Across our sales network and in our administrative offices, we operate a programme for the recycling and re-use of mobile and fixed phones and accessories and we collected used household batteries from the public and our personnel, which are collected for recycling by Afis Cyprus Ltd. The types and amounts of waste that we have collected in the past four years are shown in the following tables.

Waste (tons)
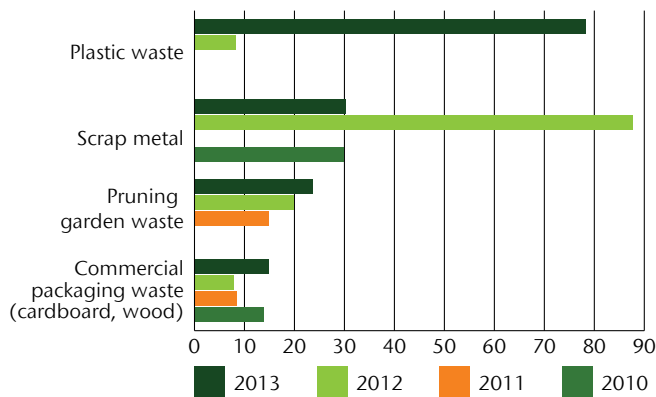
Waste (tons)
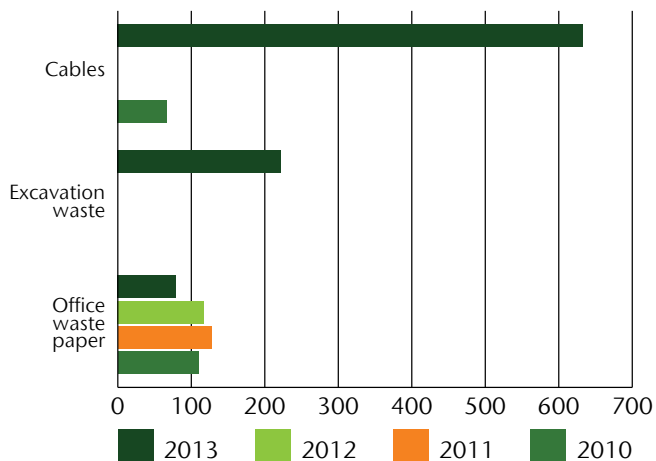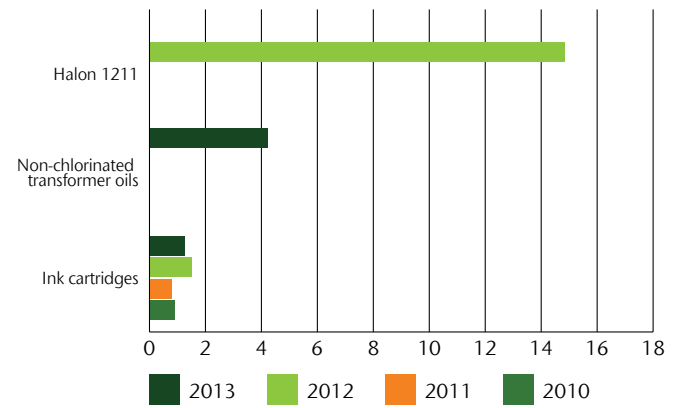
Waste (tons)

Waste (tons)
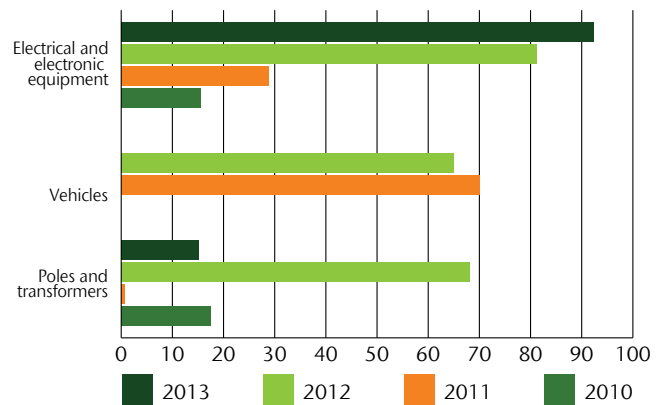
SOCIETY

Cyta recognizes that it is an integral part of the society in which it operates and with which there is a mutual influence and involvement. As a public utility organisation, it was established to serve society and, for more than five decades, it has made a huge contribution to the development of Cypriot society and the economy.

In addition to its direct impacts on society, through the provision of electronic communications products to its customers and employment to its personnel, the procurement of products and services from its suppliers and through the payment of a dividend and taxes to the State, Cyta supports the broader society in a multiplicity of ways and at every opportunity. Below are some of the most important activities for society support in 2013.

Health and welfare

On the subject of health, for the ninth consecutive year we supported the Centre for Preventive Paediatrics, this time by organising a new initiative in Nicosia. In December 2013, Cyta held the biggest gathering of Santas ever held in Cyprus, the Cyta Santa Run, under the banner "Every child has the right to communication". We donated the proceeds of the event to the Neonatal Hearing Screening Programme.

ON CARDIAC

Cyta is constantly in the lookout for opportunities to use its products, services, experience and know-how to resolve social problems and benefit broader society. In 2013, in cooperation with the Cyprus Resuscitation Council (CRC) and the Ministry of Health, Cyta implemented the pioneering new ON CARDIAC service. In case of anyone suffering cardiac arrest in a public place, ON CARDIAC enables the CRC to send a text message to individuals trained in basic cardiopulmonary resuscitation (CPR) and in the use of Automated External Defibrillators who are close to the patient's location and can offer immediate assistance. The ON CARDIAC service can thus contribute significantly to timely intervention and the saving of lives. The service is provided free by Cyta, both to ordinary citizens and to the CRC. Cyprus and Cyta are among the few countries and mobile telephony service providers to provide such services.

Cyta and road safety

In 2013, Cyta continued to demonstrate the special interest that it has developed over the years, with significant and regular action, in Road Safety, an issue of concern to the whole of Europe and to Cyprus in particular.

Since 2004, Cyta has consistently honoured through action its signature and commitment to the European Road Safety Charter (ERSC) to contribute to reducing the number of road deaths and for yet another year it focused its main efforts on raising road safety awareness through special training, mainly among young people who make up a large percentage of the victims of traffic accidents in Cyprus. To this end, Cyta continued to hold special road safety seminars for young people and, in particular, conscripts serving in the National Guard. Since 2004, it has provided training to more than 80,000 young people all over Cyprus.

Additionally, having succeeded in reducing the number of accidents involving service vehicles by 50% since 2003, Cyta continued to invest in the training of its own employees and in the safety of its service vehicles. Regarding its fleet in particular, it should be noted that Cyta ensures that all the vehicles it purchases are not only fully compliant with EU specifications but feature every available passive and active safety system. All vehicles undergo preventive maintenance, thereby ensuring the highest levels of protection not only for our staff but for every road user. In 2013 Cyta completed the installation of a GPS fleet management system in all its service vehicles for the gathering of data that can contribute to road safety and the best possible management of its fleet.

Furthermore, Cyta supports various programmes of the relevant authorities and social partners aimed at reducing traffic accidents in Cyprus. One such activity is the provision of free cycle helmets to children visiting the Police Road Safety Park for instruction.

Cyta's contribution to road safety is presented on the Organisation's website (**https://www.cyta.com.cy/road-safety**), as well as on the European Road Safety Charter website: (**www.erscharter.eu**).

Εκδηλώσεις Events in support of Food Banks
Under the banner "Smiles Everywhere", in June 2013 Cyta held outside its stores throughout the island a series of events to collect essentials for the Food Banks and to support families in need. In addition, special events using the slogan "Smiles Everywhere... and at School" continued the initiative in September to collect school uniforms, writing materials and other items, which were then donated to the Red Cross for distribution to needy pupils.

The events were combined with special offers at Cytashops which provided a further incentive to attract members of the public. They were supported, through the voluntary and active participation of well-known and unknown customers, associates and friends of Cyta from the world of the Media, Entertainment and Sport.

Support for the Food Banks was expanded to include financial support as a result of a series of actions by Cyta at corporate level and by the whole of the Organisation's personnel at an individual level.

Education
On the occasion of World Telecommunication and Information Society Day, we gave children a leading role and asked them to use their imagination to adapt well-known stories from mythology, literature and fairytales, as well as stories featuring their favourite characters, to today's world, incorporating elements of the tools that modern technology gives us. The first competition was online and was aimed at secondary and technical school pupils, students and National Guardsmen while the second competition was for 5th and 6th year primary school pupils. A judging panel examined the entries and the winning pupils were presented with prizes at a special ceremony.

Environment
Our Organisation wishes to contribute to cultivating and strengthening environmental awareness among the Cypriots as part of its social contribution through various projects and activities.

In May 2013, on the occasion of World Environment Day, we participated in the 3rd Environment and Recycling Festival of Green Dot Cyprus in Nicosia. The Festival was of an informative, educational and entertaining nature and aimed at informing young people and adults about environmental issues and raising environmental awareness. Members of the public attending the Festival learned about issues, products and services contributing to environmental protection and recycling. Cyta had its own stall at which it presented its scheme for the recycling of mobile and fixed phones and urged visitors to hand in their old phones for recycling, while trying for prizes of connection packs and soeasy pay as you go phone cards.

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 Reporters 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. During the 2012-2013 school year, the competition was announced during an Environmental Seminar at which the main speaker was Greek MEP Nikos Chrysogelos.

Culture - Cyta & the Nicosia Municipal Pop Up Festival
Another outstanding event from the year under review was Cyta's decision to support the efforts of Nicosia Municipality to give through Art new life to the commercial centre of the Capital, which was badly affected by the crisis. In the framework of this support, for five weeks in the autumn of 2013, empty shops in the commercial centre on Archbishop Makarios III Avenue were used by young artists but also sensitive organisations such as Cyta to create "pop up stores" in which products, artworks and services were placed on display to attract visitors. Cyta used works by Cypriot artists from its buildings to create a Temporary Art Museum, thereby contributing with its own artistic statement to the whole effort.

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

HACK CYPRUS

Cyta supports technology, young entrepreneurship and innovation, which is why in September 2013 we supported, as Main Sponsor, the five-day "Hack Cyprus 2013" festival of technology, in the context of which events were held in Limassol and Nicosia. Hack Cyprus 2013 was organised by the Cypriot Enterprise Link, a not-for-profit organisation that aims to uncover and support business talent in Cyprus so as to create a global technology and enterprise network. The festival included the so-called Hackathon, supported by Cyta for the second year running, two days of live technology demonstrations, a Youth Day, devoted to children and young people aged 13-19 during which, through practical workshops, they were taught the basic principles of programming, mechanics and robotics, and the Insights conference at which technology and entrepreneurship issues were presented and relevant practical advice was proffered. For the needs of the festival, we also provided Internet services wherever needed.

Memorandum of understanding signed with the University of Cyprus

In 2013, Cyta signed a Memorandum of Understanding (MoU) on Technological and Academic Cooperation with the Department of Computer Science of the University of Cyprus, with the main goal of promoting innovation and broadening the horizons of entrepreneurship in the country. The MoU contributes to the promotion of innovation and Business Expansion as a pillar of Cyta's corporate strategy and is a significant step in the evolution of relations between the Organisation and the University of Cyprus into a strategic partnership. A basic component of the cooperation between the two parties is the promotion of dialogue on issues pertaining to education, research, innovation and the transfer of IT and Telecommunications know-how. At the same time, it aspires to reinforce the link between students and the jobs market and the exchange of know-how and experience with innovative high-tech companies.

Public perceptions of Cyta

As with other groups of stakeholders, our Organisation maintains close relations and two-way communication with representatives of society so as to keep in touch with, and respond to, people's changing expectations and needs.

Among other things, through market research we regularly measure public perceptions of the Organisation's performance regarding the social, environmental and economic dimensions of CSR. In order to have a measure of comparison and to know where Cyta stands compared to other organisations, we also measure the same parameters regarding the image of similar large organisations operating in Cyprus.

Fulfilment of expectations, reliability and trust
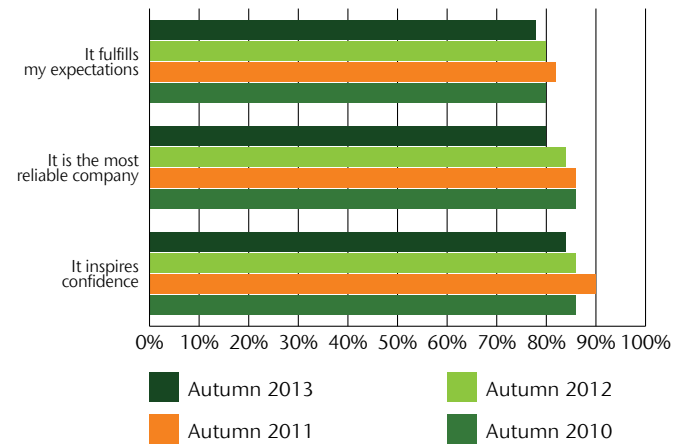
Contribution to the country, society and the economy
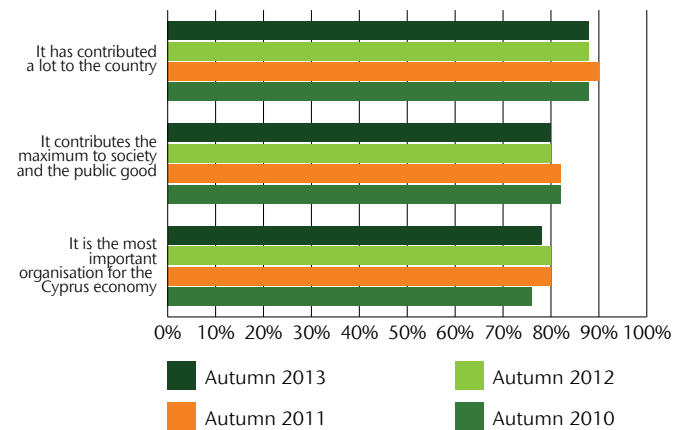
Quality of Products and Services and Respect for Customers

As an Employer, Caring for its Personnel and the Environment

Categories (top to bottom):
- It is the best employer
- It cares about its personnel
- It cares about the environment

Legend:
- Autumn 2013
- Autumn 2012
- Autumn 2011
- Autumn 2010

Axis: 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

CORPORATE SOCIAL RESPONSIBILITY AWARDS

Cyta's long-term and systematic activity regarding issues of Corporate Social Responsibility is frequently recognised and honoured by various authorities and bodies. In 2013, Cyta received three such awards.

Award: Health & Safety in the Workplace
Cyta's initiative to create a model occupational health centre on the premises of its Head Offices was evaluated as "pioneering" and, as such, received 2nd prize in the 2013 National Good Practice Awards Competition, the theme of which was Health & Safety in the Workplace. The model health centre was created in the framework of promoting the health and safety of the Organisation's personnel but also with specific objectives relating to reducing sick leave and healthcare costs, preventing accidents and improving productivity. The compe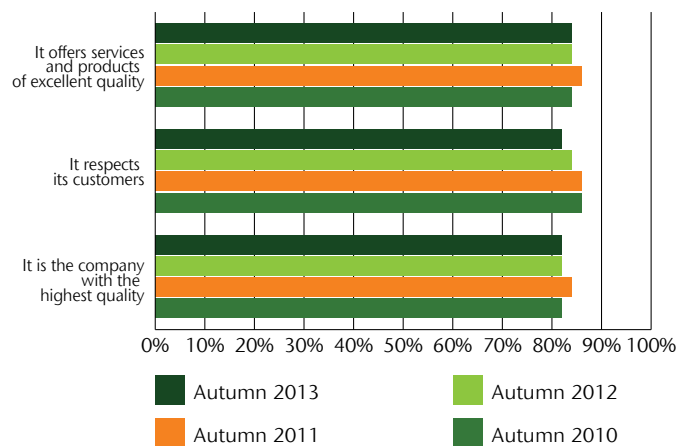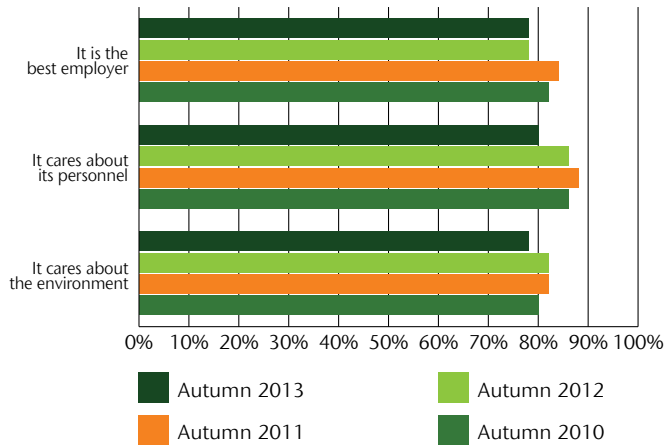tition was organised by the European Agency for Safety and Health at Work (EU-OSHA) in conjunction with the Department of Labour Inspection of the Ministry of Labour, Welfare & Social Insurance with the aim of showing the benefits to be gained by the implementation of good practices.

Award: Corporate Social Responsibility at the 5th Infocom.cy Conference
Cyta was presented with the Corporate Social Responsibility Award at the 5th Infocom.cy Conference entitled "Re-Power Cyprus: Digital Evolution & Business Continuity". At the awards ceremony, the organisers stressed that Cyta has shown over the long term and in action that it operates responsibly in all its business activities and in its relations with those if affects, underlining that it was set up with the main objective of serving society. They also noted that, for 52 years, Cyta has contributed in a consistent manner to the development of Cypriot society and the country's economy by offering high-tech products and services that improve people's quality of life and the competitiveness of businesses.

Award: Cyta, Honorary Member of Reaction
The not-for profit organisation Reaction honoured Cyta among its associates for its contribution to Road Safety and its support to the activities of Reaction aimed at cultivating road safety awareness among young people. (More details on Cyta's activities relating to Road Safety are given elsewhere in this Chapter.)

MANAGEMENT

Cyta's interest in the welfare of its employees continued in 2013 through the continuation of the successful institutions of the Workplace Doctor and Social Workers, support for employees facing problems and events organisation.

Further strengthening our internal communication, in February 2013 we uploaded our informative "e-communication" online newsletter/ blog to the Intranet Portal.

We enhanced our portfolio of Cloud Services to SMEs in the form of a subscriber service with new economical solutions such as Panda antivirus, SAP Business All-in-One and Microsoft Dynamics CRM.

We signed cooperation agreements with local academic institutions in order to facilitate participation in group research proposals at a European level and to reinforce the potential for student engagement with Cyta.

Lastly, tenders were published and awarded for the procurement of islandwide security services and, at the same time, the Organisation achieved a reduction in costs compared to previous years.

HUMAN RESOURCES

Personnel welfare
The institution of the Workplace Doctor continued in 2013 with the provision of primary healthcare, examinations for employees due to be given permanent posts, the provision of flu injections for vulnerable groups of personnel and more. Furthermore, preventive medical tests were introduced for certain groups of employees. In 2013 these programmes specifically targeted employees in certain categories such as airport, technical support and gardening staff. A preventive skin cancer monitoring programme for all personnel was also carried out. The institution was honoured with 2nd Prize in the 2013 National Best Practice Awards Competition on the theme "Health & Safety in the Workplace". The competition was organised by the European Agency for Safety and Health at Work (EU-OSHA) in conjunction with the Department of Labour Inspection of the Ministry of Labour, Welfare and Social Insurance

Additionally, we further strengthened our commitment to the social welfare of our personnel through the services of the two social workers. Moreover, annual staff social and financial support schemes continued with the creation of a fourth Volunteer Group in Paphos. At the same time, we organised cultural and social events for members of staff and their children, we awarded prizes and scholarships to outstanding students and we held a retraining seminar for pensioners and retiring members of staff.

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

Training
In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2013 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 competences.

Some 31.6% of staff participated in training schemes and programmes in 2013 and the corporate index of training days per employee was 2,47 while human resource development as a percentage of payroll was 1,34%. Both personnel development indices compare favourably with those of successful international organisations.

At the same time, in conjunction with educational institutes, we designed and successfully implemented a development programme for employees promoted to the ranks of Supervisor, Deputy Head of Department and Head of Department. We also developed and implemented a training programme for the safe use of Social Networking. The aim of the programme is to rally all our employees to promote our products and services on Social Networks.

Finally, Customer Services Senior Management, in conjunction with Personnel Services, designed the "Feedback and Coaching for Cyta Management" programme, which was implemented in 2013 and 2014 and aimed at Customer Services Senior Managers who are required to manage and mentor their personnel on a daily basis.

In addition to traditional forms of education/development/ learning, we also designed or promoted other forms such as in-house training with educational material, online learning and specialist certification (sales certifications and more). Furthermore, we introduced the digital library, giving members of staff immediate access to e-books dealing with issues of professional and personal development.

Industrial relations
Maintaining good industrial relations through regular meetings with the trade unions was a crucial factor in Cyta's success during the year under review, to which all involved parties contributed with mutually agreed solutions that were applied to various internal problems that arose.

Recruitment
In 2013 no vacancies were announced at Cyta in view of the freezing of recruitment in the public and broader related sector. In 2013, the process of evaluating candidates for hour-ly-paid positions as Sales Assistants and Call Centre Assistants,

announced in 2012 but postponed due to the recruitment freeze, was completed. The result of the evaluation process was the drawing up of two lists of successful candidates (one for each role) from which hourly-paid employees were engaged for the Cytashop chain and the Cyta Call Centre respectively and which will be used to find replacements in cases of resignations. All other recruitment procedures for permanent members of staff remain frozen.

COMMUNICATION POLICY

In 2013, despite the adverse state of the market and of the economy in general, we strengthened our Organisation's position in the market as the leading provider of integrated electronic communications solutions. By providing reliable integrated electronic communications solutions in a simple, smart and secure manner, Cyta has contributed significantly to improving its customers' way of life and their productivity.

Through its work, Cyta has confirmed its commitment to reliably offering its stakeholders freedom of choice, movement, expression and potential.

Continuous progress and innovation are among the Organisation's permanent objectives and we wish to inspire our personnel and, of course, our customers, with the same aims.

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

of reinforcing a uniform style of communication and further simplifying our communication with customers, we adopted a new approach to the presentation of our brand. We created a "brand narrative" which narrates the place of the brand in the mind of our customers at any given moment and, at the same time, reflects our values, the promise of the brand and a rationale that may lead all our advertising campaigns. This practice is implemented internationally and, for us, it is an important tool that helps us strengthen the Cyta brand even more.

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 a significant tool in the hands of the Organisation's Management and Executive 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 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.

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 integrated management of the customer experience in Cytashops and at other important points of contact with customers. A key 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 correct them.

Crisis communications management is an integral part of communications management. 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 our Organisation's continued success.

Media relations

With the aim of providing timely and reliable information to the public, in 2013 we continued to issue regular Press Releases which were distributed to the media. Cyta officials participated in radio and television interviews and discussions and gave interviews to the press. Articles and other material about the Organisation were published, press conferences were held and public information campaigns were undertaken on a variety of issues.

"e-communication"

In February 2013 we uploaded our online newsletter "e-communication" to our Intranet Portal. "e-communication", which was updated every two weeks, replaced Cyta's "Telecommunications Street" information bulletin, which was distributed to all current and former members of staff and external associates, including the media. "e-communication" was created to improve the Organisation's internal communication, which is one of Cyta's primary aims.

Websites and online presence

Our benchmark corporate website **www.cyta.com.cy**, is modern and functional, offering ease of navigation and enabling users to search for information about Cyta products and services.

The website also lets users register with My Cyta, which offers exclusive benefits, including:
- making easy and secure online purchases of products and services
- management of Cytamobile-Vodafone services (free text messaging, etc.) and Cytanet services (WebMail) and
- being able to check and settle bills online via the ebill service.

Moreover, via the corporate website, visitors can access other useful Cyta sites such as the Yellow Pages and Telephone Directory, the Cyta Sales Network and the websites of the Organisation's subsidiary companies. They can also find information about Cyta, Cytashops, Press Releases, Annual Reports, etc.

Cyta maintains a dynamic and especially significant presence on social networks, such as the following:
- Facebook - **www.facebook.com/cytaofficial, www.facebook.com/cytamobile**
- Twitter - **@cytasupport, @cytacyprus**
- You tube - **www.youtube/cytacyprus, www.youtube/cytamobile**
- Forum - **www.cyta.com.cy/forum**

Keeping up with the trends of the times, Cyta uses its presence on social networking sites to provide its customers with a continuous flow of information about new services, products and the latest special offers, competitions, events and draws, and as a channel of two-way communication with subscribers.

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

The above activities contribute not only to the fast and effective provision of information but to the saving of paper in the context of Cyta's environmental policy.

INNOVATION AND SERVICES DEVELOPMENT

We set out our vision and strategy regarding Cyta's immediate integration into the innovation ecosystem and its support of start-ups, so as to deal with challenges, to secure sustainable growth and to maximise the Organisation's value. At the same time, we began a study on the adoption of corporate entrepreneurship within Cyta, following the practices of other pioneering organisations around the world.

We enriched our portfolio of Cloud Services for SMEs in the form of a subscriber service offering new, economical solutions including Panda antivirus, SAP Business All-in-One and Microsoft Dynamics CRM. We began work on the creation of an online store for the promotion and sales of a broad range of Software-as-a-Service (SaaS). We proceeded to update Microsoft Hosted Exchange to the next version and started work on introducing Infrastructure-as-a-Service (IaaS).

We set out our strategy for the Organisation's involvement in the Online Financial Transactions sector.

We began the process of selecting a strategic partner for the provision of water consumption management services to Water Boards and Municipalities.

We determined the framework of the Organisation's commercial activity, in cooperation with a strategic partner, in the provision of digital signature certification services. We developed and promoted vertical Connected Vessel services in cooperation with a strategic partner for the merchant shipping sector.

We set out our requirements for the conducting of a complete study by a Consultant with the aim of determining our strategy for the development of vertical services in the e-government sector.

We secured cooperation with local academic institutions for the mutual diffusion of scientific knowledge and experience, so as to facilitate participation in group research projects at a European level and to identify projects of mutual interest, as well as to strengthen the potential for engaging students to work at Cyta.

QUALITY AND STRATEGY ISSUES

In 2013, 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, a three-year strategic plan (2014-2016) was drawn up with the aim of dealing with challenges and promoting Cyta's business development.

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 European Telecommunications Standards Institute (ETSI), the Commonwealth Telecommunications Organisation (CTO), the TeleManagement Forum and the Broadband Forum. Cyta is also a stakeholder and an active member of the European Foundation EURESCOM, which carries out high-level research into, and prepares strategic studies on, telecommunications and IT issues.

IT APPLICATIONS

The implementation of the Organisation's strategy undoubtedly depends on its IT systems and applications. Through studies and IT technology upgrading projects, we propose and implement IT systems to ensure essential business flexibility and lower the Organisation's costs.

We continue to upgrade our Business and Management Support Systems, in support of the provision of new, innovative products and services and the introduction of new technologies. Our aim is to support Service Personnel with modern and flexible tools and to fully automate all processes, thereby achieving significant cost reductions and further increases in productivity and providing the optimum Customer Experience

Within the above framework, we are constantly upgrading our online presence, offering greater self-service options. Our new portal is being developed with new generation tools and is hosted on high-availability, high-performance servers.

We support and we are extending Enterprise Resource Planning (ERP) which covers most of the Organisation's financial management activities, having unified the internal human resource and financial management processes. At the same time we continue to develop applications that support internal activities.

We are broadening our Business Intelligence applications in order to provide the appropriate information and knowledge to various organisational levels with the aim of providing optimum support for, and monitoring of, the Organisation's activities. To this end we use modern, multi-dimensional business intelligence and data warehouse tools which draw upon information on all the Organisation's activities and transform it into useable knowledge.

We continue to search for ways of constantly upgrading/ transforming our IT systems, which will simplify tasks through the use of integrated and uniform systems and make Cyta more efficient and flexible.

FINANCIAL MANAGEMENT ISSUES

Financial Management activities are undertaken, monitored and checked via the Enterprise Resource Planning (ERP) system which, at the same time, provides upgraded information for timely and correct decision-making. Financial information is based on international standards and best practices.

Given that the robustness of an organisation is, to a significant degree, based on prudent financial management, correct planning and the proper evaluation of financial results, and based on financial developments in 2013, we reorganised our activities and took the appropriate measures to maintain the

Organisation's profitability. Specifically, with the adoption of new processes and the implementation of suitable monitoring systems, we managed better management and monitoring of our expenses, which led to a reduction of Operating Costs and increased profitability. Moreover, we took all the necessary measures to provide better customer service under difficult financial circumstances while, at the same time, we implemented international practices for keeping bad debts at a low level.

REGULATORY ISSUES

During 2013, Cyta participated in public consultations concerning the regulation of electronic communications and the analysis of specific markets and completed important projects such as the preparation and publication of the Offer for Wholesale Services.

SUPPORT INFRASTRUCTURE

An essential part of the smooth running of Cyta is due to the best possible, most efficient and most integrated management of its support infrastructure, i.e. among other things, land, buildings, electromechanical installations, vehicles and mechanical means as well as security, fire protection and guarding systems.

Buildings infrastructure
During 2013, we continued to study the construction of new installations, the maintenance of buildings and the use of premises throughout Cyprus. In the framework of the development of the Cytashop network, a new Cytashop was installed in the Kings Avenue Mall in Paphos and a "Shop in Shop" set up in the Christakis Georgiou – MEGA ELECTRIC store in Larnaca. Additionally, in collaboration with Customer Services, a tender was published to find a store to replace the Ayii Anargyrii Cytashop.

We continued with excellent results 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 cleaning and hygiene services management, our efforts continued to successfully provide a high standard of service while, once again, we held training seminars for cleaning staff with the aim of obtaining overall improvements.
In 2013 a concerted effort was made to reduce the rents paid on existing properties (offices, Cytashops, parking areas) with very good results.

Electromechanical services infrastructure
During the year under review we continued to implement the Islandwide Fire Protection System and the Organisation's telematic vehicle fleet management system. Additionally, contracts were signed for the continuation of the Electromechanical Equipment Monitoring System which is expected to bring about significant savings for the Organisation through energy management.

Moreover, we proceeded to replace a large amount of obsolete electromechanical equipment and supply systems with the aims of further improving the reliability of the services that we provide and saving energy. At the same time, we continued to provide support services to Cyta Hellas and we equipped electromechanical installations and supply systems installations for major corporate customers such as Avanti, the Department of Civil Aviation, the Poseidon project, etc.

In the framework of the operation and maintenance of electromechanical equipment, and of vehicles and other machinery, serious efforts were made to save funds (renegotiation of existing maintenance contracts, switching off of a significant number of lights, immobilisation of vehicles, etc.). Additionally, the Cytafleet vehicle management software was upgraded with the aim of better management and monitoring of maintenance and fuel supply tasks for vehicles and other machinery.

Security infrastructure
In 2013 we continued to extend the islandwide Security System with the installation of new electronic access monitoring points and terminal equipment for the Electronic Timekeeping System, the Trespassing Detection subsystem and CCTV.

At the same time, we began using the new WebTMA software service to manage the maintenance of installation equipment. The use of the WebTMA platform was extended to the electronic recording of new tasks, incident reports by security guards, recording of incidents by the Monitoring and Security Management Centre, and a software application was developed to work with WebTMA on physical access management.

Finally, tenders were published and awarded for the procurement of islandwide security services, which enabled us to reduce costs compared with previous years and to cooperate with high-level companies.

MATERIALS MANAGEMENT

In 2013, the Organisation's Central Stores continued to send materials and equipment abroad for repairs and to receive, store and distribute materials and equipment.

The successful implementation and development/upgrading of the new purchasing and supplies management software continues. 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.

PRODUCTS AND CUSTOMER SERVICE

In 2013 the RED plan was introduced by Cytamobile-Vodafone, designed to respond to our customers' modern demands by offering unlimited talk time and text messages on all networks, a free choice of device and a large amount of MB for carefree Internet browsing. At the same time, for soeasy pay as you go customers, we introduced soeasy Freebies, which offer additional local and international talk time as well as free texts and MB.

Recognizing our responsibility as the biggest provider of Internet services in Cyprus, we continued in 2013 to develop our network, providing broadband coverage wherever there was organized copper network in both urban and rural areas.

We proceeded to add new channels to Cytavision and subscribers can now enjoy watching FOX Life, History and History HD, Sky News and the foreign-language channels Deutsche Welle, RT and RU.

Furthermore, our Organisation is dynamically growing its Cloud services portfolio, accompanying it with the focused technical support and the security and reliability of Cyta's infrastructures and data centres, offering Cypriot businesses all the latest IT solutions.

*Finally, we opened two new Cytashops in Larnaca and Paphos, thereby upgrading our customer service there. At the same time, customers can now obtain service via Twitter (**@cytasupport**), Facebook (**www.facebook.com/cytaofficial**), smartphone apps (**cytainfo+**) and the customer forum (**www.cyta.com/forum**).*

RETAIL MARKET

FIXED TELECOMMUNICATIONS 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 increasing incentives to use fixed telephony.

We continued our strong promotion of the Talk & Save discount schemes that were introduced the previous year and increased their penetration. These schemes apply to residential and business customers' national and international calls to any fixed or mobile number in Cyprus (on the Cyta network) or abroad and offer discounts of up to 20%. The Talk & Save Friends scheme is for customers who make regular calls to specific numbers, Talk & Save Home is for those whose calls are of long duration, while Talk & Save Business is for customers with large telephone bills.

At the same time, in cooperation with the Cyta Call Centre, we carried out campaigns to promote the 1018 service to specific customer segments so as to satisfy our customers' increased demands. With its low call charges (national and international), Fixed Telephony offers an economical communications option.

In November 2013, new economical Fixed Telephony plans were introduced, including packages of national and international calls with discounts of up to 50%. The aim of these plans is to strengthen the value proposition to Fixed Telephony customers and to increase fixed phone usage.

In 2013, the number of customers of the new, technologically innovative Broadband Telephony service (BBT Home and BBT

Business) continued to grow at a fast rate, giving them the chance to use many telephone lines on the same premises and enabling each family member to have his/her own personal number at significantly lower cost. Broadband Telephony customers can make voice or video calls from a telephone, from a computer equipped with a webcam and a headset as well as from IP telephony devices.

CYTAMOBILE-VODAFONE

In the Mobile Telephony sector, we continued to operate in a fiercely competitive environment which is also affected by the broader technological developments seen worldwide and by the European Union's continuing regulation of international roaming services.

Spearheaded by our reliability, our seriousness and the emphasis that we consciously place on the Customer Experience, we remain firmly ahead of all the competition as the first choice when it comes to Mobile Telephony in Cyprus.

Confirmation of this may be seen in the introduction of the new RED monthly plan.

RED is the most integrated communication option, designed to respond to our new and existing customers' modern demands by offering unlimited talk time and text messages on all networks, a free choice of device and a large amount of MB for carefree Internet browsing, with everything under the customer's control, via a reliable network.

At the same time, for soeasy pay as you go customers, we introduced soeasy Freebies, which offer additional local and international talk time as well as free texts and MB, allowing customers to talk and browse the Internet more as they make the most of their smartphones. Additionally, with every top-up, customers have a chance to win gifts from soeasy Rewards. Lastly, the upgrading of the twin SIM card service to MultiSIM lets customers use two SIM cards at the same time to make calls, send text messages or browse the Internet.

Cytamobile-Vodafone's plans give access to countless services that are being updated daily so as to respond in the best possible way to the needs of our customers.

Among others, via the Vodafone live! menu, users can find out the latest news and sports headlines, download unique wallpapers, ringtones and games, discover what's on at the cinema, learn which are the most popular clubs and restaurants in each town, read the best-known magazines, get tips on great recipes and much more.

Moreover, whether you are a pay monthly or a soeasy pay as you go customer, you can enjoy a huge range of services

in more than 170 countries and on 385 networks, and this number is constantly growing.

CYTANET INTERNET SERVICE

Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2013, thanks to significant network development projects and our provision of upgraded services at more attractive rates.

Placing emphasis on improving the quality and reliability of the network and, by extension, of the services we provide, we proceeded with a number of upgrading and development projects.

We also continued to upgrade the Cytanet network's local connections with Ethernet 10Gbps connections. The total capacity of our connections to the global Internet is now in excess of 40Gbps.

During 2013, we provided broadband coverage wherever there was a developed copper network, in both urban and rural areas.

- **Other special offers**
  In 2013 we enhanced our offers to broadband customers signing a 12-month contract by offering Internet Home 2000 and 4000 products at a special price.

- **Expansion of the Cytanet Wireless Zone's Wi-Fi network**
  In 2013 there were 140 Wi-Fi Hotspots all over Cyprus. We expanded our network to more outdoor public spaces, thus making the Internet more accessible outside the home.

- **Safer Internet education**
  For the twelfth consecutive year we continued our presentations entitled "The Internet: A Tool for All" in state primary, secondary and technical schools and in private schools in collaboration with the Ministry of Education & Culture. During the 2012-2013 academic year, 46 visits were made to schools where 4.866 pupils and teachers attended the presentations. In total, since the 2001-2002 academic year, 734 schools have been visited and 82.504 pupils and teachers have attended the presentations.

Additionally, between the academic years 2005-2006 and 2012-2013, a total of 107 lectures were given to Parents Associations on "The Internet in our Children's Lives – Safe and Responsible Use". The lectures were held in conjunction with the Pancyprian School for Parents, Parents Associations and school administrations. The lectures were attended by a total of 4.317 parents and teachers.

CYTAVISION SUBSCRIBER TELEVISION PLATFORM

Cytavision is the most complete subscriber television platform in the Cyprus market. With live and exclusive sports broadcasts from Cyprus and abroad, a huge variety of the most popular channels in all viewing categories and a broad range of interactive services, it offers entertainment and information for all tastes.

Our main priority is to share varied, top quality content with our subscribers, with a commitment to the provision of the very best in home entertainment and before- and after- sales service to our subscribers.

Cytavision is a key criterion in people's choice of Cyta's triple- and quadruple-play options (fixed telephony, Internet, television, mobile telephony), contributing decisively to the value of this offer and distinguishing it from the corresponding offers from our competitors.

We are constantly investing in new content, new innovative applications, new services and new collaborations that will respond to the needs of our subscribers and our partners.

This is why, during 2013, we proceeded to complete a range of projects that serve the two pillars of our strategy, i.e. content range and quality and innovation, enabling us to increase the number of Cytavision subscribers.

- **Enhancement & enrichment of channels**
  Throughout the year, in response to the TV needs of our subscribers, we enriched our content with popular channels in various viewing categories.

  With the addition of FOX Life, Cytavision is the only subscriber platform to provide viewers with seven channel options for movies and series. Moreover, in 2013 Cytavision upgraded its content with the addition of the respected History and History HD channels, Sky News and the foreign-language channels Deutsche Welle, RT και RU.

  Furthermore, the Disney Channel is offered with all of Cytavision's residential packages (Value Pack, Value Pack Plus, Full Pack) while the Public Pack was strengthened by the addition of Bloomberg and Baby TV.

- **Attractive packages and offers**

  In 2013 we launched a number of price packages with the aim of satisfying the personalised needs of our subscribers. Specifically, Cytavision subscribers had the chance to buy the television of the their choice in 24 monthly instalments and to take advantage of various offers such as discounts on their monthly subscription and free calls from their fixed phone as well as free calls and texts from their mobile phone.

  Additionally, we reward our subscribers by giving them the 12th month of their contract free.

- **New agreements on live sports broadcasts**

  In the course of the year we signed significant agreements regarding live broadcasts of top European football, basketball and tennis matches and other sports. Highlights include the Eurobasket tournament, in which Greece participated, the best Wednesday game in the UEFA Champions League and other important games played by Cypriot teams in the qualifying stages of the UEFA Champions League and UEFA Europa League.

ΥΠΗΡΕΣΙΕΣ CLOUD

The provision of IT as a service is a major new change in the IT sector in recent years. This innovative approach has drastically changed the rules for providing computing resources and software applications to businesses, enabling a company to make the most of the advantages afforded by IT while paying only for the time for which the services are used business at the end of each month and transforming the inflexible investment cost to obtain the required technology into a small operating cost. At a time of tremendous financial difficulties, in which the issue of cost is a hugely important factor for businesses, access to today's technology at a cost that does not burden the company's cash flow can be a decisive factor for surviving and entering a new era. Cyta is dynamically growing its Cloud services portfolio, accompanying it with the focused technical support and the security and reliability of Cyta's infrastructures and data centres, offering Cypriot businesses all the latest IT solutions.

NATIONAL PRIVATE LEASED LINES

In 2013, national private leased lines remained among the options available to 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.

The service provides reliable, secure and financially advantageous solutions for connecting business 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.

COLLOCATION SERVICE

The collocation 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 NETWORKING SERVICES

2013 was another successful year for our Ethernet Business Networking services which continued to attract major business customers.

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

The main advantages to our customers of these services over other networking options are higher connection speeds of up to 1Gbps, lower cost and easier installation. At the same time, they offer a variety of speed 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 use Cyta's new Ethernet/IP network as a common infrastructure. The network, which was designed to international specifications and provides islandwide coverage, is characterised 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.

MANAGED SERVICES

Managed Services complement networking services, mainly Ethernet and DSL Access VPN, with supply, installation, operation, management and support services for all the telecommunications equipment located on a company's premises.

With Managed Services, business customers can have a single point of contact for the order, support and management of

equipment on their premises and for their networking services. Should technical problems arise, the fastest possible service and the best coordination to resolve them are provided since Cyta is in a position to monitor the network and its equipment from end to end.

The Managed Services that Cyta offers are the most reasonable in terms of initial capital outlay since customers are not burdened with the initial costs of purchasing equipment and they pay less to upgrade and replace it.

CUSTOMER SERVICE

Our unchanging strategy in recent years has been to get closer to our customers, placing particular emphasis on reinforcing our Sales Network and focusing on the development and upgrading of our stores in terms of their appearance and commercialism. We also extended our shop opening hours to make them the same as those in the rest of the market.

Moreover, in response to our customers' wishes for easy access to our stores, we opened two new Cytashops. The first is in Faneromenis Street, Larnaca and the second inside the Kings Avenue Mall in Paphos. In their design, both stores have adopted the basic principles of the Customer Experience so as to offer customers the "customer journey" through the store, the chance to try out devices and the freedom choose the accessories that interest them. At the same time, we continue to modernise existing Cytashops on the basis of the above principles.

In the framework of our strategy of providing excellent customer service across a broad and effective network of stores, we also maintain a strong and reliable network of sales partners. These partners run organised networks of stores in all districts and they have the right knowledge and experience to serve our customers in a responsible manner and to provide the full range of our products and services. An important part of these partnerships is the distribution network that makes the products of the soeasy prepaid mobile telephony service available across a large network of points of sale throughout Cyprus.

As regards the business market, through a large variety of options and thanks to the flexibility of our products, our specialist network of Telecommunications Consultants provides an upgraded personal service to large companies and SMEs. The Telecommunications Consultants assist each enterprise in selecting the ideal and, at the same time, most economical solution to its particular requirements, always with the quality that is expected from Cyta. Our constant aim is to provide integrated solutions that arm professionals with autonomy and flexiblity in the area in which they are active and make their business more productive, efficient and, by extension, more competitive. The development, strengthening and maintenance

of long-term relationships of mutual benefit with our customers are the key components of our approach: In the words of our slogan, we "get closer" to businesses and the professionals so as to "touch the world" together. To this end we ensure that our people have a high standard of know-how and advanced technology tools at their disposal so as to respond to the demands of our customers.

Over and above the personal contact with our customers, in recent years we have placed great emphasis on telephone service and assistance. From the Cyta Call Centre (CCC) we offer our customers top-quality assistance on the islandwide number 132. Customers who call the CCC can obtain information about our products, submit orders, report possible faults to their services and receive technical support. The CCC also provides assistance to customers of Cyta Hellas and thus plays an active role in the successful expansion of the company's activities into the Greek market. The Directory Enquiries service on 11892 operates in an intensely competitive environment but it remains the leading service of its kind in Cyprus. Through the provision of simple and practical facilities, it gives customers fast, reliable and inexpensive assistance with their enquiries.

Customer service was further upgraded by enabling our customers to obtain information, technical support, assistance and help with any problems through alternative service channels and social networks. Customers can obtain service via Twitter (**@cytasupport**), Facebook **(www.facebook.com/cytaofficial**), smartphone apps (**cytainfo+**) and the customer forum (**www.cyta.com/forum**).

In 2013, the CCC also placed particular emphasis on cooperation with other departments regarding customer retention, debt management and promotional activities for Cyta services and products through the creation of new and/or upgraded service teams. In what was a difficult year, these teams helped increase sales during special offer periods, reduce customer churn and better manage overdue bill payments.

Above and beyond this, the CCC made the most of its long experience of providing quality service and the positive image it has among customers who use it, by expanding its activities to the provision of call centre advisory and training services to third parties, mainly major corporate customers.

Recognising that our customers give considerable importance to the speed of technical support provided to resolve problems, we are continuously working to upgrade our Customer Technical Assistance (CTA), develop our personnel and optimise service. In 2013, the CTA staff completed a series of training programmes for the development of technical knowledge and skills as well as the improvement or personal competences on issues of service and communication, thus improving even further the provision of technical assistance and the customer experience.

The increased demands of our technologies and services have led us to take a series of improvement works at the level of processes and activities and in 2013 we were extremely active in this area. For example, we reviewed terminal equipment upgrading and management, while the CTA took over responsibility for improving our customers' network infrastructure at no additional charge so that they may make the most of our services.

With upgraded content and fully updated information on businesses and individuals, in 2013 the print editions of the Yellow Pages and Telephone Directory and the Business-to-Business Directory were published. This year, the Cyprus Holiday Guide was published online. Thanks to the amount of information they contain, these publications are unique information search tools and, at the same time, an effective means of promoting businesses, products and services. With information that is updated on a daily basis, the new upgraded online Yellow Pages and Telephone Directory is available at **www.cytayellowpages.com.cy**.

WHOLESALE MARKET

NATIONAL WHOLESALE MARKET

In 2013 we continued to supply licensed national providers of telecommunications services with high-quality national 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. We reviewed the templates for tenders and agreements and developed and upgraded support systems and processes for the provision and management of high quality products and services. The national wholesale products and services portfolios that we provided are the following:

Mobile communication interconnection and services portfolio
The Mobile Communication Interconnection and Services Portfolio includes products relating to Interconnection, Wholesale Leased Lines, National Roaming, Access to Cyta's Mobile Network and Mast Colocation.

Interconnection enables national providers to connect their networks to Cyta's fixed and mobile networks. It is achieved through interconnection with predetermined nodes on Cyta's networks and allows for the termination of telephone traffic between networks. Wholesale Leased Lines are circuits on the Cyta network that are leased to national providers, enabling them to interconnect nodes on their networks or on their customers' networks to their own network.

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 via Cyta's mobile network. Cyta offers alternative access arrangements to Service Providers, Enhanced Service Providers and Mobile Virtual Network Operators. Mast colocation lets national providers of mobile telephony use Cyta's mobile communications network masts for the colocation of their own equipment.

Telephony and broadband portfolio

The Telephony and Broadband Portfolio includes products relating to Carrier Selection and Pre-selection, Wholesale Line Rental, Wholesale Broadband Access/Bitstream/Naked DSL, Number Portability and Access to the Telephone Directory Data Base.

Carrier Selection allows Cyta subscribers to choose an alternative national carrier for call distribution by dialling the carrier code. The choice of alternative carrier by Cyta subscribers is on a per call basis. Carrier Pre-selection enables Cyta subscribers to choose an alternative 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 lease 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. Wholesale Broadband Access enables national carriers to offer broadband services to their customers via Cyta's broadband network. Number Portability lets subscribers keep their telephone number when they change provider. Access to the Cyprus Telephone Directory Database gives national carriers providing Directory Enquiries services access to Cyta's Cyprus Telephone Directory Database.

Infrastructure access and leasing portfolio

The Infrastructure Access and Leasing Portfolio includes Local Loop Unbundling, Building & Duct Colocation.

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. Duct Colocation enables national providers to lease Cyta's infrastructure (buildings, forecourts, cabling) for the colocation of their equipment.

INTERNATIONAL WHOLESALE MARKET

We provide cable interconnections to wholesale customers including indefeasible right of use or lease of cable capacity to local and international carriers, interconnection of international capacity via national networks as well as extended international capacity from its cable landing stations to equipment colocation premises of licensed national carriers. Additionally, products for the resale of space segment capacity, satellite links and facilities are offered. These include the provision of specialised satellite links, international satellite telephony, satellite monitoring and maintenance services, satellite links for the large-scale provision of Internet and data services, colocation and VSAT services and radio/TV programme relay products.

Internet and data portfolio

Through connections with nodes on Cyta's networks in Cyprus or those of our partners abroad, we provide international wholesale customers and Internet Service Providers with high quality protected access to the global Internet through the use of a variety of technologies and routing protocols and with backup capacity availability in the form of bandwidth-on-demand.

Via the CytaWorld.Net platform with nodes in Nicosia, Athens and London and other international extensions, we offer business and wholesale customers International Virtual Private Circuits (MPLS-VPN) as well as International Ethernet-over-MPLS (EoMPLS) circuits. Via a reliable cable infrastructure with full network and equipment protection, virtual connections are offered as point-to-point and point-to-multiple-point, while voice, data and image transfer are enabled via different classes of service, guaranteeing a plethora of applications and solutions adapted to our customers' needs. We also offer international interconnections for data transfer via Frame Relay products at guaranteed access speeds from 64kbps to 2Mbps and via ATM products from 2Mbps to 155Mbps.

Additionally, we offer business and wholesale customers natural International Private Leased Circuits with transparency of capacity which are ideal for applications requiring reliable and fast data transfer. Natural International Private Leased Circuits are usually provided via submarine fibre optic cables at speeds ranging from 64kb/s to 1Gbps with SDH-TDM interfaces or Ethernet-over-SDH (EoSDH). The extensive international cable network and the multiple landing stations of Cyta and its associates guarantee interconnectivity and total protection. Transparency of capacity, which is available to every customer, is always guaranteed for exclusive use, enabling the interconnection of different types of terminal equipment for the transmission of voice, image and data to multiple applications. Customers receive personal service, though a business consultant, and 24-hour technical support.

International wholesale telephony portfolio

We offer 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. For the provision of international outgoing telephony, we maintain direct connections with 56 telecommunications organisations worldwide, guaranteeing competitive terminal charges and top quality alternative routing. With automated processes and specialist software, we support multiple routing to international softswitch exchanges with the aim of offering excellent quality international telephony at competitive prices. At the same time, we provide international correspondents with termination of incoming traffic on all fixed and mobile networks in Cyprus as well as international and universal freephone call products for business customers all over the world.

Additional services portfolio

We provide specialised and personalised additional services which add value and support to our broad range of international

telecommunications products and services. These additional services include support consultancy services to business customers and international correspondents, international telephone traffic statistics and forecasts, international media restoration services, international telephone traffic management services, consultancy services for the administration of submarine cable systems and signalling services for international roaming facilities for mobile telephony.

SERVICES TO THIRD PARTIES

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 Nicosia 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 Larnaca and Paphos airports. In the framework of harmonisation with the programmes of the European Civil Aviation Organisation EUROCONTROL and due to the termination of the LEFCO project, we continued to upgrade the air traffic control data processing system in

support of the existing Nicosia Area Control Centre. In 2013, the backup system was transformed into the main one, new functions were added and a simulator was installed for training purposes.

Finally, installation of the new ground-to-air communication system was completed, which will contribute to the upgrading of the communication capability between air traffic controllers and pilots.

SERVICES TO THE DEPARTMENT OF MERCHANT SHIPPING

We 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 seefarers' needs for communication of a social and/or other nature.

SERVICES TO THE METEOROLOGICAL SERVICE

We continued to provide telecommunications facilities to the Department of Meteorology, mainly for the preparation and distribution of Weather Forecasts and Flight Plans.

SERVICES TO THE JOINT RESCUE COORDINATION CENTRE (JRCC)

In the framework of the provision of services to the JRCC, infrastructure work was completed for the hosting of the MEOLUT satellite system. The project is part of the SAR/GALILEO project managed by the European Commission.

SUBSIDIARIES

DIGIMED COMMUNICATIONS LTD

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

The pressure of increased competition in local and international markets, together with the slowdown in business activity as a result of the global financial crisis, make Digimed's contribution to the Organisation's response to the challenges of today's telecommunications business environment a necessity.

The alignment of the subsidiaries with the Organisation's strategic and business objectives of expanding abroad and completing its portfolio of products in the local market, through the coordination and support of its subsidiaries in collaboration with the relevant management unit of Cyta, remains Digimed's top priority, along with creating synergies among Cyta's subsidiaries.

CYTA HELLAS SA

2013 was a year characterised by fierce competition among electronic communications providers in Greece as each one attempted to gain the biggest possible customer base in a market that is showing the first clear signs of saturation.

Despite intense pressure and the large number of special offers from competitors, the number of the company's active customers rose from 296.607 to 312.049, representing an increase of 5,2% and maintaining its upward trend.

Regarding its financial results, the company's operating costs and overall losses fell for a second year, while a small increase in turnover from normal activities was recorded. Moreover, the company recorded an operating profitability.

In 2013, having completed its geographical growth, Cyta Hellas switched its priority from infrastructure to services. At the end of 2013, it brought its successful digital television service Cytavision into commercial operation and, from the first weeks, was broadly accepted by the company's customer base. This development came in response to moves by competitors to provide combined telephony and television services.

By December 2013, the company's own optical network was 4.750km in length and provided services to 361 telephone exchanges. At the end of the year, Cyta Hellas was operating the same number of Cytashops as in 2012, i.e. 22 and four franchise stores while a large number of technical staff in all areas where the company is operating are ready to cater for the requirements of its subscribers with the best possible service.

Cyta Hellas is planning to begin the provision of mobile telephony services and to see the subscriber television services market mature, a development that will make Cyta Hellas a provider of 4-play services and this will enable it to offer integrated communication and entertainment services to its customers. Through a full range of electronic communication services, the company aspires to further increase customer loyalty by offering a combination of services with a high value/price ratio.

At the same time, the company will continue its policy of mild expansion into new areas so as to increase the percentage of the population to which it can provide its now integrated services.

Finally, the company is planning a more active involvement in the tendering process for the provision of telecommunications services to Greece's public bodies, with the main objective of successfully participating in the Syzefxis II project.

CYTA UK LTD

Cyta UK has its own high-tech telecommunications node, based on the MPLS protocol, using media gateway equipment and housed 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 Nicosia and Athens owned by Cyta and CytaGlobal Hellas SA respectively. Additionally, Cyta UK recently obtained new-generation SDH equipment which enables its parent company Cyta to offer international connections using Ethernet over SDH (EoSDH) to cater to the needs of business customers as well as of other providers and partners.

The company is active, in conjunction with Cyta and its subsidiary Cytaglobal Hellas SA, in the provision of international virtual leased interconnections based on MPLS-VPN and Ethernet-over-MPLS (EoMPLS) protocols to providers and corporate customers in the UK and elsewhere while it also offers occasional colocation services, local loops and other local interconnections within the UK on a resale/leasing basis via its associates and other subcontractors. Also, in collaboration with Cyta, the company is in a position to offer voice, signalling and Internet interconnections on a wholesale basis.

At the same time, the company is active in the Fixed Telephony services sector in the UK retail market with Carrier Preselection and the Cytatalk and Cytabusiness packages, which it has developed mainly for residential and business customers in the Greek-speaking community. The company is also active in the provision of broadband Internet services and Greek-language television content, while offering significant additional facilities such as leased telephone lines, simulated PBX and resale of mobile telephony services.

CYTACOM SOLUTIONS LTD

In early 2013, n Cytacom Solutions Ltd absorbed the activities and staff of Emporion Plaza Ltd, with the aim of providing integrated quality and innovative communications and IT solutions/services, tailored to the needs of each customer. The objective of Cytacom Solutions Ltd is to enable its customers to benefit from the potential of technology and to improve their entrepreneurship.

The company's vision is to be the first choice for the design and provision of specialized integrated communication and IT solutions to organisations and businesses in the Cypriot market

with the following products:
- Cabling in buildings
- Telephony solutions
- Networking equipment
- Project management & consultancy services
- Provision of Integrated IT solutions
- Design and development of intranets and external networks - Content Management System (CMSquick)
- E-commerce solutions
- Bulk messaging (webSMS.com.cy)
- Top-up service (soeasy prepaidcards.com.cy)
- Cyprus Medical Association platform
- Development of integrated online contacts/links with IT systems
- Social Media Platforms
- Communications security
- One Stop Shop for ICT, together with Cyta

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.
- To increase 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 has a core team of top engineers with which to serve its customers.
- To support and complement Cyta's new products in the area of Solutions and Convergence Services.

CYTAGLOBAL HELLAS SA

Cytaglobal Hellas SA was established in Athens on 5 November 2003 as Cyta Hellas SA. 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 was assigned to another subsidiary.

The company has its own high-tech telecommunications node, based on the MPLS protocol and using new generation SDH equipment, 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 modes in Nicosia 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 based on MPLS-VPN and Ethernet-over-MPLS (EoMPLS) protocols to providers and corporate customers in Greece and elsewhere while it also offers occasional colocation

services, local loops and other local interconnections within Greece on a resale/leasing basis via its associates and other subcontractors.

IRIS GATEWAY SATTELLITE SERVICES LTD

Iris Gateway Satellite Services Ltd provides satellite turnaround of radio and television programmes between Europe, Asia, Africa 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 Services, providing integrated solutions to customers interested in distributing their services to various locations internationally via a combination of fibre optic cables and satellites.

During 2013, Iris continued to broaden its activities with the provision of new services. The extension of satellite television programmes to customers in the Middle East was an important development. At the same time, the company provided additional support services 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

The upgrade of the television signal from MPEG-2 to the advanced MPEG-4 codec for the Cytavision service resulted in a significant improvement in picture quality on the sports channels. The codec upgrade was planned for the other channels and a public tender was published to this end.

At the same time, in 2013 we proceeded to extend the provision of Cytavision to Greece through Cyta Hellas, in a project of great strategic importance for the Organisation. In Greece, the Cytanet Live Streaming network was also extended with the development of a new transmission node on the Cyta Hellas network, via which fans of Cypriot sport in Greece can watch various football and basketball games from Cyprus.

The laying of the POSEIDON submarine cable system was completed. It will provide broadband services to hydrocarbons exploration/ extraction platforms.

Lastly, the expansion of capacity of the IMS system, the completion of the assessment for the evolution of the fixed communications network and the number portability software upgrade are all considered important developments.

VALUE ADDED APPLICATIONS

Following the success of the previous year which brought about the modernisation and improvement of the customer experience for Cytavision subscribers with the installation of the new web-based television platform, in 2013 we completed the replacement of all the old Amino set-top boxes with new generation ADB versions. The friendlier environment, the ease of use of the new platform, fast channel change, HD broadcasts and the immediate response of the new terminal equipment, combined with the rich content, complete a modern television package for every home.

The upgrade of the television signal from MPEG-2 to the advanced MPEG-4 codec for the Cytavision service resulted in a significant improvement in picture quality on the sports channels. The codec upgrade was planned for the other channels and a public tender was published to this end.

At the same time, in 2013 we proceeded to extend the provision of Cytavision to Greece through Cyta Hellas, in a project of great strategic importance for the Organisation. The project was completed during the 4th quarter of the year and demand was overwhelming from the very first day.

In Greece, the Cytanet Live Streaming network was also extended with the development of a new transmission node on the Cyta Hellas network, via which fans of Cypriot sport in Greece can watch various football and basketball games from Cyprus.

In the framework of its social contribution, Cyta offers schools

the now well-known Safe Internet service. Until recently, for the service to operate it was necessary to install special software on every computer in the school. Realising the difficulty to schools of managing computers and software, we designed and developed a technical solution so that Safe Internet is offered as a network/ cloud service which requires no software installation by schools.

CORE NETWORKS

National transmission network
In 2013 we continued to expand the WDM (Wavelength Division Multiplexing) network, which is the backbone of Cyta's networks, providing high speed services to other networks of the Organisation as well as to corporate customers whose needs can only be satisfied by this technology. We also continued to expand the new-generation SDH (Synchronous Digital Hierarchy) network for the provision of circuits of various speeds and, in particular, EoSDH (Ethernet over SDH) connections. The national transmission network serves the needs of Cyta's networks and those of external customers at transmission speeds from 64kbps to 10Gbps, with the maximum level of reliability available today. The WDM and SDH networks operate via optical fibres in an arrangement that allows the uninterrupted provision of service, even when a fault occurs in a particular fibre.

International transmission network
We again proceeded to implement significant satellite and cable systems, reinforcing our role as a telecommunications hub in the broader Eastern Mediterranean region.

The MAKARIOS Earth Station is an important satellite gateway, providing broadband Internet connections to customers abroad, with the simultaneous use of submarine cable infrastructure, as described in more detail below. At the same time, Tracking Telemetry & Command (TT&C) services are also provided. The main projects of 2013 were the following:

- We completed the project to install and operate a backup satellite station for Avanti at Pera. The station is an alternative satellite infrastructure to the main satellite gateway at the MAKARIOS Earth Station.

- We completed the infrastructure for the installation of the MEOLUT system which began operations on a trial basis. The system concerns the operation of a satellite node on the European search and rescue system.

The MAKARIOS Earth Station is also the centre for the satellite channels and hosts the continuity platform for Cytavision. In 2013, we extended the provision of Cytavision to customers of Cyta Hellas and Cyta UK.

Cyprus is connected with the outside world for telephony,

We continued the transfer of customers to the new network providing DSL Access/Netrunner for Internet Home. The new network is based on the PPPoE protocol and provides backup at the BRAS (Broadband Remote Access Server) level of connections to the IP/MPLS backbone network and the Cytanet network. Once transferred, customers receive a much more reliable service.

At the same time, we replaced the BRAS equipment serving business customers using Internet Office (based on DSL technology) so as to support the new IPv6 address protocol and to provide an improved and more reliable service to customers.

We upgraded the Cytanet network at both routing and connection levels in order to offer an improved customer experience. We placed emphasis on improving business continuity and security and Cytanet's services.

Finally, we completed to project to introduce the IPv6 protocol to the above networks.

Network monitoring and faults management by the networks and services management centre
In the framework of improving monitoring activities and network and service faults management, in 2013 we continued work on upgrading existing systems and introduced new Alarm Management, Automatic Service Activation and Quality Management systems to Cyta's networks. These specialised tools, in combination with continuous staff training, are a basic aspect of achieving the mission of the Network and Services Management Centre for the secondary operation and maintenance of the Cyta networks in cooperation with the area sections.

FIXED AND MOBILE COMMUNICATIONS NETWORK

Wireless access network
In 2013 we continued to develop the mobile telephony wireless access network, installing new GSM base stations to improve coverage and new 3G stations both for improved coverage and network extension to rural areas. We succeeded in increasing the total number of base stations by 3,5%. Population coverage of the GSM network exceeds 99,8% while geographical coverage is 97% of the government-held area of Cyprus. The corresponding coverage for the 3G/HSPA network is now 83% and 65,7% respectively. We also extended the coverage of HSPA+ to 60% of the network.

With the objective of satisfying the expected demand for data services, we continued the project to link base stations with IP technology via optical cables, while shrinking the shortwave links network and considerably reducing operating costs arising from radio frequency charges. Some 60% of the radio network now has IP connectivity.

Internet and leased circuits through three submarine cable stations with a total of nine submarine cable systems (SCS) and subsystems. Transient connections are offered at the same time to companies in neighbouring countries. The main projects of 2013:

- Laying was completed of the POSEIDON SCS which is hosted by cable stations at Pentaschinos and Geroskipou. The SCS will provide broadband services to hydrocarbons exploration/extraction platforms.

- Work continued on the ALASIA SCS as an additional connection between Cyprus and Syria, as well as on the Europa SCS as an additional connection between Cyprus and Lebanon.

- We completed the 4th and proceeded with the 5th capacity upgrade of the ALEXANDROS SCS for connections with European destinations.

- We completed important corrective actions at the SCS landing points at the Pentaschinos and Geroskipou cable stations, both for the protection of the submarine cable systems and to reduce environmental effects on the shore.

Packet switched networks
We continued to extend the backbone IP network to upgrade its capacity so as to support the constantly growing needs of our residential and business customers for broadband services as well as the needs of Cytavision and other Cyta services. At the same time, we implemented new tools and processes to improve its management.

We completed the transfer of customers from the ATM/FR network to the IP/MPLS network, thereby ending that particular network's life cycle. It was subsequently withdrawn from service.

At the same time we proceeded to redesign and modernise the radio network with Single RAN technology, with the aim of bringing about significant reductions in operating expenses and to prepare for the introduction of LTE technology.

During the year, we again carried out two series of electromagnetic field tests at every Cyta base station in the framework of fulfilling the conditions under which licences are issued for the operation of mobile telephony networks. So far we have completed 18 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 218.

Mobile communications core network
The mobile communications core network was designed and upgrading work started to prepare it for the introduction of LTE technology and other services.

We introduced the MultiSIM service which came into commercial operation towards the end of 2013. This service lets customers use up to five SIM cards with the same telephone number. We removed the equipment from the old Mobile Switching Centres which have been replaced by the 2G and 3G common core network.

To upgrade security, we replaced the firewalls of the GPRS packet switched network with the latest equipment in the context of introducing the 4G network.

We introduced the IPv6 address protocol to the packet switched network, enabling the connection of terminal equipment using the latest technology and freeing up IPv4 addresses, which are very few in number.

We also proceeded to introduce to the packet switched network a system enabling dynamic changes to service quality and customer charging rules, allowing for flexibility in the design of new products.

Fixed communications network
We expanded the capacity of the IMS system in order to cover the requirements of business customers of the BBTbusiness and SIP Trunking services. We completed the technical/financial study on the switch from the Fixed Communications Network using traditional PSTN/ISDN technology to end-to-end VoIP technology, taking advantage of the IMS system infrastructure.

We also upgraded the number portability servers of the fixed communications network to the latest version.

Wired access network
In 2013 we continued to develop and upgrade the broadband access network using Asymmetric Digital Subscriber Line (DSL) technology.

Specifically, we continued to install outdoor RMSANs (VDSL2 technology) in areas at some distance from a telephone exchange and closer to customers' premises, thereby enabling more customers to have access to high-speed broadband services, with the aim of gradually complying with the requirements of the 2020 digital agenda. By 31 December 2013, we had around 10.000 customers, representing 15% of

broadband customers, connected with VDSL2 technology for the provision of access speeds of up to 70Mbps.

Additionally, we ensured technical preparedness for VDSL2 technology connections from the telephone exchanges, thereby enabling a significant additional number of customers to connect with VDSL2 technology. At the same time, we successfully tested xDSL bonding technology, which can potentially provide double the connection speed to customers.

The strategic Fibre to the Home project has been designed and scheduled and is ready for implementation once the Organisation receives the final decisions regarding its regulation.

INFORMATION SECURITY AND NETWORK/ TELECOMMUNICATIONS FRAUD

In line with the Vision and Mission of Cyta, the security of its networks and products is an integral part of the quality it provides and together they comprise a competitive advantage for the Organisation.

Cyta keeps its personnel, customers and partners fully up-to-date on issues pertaining to telecommunications fraud with the objective of raising their awareness and vigilance.

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.

At a corporate level, with the aim of ensuring the security of all our main processes, an Information Security Management System (ISMS) based on ISO27001:2013 is in place, with the involvement of the Management Advisory Committee, information security liaisons in all departments and, in general, all members of Cyta's personnel.

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, a specialist team using dedicated technology works in conjunction with various services within and outside the organisation. In the framework of its social responsibility, Cyta has expanded its activities aimed at preventing and stopping fraud aimed at its customers so as to protect them from malicious acts.

INTERNATIONAL CABLE AND SATELLITE NETWORK

In 2013 an agreement was signed with the Lebanese Ministry of Telecommunications for the provision of cable capacity on the Alexandros subsystem. A Memorandum of Understanding was also signed for the laying of the new Europa cable system between Cyprus and Lebanon and work began on drawing up the contract regarding the construction and maintenance of the cable.

Also in 2013, the laying of the new Poseidon submarine cable system was completed and it was connected to the Offshore Communication Backbone (OCB) monitoring system, thus succeeding in the convergence of oceanography and telecommunications for the offshore oil & gas industry in the Eastern Mediterranean.

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) CIOS, (iv) CADMOS, (v) UGARIT, (vi) MINERVA, (vii) ALEXANDROS (Cyprus-Egypt and Cyprus-France), (viii) ATHENA (Cyprus-Greece-Italy) and (ix) POSEIDON.

Cyta's international systems include more than 30 satellite earth stations providing access to major satellite systems such as Intelsat, Eutelsat, SES, Hylas, Thor, AsiaSat, ABS and Arabsat, which offer global connectivity. Satellite communications are developing rapidly and contribute substantially to the reinforcement of Cyta's regional telecommunications hub with VSAT services, relay services for radio and television broadcasts, Tracking Telemetry & Command services and satellite Internet on a broad scale.

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 have been given a 5-star ranking by the European Foundation for Quality Management (EFQM).

With its participation in the abovementioned cable and satellite systems as well as in other regional and global cable systems used as extensions of the systems landing in Cyprus, Cyta has established its leading role in the broader region, making Cyprus an extremely important telecommunications hub in the Mediterranean, providing business opportunities in new markets and excellent service of Cyprus's retail and wholesale international telecommunications needs.

FINANCIAL
REPORT

SUMMARY OF RESULTS

Despite the economic downturn, the crisis in the banking sector and the adverse financial conditions facing Cyprus in 2013, Cyta managed to maintain a high level of profitability.

In 2013, despite the decrease in operating revenue compared with 2012, Cyta reported a considerable increase in gross profit margin of 42,1%, due to the Organisation's successful efforts to reduce operating expenses.

Profit before tax was down by some 6,5% and amounted to €54,8 million compared to €58,6 million in 2012. This decrease is, to a large extent, due to the effects of the Eurogroup's decision of 25 March 2013, by which Cyta was subject to an impairment loss of €30 million to its deposits and shares hold in the two affected cypriot banks.

At the same time, the Organisation's results for 2013 were affected by a €24,7 million (2012: €20,9 million) impairment of its subsitiary investment operating in Greece.

Profit after tax, which is transferred to reserves, amounted to €37,4 million, compared to €51,4 million in 2012.

OPERATING REVENUE

Operating Revenue for 2013 decreased by around €17,5 million (3,9%) and amounted to €434,3 million, compared to €451,8 million in 2012. The reduction was due to the decrease in revenue from fixed and mobile telephony, which was counterbalanced in part by an increase in revenue from leasing of international capacity.

It should be noted that revenue from fixed telephony was affected by, among other things, the social contribution measures taken by the Organisation in view of the financial crisis, by which it offered to its customers all local calls made in April 2013 free of charge.

The reduction in revenue from mobile telephony was also affected by a general decrease in revenue from local and international calls. International mobile telephony was also affected by the reduction in international roaming charges, implemented in order to comply with the relevant European International Roaming Regulation.

OPERATING EXPENSES

Operating expenses for 2013 decreased by €45,2 million (11,7%), compared to the previous year. The reduction in operating expenses was a result of the implementation of Cyta's policy for better costs management. It should be noted that savings were observed in most expense categories in 2013. In addition, significant savings of €5,7 million were made to Staff Costs, €9,6 million to Pension Scheme Cost and €6,4 million to voluntary retirement compensation.

CAPITAL EXPENDITURE

Capital Expenditure amounted to €32,7 million, compared to €64,7 million in 2012 and this was exclusively financed by Cyta's own funds.

LIQUID FUNDS

Total **Liquid Funds** deposited in banks amounted to €179,5 million (2012: €161,3 million). An amount of €34,3 million (2012: €34,3 million) was invested in government bonds and €38,4 million (2012: €7,7 million) in convertible bonds of Cyta Hellas. An amount of €101,7 million is in the form of a 13-week treasury bill. The availability of liquid funds supports Cyta's development plan and its investments.
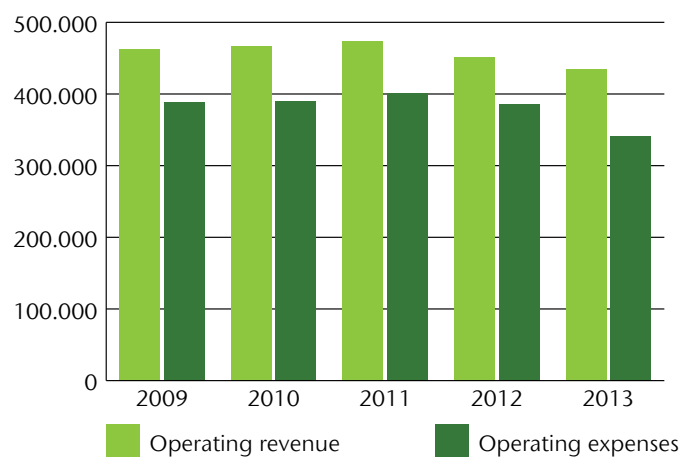
CAPITAL RESERVES

The Organisation's **Capital Reserves** as at 31 December 2013 amounted to €937,7 million, having been reinforced by the profit for the year of €37,4 million.

Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) (€'000)
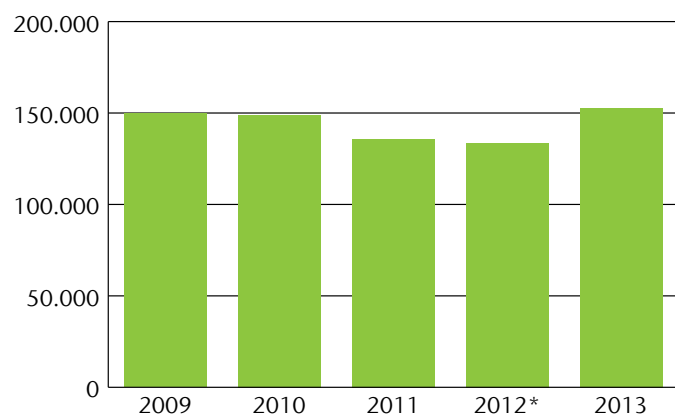
2009	2010	2011	2012*	2013
149.670	149.019	135.877	133.762	152.820

Operating Revenue & Operating Expenses (€'000)

	2009	2010	2011	2012*	2013
Operating revenue	463.036	466.470	473.982	451.763	434.261
Operating expenses	388.616	390.569	401.840	385.900	340.695

Five-Year Financial Summary

	2009	2010	2011	2012*	2013
	€mil	€mil	€mil	€mil	€mil
Operating revenue	463	466	474	452	434
Gross profit	74	76	73	66	94
Total assets	975	966	968	1.027	1.037
Total liabilities	104	105	93	114	100
Total Equity	871	861	875	912	938
Cash generated from operating activities	114	132	119	143	85
Net cash used in investing activities	-87	-57	-47	-84	-46
Dividend paid to the Republic of Cyprus	80	80	60	37	-

*see 2(e) of Financial Statements

Total Assets (€'000)
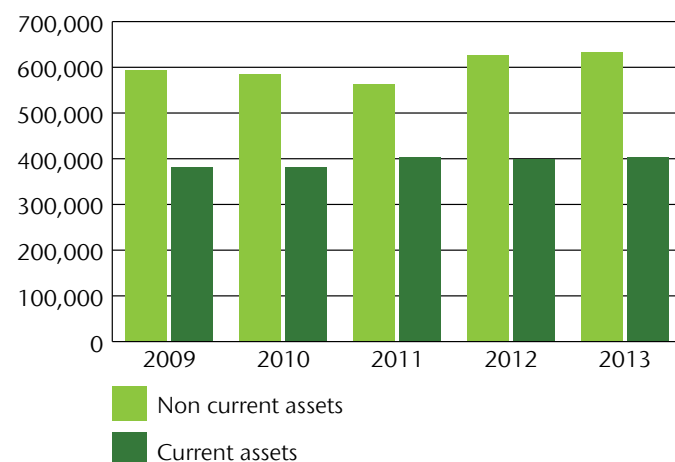
	2009	2010	2011	2012*	2013
Non current assets	594.563	584.690	563.946	626.802	633.778
Current assets	380.757	381.300	403.455	399.805	403.649

Cash Flow from Operating and Investment Activities (€'000)
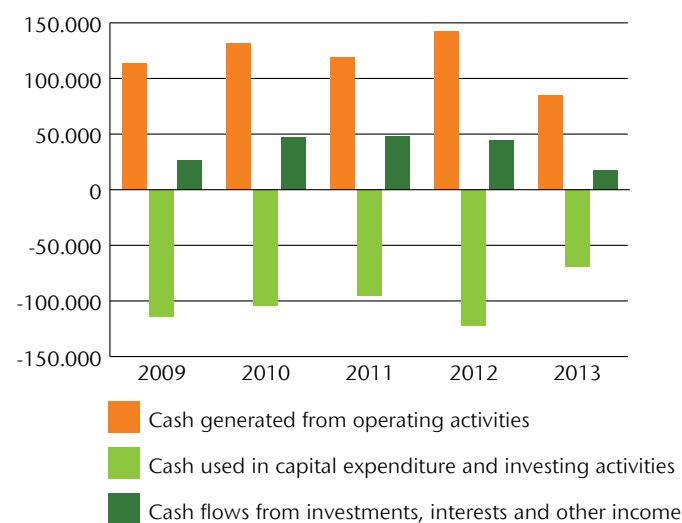
	2009	2010	2011	2012*	2013
Cash generated from operating activities	113.670	131.621	118.990	142.674	85.069
Cash used in capital expenditure investing activities	-114.154	-104.701	-95.784	-122.744	-69.665
Cash flows from investments, interests and other income	26.709	47.253	48.523	44.606	17.535