

# 2014

ANNUAL REPORT

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Cyta is the trade name of Cyprus Telecommunications Authority

# Message from the Chairman

## A dynamic response to the challenges of the times



We live in a world that is changing fast. Changes bring challenges and, for telecommunications companies in particular, they are major ones. The traditional growth models of classic telecommunications services have reached their limits. The associated activities of social networking firms and alternative Internet service providers are rapidly rewriting the rules and resetting the dynamics of the market. The profit levels of such companies are rising while, on the contrary, the revenues of telecoms companies are falling continuously. In Europe it is a matter of time before the established forces in the sector proceed with mergers and acquisitions in order to survive.

It is in this compound landscape that Cyta is active. It faces challenges regarding its own future at a time when the consequences of the financial crisis have significantly downgraded the dynamics of the market. On the roadmap that the Organisation has before it for the attraction of a strategic investor, our first priority is to maintain its value at a high level. To achieve this, it needs to proceed with a new strategic business plan, which will exploit the Organisation's traditional strengths, and to invest in innovations that will improve its competitiveness.

The new Board of Directors, the composition of which was completed at the beginning of 2014, undertook in conjunction with Management a reform project based on the principles of transparency and integrity. Our coordinated efforts to implement the business strategy have borne fruit. The satisfactory results for 2014 in an adverse financial environment for the Cypriot economy are a tangible result of the professional ability and coordinated efforts of Cyta's human resources.

### Financial Results

Specifically, operating profit amounted to €42,6 million, compared to €66,1 million in 2013. Revenue fell by 8,7%

compared to 2013. It is worth noting that operating profit would have been over €70 million if had it not been for the cost of the Voluntary Redundancy Scheme. Profit before tax was €56,9 million, compared to €54,8 million in 2013, since the results of 2013 included an impairment of €24,7 million on the investment in the subsidiary Digimed Communications Ltd, while for 2014, on the basis of the relevant study, no impairment was considered necessary. Operating costs were lower than the previous year, partly as a result of the strategic plan for optimum cost management and also, as far as personnel costs are concerned, as a result of the Voluntary Redundancy Scheme, in the framework of which 519 members of staff left the Organisation, followed by two more in 2015.

In the light of the financial environment at the time, the huge difficulties facing the Cypriot economy and the seismic consequences of the events of 2013, the results are considered to be extremely satisfactory, when compared with those of other companies of a similar size operating in the country.

### Key areas and strategic objectives

Cyta's mission is to provide integrated digital solutions that respond effectively to the particular needs of its customers, at the lowest possible cost, through the use of reliable modern technology at home, at work and on the go.

To accomplish this mission, we drew up our new strategy (2015-2017), which aims to respond successfully to the changes affecting the sector as a result of the digital convergence of IT and communication technologies, while remaining aligned with the modern and multifaceted needs of our residential and business customers, at the best possible cost.

To this end, Cyta proceeded to implement the Voluntary Redundancy Scheme as a tool for management reform concerning, among other things, a redefining and retraining of personnel, enabling them to respond to the priorities of our business objectives in the new digital era. In the context of the Organisation's efforts to reduce its operating costs, the Voluntary Redundancy Scheme is expected to reinforce the cost-orientation of our tariffs, which will gradually be of benefit to our customers. The implementation of our strategy will keep Cyta in the group of technologically advanced organisations providing the Cyprus economy with the necessary infrastructure to achieve high levels of growth during the first decades of the 21st century.

### Growth model

The Organisation is proceeding in this direction, based on its new growth model which comprises two main pillars:

The first concerns the provision of new services outside the strict traditional framework. For example, services to sectors such as shipping, e-Health, digital home, smart city, e-Government, mobile applications and the innovative applications of Cloud technology. The second is all about investment in ICT start-ups. In recent times, Cyta has been actively involved in the creation of an innovation ecosystem in Cyprus. Strategic collaborations with universities and investors, support for young people and the creation of the Innovation Centre are tangible proof of our confidence in new ideas that have business potential, that create jobs and support the future growth of the country. For a telecommunications organisation, the road to growth is through innovation.

## 2014: Success in Cyprus and abroad

As we implement Cyta's growth strategy, we place particular emphasis on the constant improvement of our products and services. Cyta is a reliable force in the market and the consumers that put their trust in us feel safe and secure. We have supported Cyprus throughout its history. Cyta's high value, know-how and social role are still at the disposal of the country and its people, to help deal with financial and social problems. Cyta will remain at the forefront of developments leading to a better Cyprus.

### Cyprus: A telecommunications hub

We have established satellite and cable systems, thereby reinforcing our place as a telecommunications hub in the broader Eastern Mediterranean region.

Cyprus' international interconnection for telephony, Internet and leased connections is achieved mainly through the operations of three cable landing stations that host eight international undersea cable systems. In addition to serving the needs of Cyprus, they also provide transit connections and services to companies in neighbouring countries, bringing in significant revenues.

The main undersea cable system projects in 2014 were the following:

- The upgrading of the ALEXANDROS system linking Cyprus with Western Europe with additional capacity of 150Gb/s.
- The signing of a contract to construct and lay the ALASIA undersea cable system linking Cyprus and Syria.

At the same time, the MAKARIOS Satellite Earth Station is an important international satellite station, providing broadband links to Internet providers abroad, in conjunction with the use of the undersea cable infrastructure. It also provides satellite telemetry and tracking services. The most significant satellite projects in 2014 were the following:

- Completion of the installation of two earth stations and the necessary infrastructure for a company specialising in the provision of satellite services to third parties.
- The installation of a number of satellite antennas and related equipment for the relay of 250 TV channels for a company specialising in the provision of television services to third parties.
- The procurement and installation of two receivers for the expansion of the Eutelsat network.

The MAKARIOS Satellite Earth Station is a satellite television channel centre, hosting the platforms for Cytavision's continuity programme. In 2014, a new channel encoding platform was installed and operated, based on the MPEG-4 specification.

### Cyta Hellas

Cyta Hellas represents the Organisation's biggest investment and the vehicle carrying the accumulated experience and know-how of many decades from the parent company. The results indicate that the objectives and coordinated efforts of many years have begun to bear fruit and the year under review saw the company enter a new creative phase. Specifically, in 2014, Cyta Hellas exploited the potential of its own new generation network and its expanded geographical coverage and focused on the provision of integrated converged services, successfully becoming the only provider of 4-play (fixed, mobile, Internet and television) services in Greece with a single contract.

In this effort, the maximum use of existing infrastructures and those of the parent company in Cyprus limited the required capital expenditure considerably.

It is a fact that the major financial crisis affecting Greece also affected Cyta's investment, and as a result, during the first years of operations, divergences from the business plans were observed. Nonetheless, the 2014 business plan was implemented to a satisfactory degree of precision.

The company is taking drastic steps in order to protect its customer base, increased revenue and reductions in operating expenses. The company's goal is to have working capital for the first time by the end of 2015, based on the latest estimates.

The progress and results of Cyta Hellas reflect the importance of the investment and bear testament to the Organisation's strategic choice to expand its operations and network infrastructures to the Greek mainland. The business synergies created at the south-eastern edge of Europe maximise the capability of the Organisation and contribute to the maintenance of its regional role, rendering it the equivalent of global giants and an equal player and interlocutor.

### Value for Cyprus

It is especially important for Cyta to continue to grow and face the challenges of today's competitive environment. It must therefore be freed of the bonds imposed by its legal and regulatory framework and, in the direction of the denationalisation process, choose a strategic investor/partner with a high level of know-how and multiple competences in the sector for qualitative integration. Through its contribution, it will be able to maintain its already high value and reliability, so as to continue to provide Cypriot citizens with the latest developments in technology at competitive prices. What must be avoided at all costs is the depreciation of the Organisation, which will eventually lead it the wrong way, to the detriment of the country's economy and the taxpayer.

With the 2014 results as our basis, we are building Cyta's future. First and foremost, the prerequisites are being created for dealing effectively with the increased challenges. The Organisation is progressing with steady, sure steps. Its leading position is one of responsibility for all of us, so that we complete the mission and the project that we have undertaken.

We thank the Government and all other bodies for their cooperation. We are all joining forces in order to achieve our common goals.

Finally, I wish to express particular thanks to all my colleagues on the Board for their excellent, sincere and selfless cooperation in 2014 for the achievement of the objectives that we have set.



Christos Patsalides  
Chairman

September 2015

# Message from the Deputy Chief Executive Officer



2014 was a year marked by the great efforts of all – State, businesses and citizens – to stabilize the economy and exit the financial crisis.

For Cyta, 2014 was a milestone marking a new start. The Organisation experienced the financial crisis and had to deal with great adversity but it succeeded. The changes that occurred and the strategically important decisions that were taken reinforced its competitive position in the open market. They strengthened its reliability and the confidence it gives Cypriot consumers. Cyta grew during the crisis and, thanks to its experience, its people's know-how and its excellent infrastructure, it is in a position to look to the future with optimism.

## **Cyta is synonymous with innovation**

We joined the Innovation Ecosystem, playing a leading role in the support of start-ups and, overall, in the development of entrepreneurship in Cyprus, and we also adopted intrapreneurship within Cyta.

The work of the Innovation and Service Development Unit in 2014 was wide-ranging and multi-faceted, involving the following areas and services:

### **Cloud Services**

Cloud services cover the provision of IT technology as a service and are the main IT trend of recent years. We are dynamically growing our Cloud services portfolio, which comes with dedicated technical support and the security and reliability of our infrastructures and data centres.

In 2014, we continued to enrich our Cloud services with the addition of the Fax-On-Email and Mobile Apps. Their benefits to business are tangible, given that they increase promotion and competitiveness, while providing users with direct access to information and interactivity.

### **Vertical growth areas**

In 2014 we examined new vertical growth areas in the business market that offer the prospects of accessing alternative revenue streams.

In the area of e-Government, in collaboration with other companies, we bid for tenders for projects promoting e-Government. In the area of e-Health we implemented two pilot telecare schemes (emergency bracelet and location tracking) and we initiated contacts regarding our participation in the Health Insurance Organisation project for the National Health Scheme. In the shipping sector, in conjunction with Ericsson, we created a special product that saves fuel on ships and started promoting it.

### **Centre for Innovation and Idea Development**

The objective of the newly established Centre for Innovation and Idea Development, in collaboration with other private and public sector organisations, is to help budding entrepreneurs develop their ideas and gain access to investment funds in order for these ideas to evolve into start-ups. At the same time, the Centre aims at the promotion of intrapreneurship within Cyta, developing the Organisation's ability to create new innovative products and services, using its own human resources, while some of the products may evolve into start-ups. The goals of this activity are to find new sources of income for Cyta through new services and investments, to improve its corporate image, to promote young entrepreneurship and to indirectly strengthen the Cypriot economy.

### **We offer our customers all the latest technological developments in a serious, consistent manner**

In 2014, our work was guided by our long-term relationship with our customers and our total confidence in the ability of Cyta's human resources to put its high level of knowledge and specialist training to optimum use.

We continued, in steady, planned stages, to make new and innovative services available in the market and we improved our existing ones.

### **Mobile Telephony**

In the area of mobile communications, we operate in a fiercely competitive environment, which is affected by global technological developments. Spearheaded by our reliability, we remain by far the market leader for mobile telephony in Cyprus. In 2014 we revamped all the Cytamobile-Vodafone plans, keeping the new RED plans at the very heart of our strategy. RED plans, which constitute the most integrated communication proposition in the Cypriot market, have been warmly embraced by the public and have changed mobile communications in Cyprus, leading to a spectacular rise in mobile Internet usage.

At the same time, we continued to invest in the following services:

- Social Responsibility, for the first time offering the safeMobile application free to all Cytamobile-Vodafone customers, both pay monthly and soeasy pay as you go.
- Information and Entertainment, enhancing the Vodafone Live! and cybee Alerts menu,
- International Roaming, constantly adding new destinations (now 174 countries and 396 networks) and
- Machine to Machine (M2M), providing a wide range of products, specially tailored to the needs of our business customers.

## Fixed Telephony

We enriched the portfolio with new facilities and pricing packages for business and residential customers.

We introduced BBontheGO for when broadband telephony customers are away from their premises, with sound and image capability.

We also started the major Class 5 Transformation project (June 2014) as the evolution of fixed telephony with the objective of replacing all fixed telephone connections with broadband telephony connections, enabling customers to enjoy all the advantages afforded by the latest technology.

## Internet services

We enriched the portfolio with new facilities and pricing packages for business and residential customers, such as Live Streaming services for the transmission of football and other sports online, and we upgraded the relevant platform.

We extended the Wi-Fi network in a number of Hotspots, with faster speeds and broader geographical coverage. The biggest project in this area concerns coverage of the beaches at Protaras.

We started work on two new hosting/collocation centres with upgraded specifications as regards the services provided, security and energy conservation.

## Subscriber television

Cytavision is the most comprehensive subscriber television platform in Cyprus. It is one of the most important services of Cyta's 3play and 4play offering (fixed telephony, Internet, television, mobile telephony), contributing substantially to the value of the proposition and helping to differentiate it from the equivalent offers from our competitors. We are constantly investing in new content, new innovative applications, new services and new partnerships to satisfy the needs of our subscribers and our associates.

For this reason, over the past year and a half, we proceeded to complete a series of projects that serve the two pillars of our strategy, i.e. content range/quality and innovation, achieving an increase in the number of subscribers to Cytavision, and enriching and invigorating our channels to satisfy viewers of all ages and tastes.

In particular, as far as sports content is concerned, in 2014 we added the Sports Plus package, which is available to Full Pack and Value Pack Plus subscribers for an additional monthly fee. The Sports Plus package includes five dedicated sports channels (Sports+ 1, Sports+ 2, Sports+ 3, Sports+ HD and NBA TV), which broadcast the home games of APOEL and Anorthosis as well as Premier League, Bundesliga and NBA games.

Additionally, during the year we successfully signed agreements for live coverage of top European football, basketball, tennis and other tournaments. Highlights include the Euro 16 qualifiers and the Wimbledon championships as well as important qualifying matches by Cypriot teams in the UEFA Champions League and UEFA Europa League.

The enrichment of our sports content continued in the first half of 2015, with the addition of EuroSport 1 and 2.

## With firm steps into the future

With faith in our potential and in the abilities of our personnel, we shall continue to be productive, creative and profitable, so as to support our country and offer our customers all the latest technological developments at very good prices. To us, all the challenges of the times are opportunities for success, which strengthen our place in the telecommunications market and determine how the market develops in Cyprus.

Our overriding aim is to remain among the leading organisations and to keep Cyprus among the countries that are creating the future of the telecommunications and digital sector.



Michalis Achilleos  
Deputy Chief Executive Officer

September 2015

# Chairman and Members of the Board

Board of Directors for the period  
1-1-2014 – 30-6-2016  
(Council of Ministers  
Meeting dated 31-12-2013)

## Chairman



Christos Patsalides  
Permanent Secretary of the Ministry of Finance

## Vice-Chairman



Andreas Marangos  
Advocate

## Members



**Tasos Anastasiou**  
Senior Business Executive



**Antonis Antoniou**  
Architect



**Nicolas Georgiades**  
Economist



**Emily Yiolitis**  
Advocate



**Neophytos Lampertides**  
Academic



**Yiannos Stavriniades**  
Economist



**Frangiskos Frangou**  
Businessman

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

**Auditors**  
KPMG  
Auditor General of the Republic



# Management (2014)

## 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

**Aristos Riris**

**(Chief Executive Officer) (acting)**

*BSc, PhD*

## Senior Management - Networks

**Michalis Achilleos**

**(Senior Manager)**

*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

**Panayiotis Kallenos**

**(Senior Manager) (acting)**

*Dipl. Eng NTUA*

## Marketing, Communications

**Rita Hadjiloizou-Karatzia**

**(Manager) (until 06-11-2014)**

*BScBA (Hons)*

**Michalis Papadopoulos**

**(Manager) (acting from 18-09-2014)**

*BScEE, MScEE, MBA*

## Marketing, Central Marketing Operations

**George M. Lambrianou**

**(Manager) (until 30-12-2014)**

*BScEng, MBA, PhD*

**Demetris Hadjittofis**

**(Manager) (acting from 31-12-2014)**

*BSc (Hons), MBA*

## Marketing, Innovation and Service Development

**Michalis Papadopoulos**

**(Manager)**

*BScEE, MScEE, MBA*

## Marketing, Fixed Telephony and Cytanet

**Alexandros Alexandrou**

**(Manager)**

*BEng, MEngEE*

## Networks, Backbone Networks and Networks Management

**Tasos Partzilis**

**(Manager) (until 30-06-2014)**

*Dott. Ing.*

**George Arestis**

**(Manager) (acting from 01-07-2014)**

*Dipl. Eng NTUA*

## Networks, Backbone Networks and Networks Management, Backbone Networks

**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) (until 30-06-2014)**

*BScEE (Cum Laude), MScEE*

## Networks, Fixed and Mobile Communications Networks

**Chrysis Phiniotis**

**(Manager)**

*BScEE (Cum Laude), MScEE*

## Networks, Information Technology Applications

**Costas Psillides**

**(Manager)**

*BScEE (Hons), MScEE, MBA*

## Networks, Information Technology Infrastructure

**Sophocles Hadjisophocleous**

**(Manager) (until 30-12-2014)**

*BSc Electronic Computer Systems*

**Michalis Achilleos**

**(Senior Manager) (acting from 31-12-2014)**

*BSc, MSc, MBA*

## Secretariat and Management Services

**Petros Hadjiantoniou**

**(Secretary and Manager)**

*BSc (Hons), MSc*

**Customer Services, Customer Care**

**Nicos Charalambous**

**(Manager)**

*BScEE, MEngEE, MBA*

**Customer Services, Customer Technical Support**

**Nicos Charalambous**

**(Manager) (acting)**

*BScEE, MEngEE, 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, Business Development**

**Kikis Kyriacou**

**(Manager) (until 04-09-2014)**

*BScEE, MScEE, MBA*

**Line Access Network, Regional Line Access Network**

**Kyprianos Yianni**

**(Manager) (until 30-12-2014)**

*BSc, MSc*

**Panayiotis Kallenos**

**(Senior Manager) (acting from 31-12-2014)**

*Dipl. Eng NTUA*

**Line Access Network, Central Operations**

**Michalis Lois**

**(Manager) (until 30-12-2014)**

*BScEng*

**Panayiotis Kallenos**

**(Senior Manager) (acting from 31-12-2014)**

*Dipl. Eng NTUA*

**Support, Support Infrastructure**

**Christoforos Yiannakou**

**(Manager) (until 30-12-2014)**

*MSc*

**Chrysis Phiniotis**

**(Manager) (acting from 31-12-2014)**

*BScEE (Cum Laude), MScEE*

**Support, Aeromaritime Services**

**Christoforos Yiannakou**

**(Manager) (until 10-11-2014)**

*MSc*

**Panayiotis Kallenos**

**(Senior Manager) (from 11-11-2014 until 30-12-2014)**

*Dipl. Eng NTUA*

**Michalis Achilleos**

**(Senior Manager) (acting from 31-12-2014)**

*BSc, MSc, MBA*

**Support, Aeromaritime Services, Planning and Development**

**Loizos Kyprianou**

**(Manager) (until 30-12-2014)**

*BSc (Hons), MSc*

**Personnel Services**

**Marios Carlettides**

**(Manager) (until 30-12-2014)**

*BSc (Hons), MSc*

**Efy Christou-Pouri**

**(Manager) (acting from 31-12-2014)**

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

**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**

**(Manager)**

*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 two and a half years term. The Board is responsible for Cyta's smooth running and its long-term development and, as such, it approves the Organisation's budget and strategy and monitors their strict 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 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) (and/or the Deputy Chief Executive officer) 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 Acting CEO, or to Committees comprising Members of the Board and members of personnel.

To this end, the Board has set up 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 and the Treasury Committee. Furthermore in certain cases a Member of the Board participates in the Extrajudicial Settlements Committee, which consists of members of personnel.

Furthermore, Members of the Board, participate in the Managing Committee of the Cyta Staff Pensions and Grants Scheme and the Managing Committee of the Cyta Permanent Monthly-Paid Staff Pensions & Grants Fund.

Finally, the Members of the Board, together with the Acting CEO, make up the Board of Directors of the Cyta subsidiary Digimed Communications Ltd and they are on the Board of Cyta's other subsidiary Cyta Hellas.

## RISK MANAGEMENT

As the biggest provider of telecommunications services in Cyprus, we have a special responsibility to manage rationally all risks arising from our various activities, which affect not only our owner – the Government of Cyprus – but also our customers, associates, employees and society in general.

For this reason, methodologies have been adopted based on best practices in order to identify and evaluate all risks and to determine the best way of managing them. Specifically, we ensure that all departments and subsidiary companies carry out self-assessment and management of all risks threatening the achievement of their objectives. Personnel of various ranks, who have in-depth knowledge of our activities attend special risk assessment workshops. Business objectives are confirmed, risks threatening their achievement are identified and assessed for their possible impact on our Organisation (financial, operational, customer-related, environmental and reputational) and the probability of them occurring. Finally, the best possible way of dealing with them is chosen (reduction, increase, transfer, acceptance or avoidance), taking into account the cost/benefit aspect and the desired level of risk appetite.

The results are recorded in the corporate risk register and, once they have been reviewed by the Corporate Risk Management service, are submitted to Senior Management and the Board for approval and for the preparation of the new rolling three-year Business Plan. Moreover, the corporate risk register is submitted to the Internal Audit Department for the preparation of the Annual risk-based Audit Programme.

It is worth noting that, in the course of the year, the following specialist risk management workshops are held:

- Strategic Risk Management, attended by all managers.
- Management of potential risk caused by the voluntary redundancy scheme accepted by a significant number of employees.
- Management of potential risk caused by the total loss of all or some of our main services.

In addition to these, every year we hold specialist risk management workshops covering areas such as:

- Business Continuity – for planning a fast recovery from disasters.
- Data Security – for risks threatening the confidentiality, integrity and availability of our data sources.
- Health & Safety – for our personnel, customers and associates.
- Resources and services – for insurance purposes.

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 its 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, Control and Control & Risk Self Assessor.

## AUDIT COMMITTEE

The Audit Committee, which was established in 2004, operates in accordance with the principles 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 of Cyta, and progress made on its implementation.
- Reports prepared by the Internal Audit Department for Cyta and its subsidiaries in the framework of examining the effectiveness of their 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 2014 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.

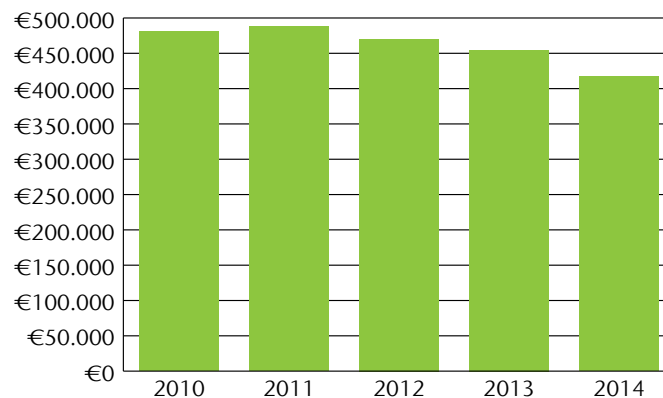
Cyta has a direct financial effect on the economy through the provision of jobs, the purchase of products and services from its suppliers, the sale of products and services to its customers, and the payment of taxes and a dividend to the State.

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)



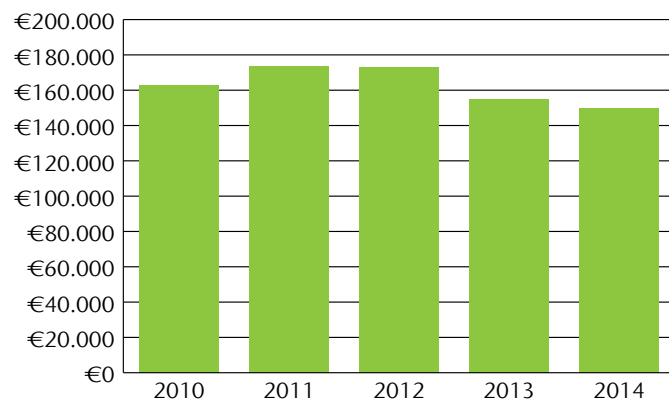
### Distributed economic value

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.

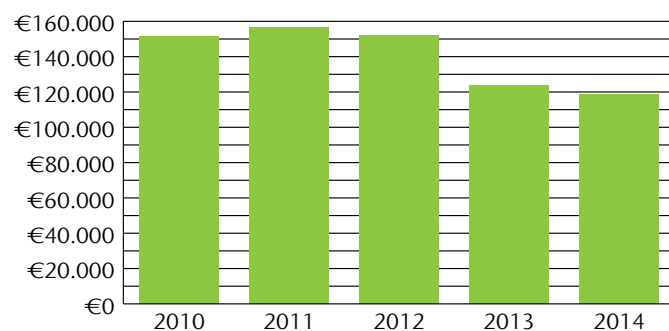
### Operating Costs (€'000)



### Employee salaries and benefits

Employee 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).

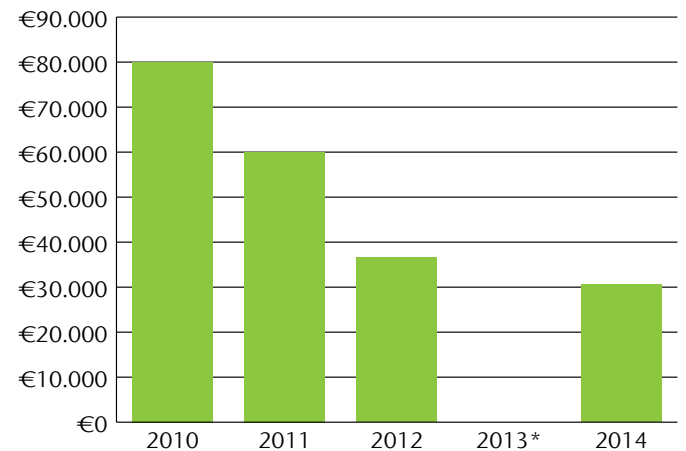
### Employee Salaries and Benefits (€'000)



### 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.

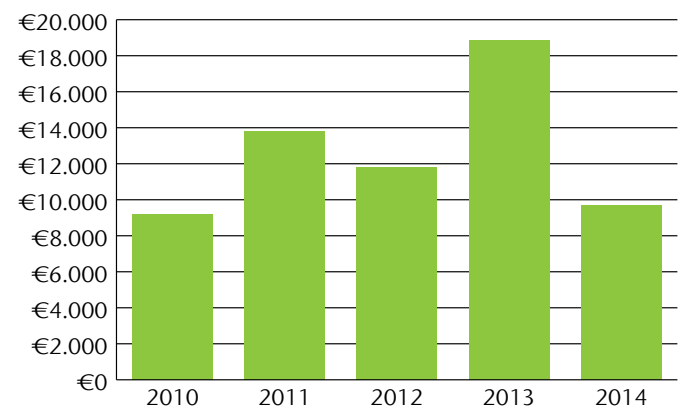
### Dividend to the State (€'000)



### 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.

\* Has not yet been defined.

## CUSTOMERS

Our customers, as the primary stakeholders, are at the core of our business strategy and their satisfaction is an important indicator of 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. These 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 (2-Play), Fixed Telephony, Internet and Television (3-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, telephone surveys are carried out every two months 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. 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 (a) online (b) in person by visiting any Cytashop (c) by telephone with a call to the Cyta Call Centre or (d) 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

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+" and 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 Organisation's experienced personnel. Users can also receive information about special offers and other Cyta news.

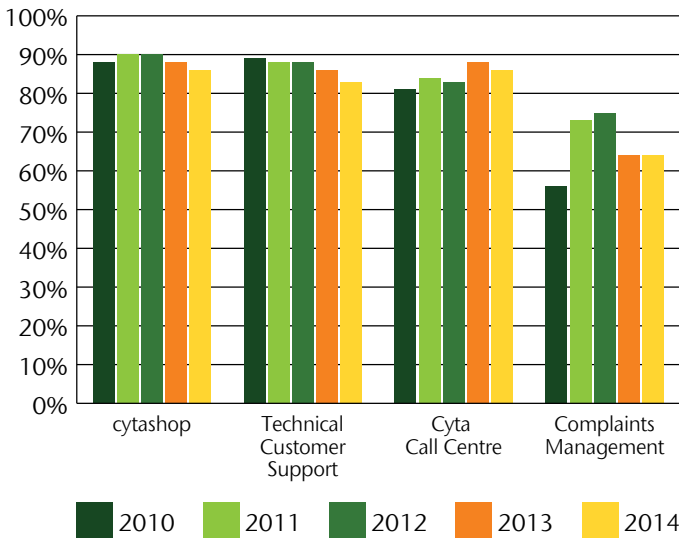


Below are some results of our customer satisfaction surveys.

### 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 four 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.

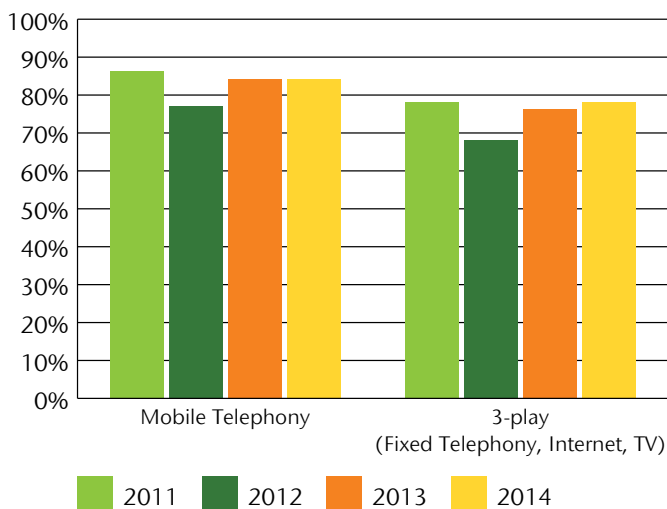
### Customer Satisfaction with Contact Point Service



### Overall customer satisfaction by service

It appears that customer satisfaction with Cyta's services remains steady compared to the previous year, while satisfaction with 3-play services has increased slightly. 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.

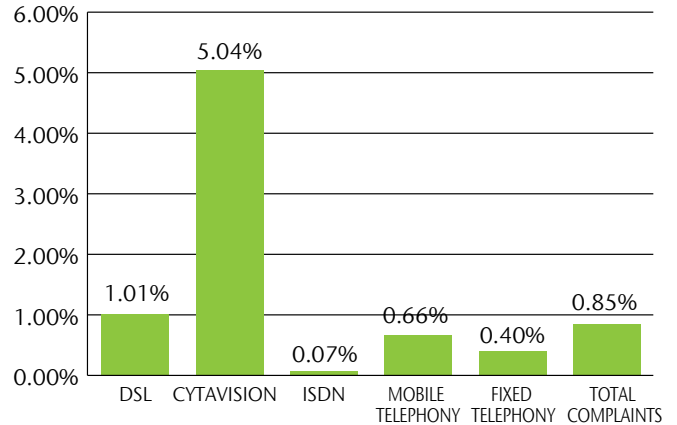
### Overall Customer Satisfaction by Service



### Average number of complaints by service

Considering the number of active customers, a very small percentage of them ever submit 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 2014, the relevant indicator fell slightly compared to 2013 (0,85% compared to 0,91%).

### Average Number of Complaints by Service 2014



### "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 CSR issue 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.

In 2014, Cyta sent Christmas greetings to customers and associates under the same banner, i.e. "Everyone has a right to Communication", using the "choir" of the School for the Deaf and the Cyprus Symphony Orchestra.

Additionally, a new Cytamobile-Vodafone initiative responds to the needs of those with hearing impairment, offering free talk time for local video calls to RED plan subscribers with hearing difficulties.

Through this new initiative, which confirms the widely held conviction that the Organisation is a force for good for its customers and society at large, the free talk time for video calls is automatically given to those choosing RED plans (with a device or just a SIM card).

### **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 telephones.

### **Safe internet use/safeMobile**

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 2013-2014 academic year, a total of 112 presentations were made in all districts of Cyprus, attended by 13.855 pupils and teachers. Since 2001, 846 school visits have taken place and 96.359 pupils and teachers have attended the presentations.

Special mention is made in the presentations of the Safe Internet service for online protection, which is provided free by Cytanet. Parents always show particular interest in the service since it can protect their children from illegal, undesirable and harmful Internet content. Moreover, every year Cytanet takes part in the international events marking Safer Internet Day. On this occasion in 2014, a seminar entitled "Let's create a better Internet together", held in the framework of the EU's Cyberethics project, was attended by more than 800 primary, secondary and technical school students as well as teachers, parents and representatives of other involved bodies. They included children from the School for the Deaf, who followed the seminar with the help of an interpreter using sign language.

The goal of the seminar was to help participants understand that every one of us – pupils, teachers, the State and others – has a responsibility to ensure that the Internet becomes a

better place for knowledge acquisition, communication and entertainment.

The seminar was also addressed by the Head of the Department of Educational Technology at the Cyprus Pedagogical Institute, who presented a film on the subject "Let's create a better Internet together", which was made by students who took part in a competition held by the Institute. During the seminar, the schools represented by the 15 best entries had the opportunity to show their work in a special area and six of them won prizes.

A new parental control solution (safeMobile) is available free from Cytamobile-Vodafone. It is a tool enabling parents to allow a controlled amount of freedom to their children and protect them when using their mobile phone. This new solution is the continuation of the Organisation's long-term social contribution, further strengthening Cyta customers' sense of security and safety.

According to a market survey conducted on behalf of Cyta by Pulse Market Research in July-August 2014, 80% of children aged 8-14 have their own mobile phone and 68% of them have a smartphone. The survey also revealed that parents are concerned about how their children use their mobiles and feel uncertain about the dangers of the digital environment in which their children are spending time.

The new safeMobile app from Cytamobile-Vodafone allows parents to:

- determine who their child can talk to and exchange texts with, and prevent access to and from anyone they do not trust,
- determine which mobile phone apps their child can access,
- know, at any moment, where their child is through GPS Locator and
- have comprehensive information on how and how long their child uses his/her smartphone.

At the same time, in collaboration with the Pancyprrian School for Parents and with the support of the Ministry of Education & Culture, Cyta continues to upgrade the Digital Parenting seminars, which it began in 2001, presenting Safe Internet and the new safeMobile parental control app. The seminars are open to parents in all towns through their children's school Parents Associations.

### **"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

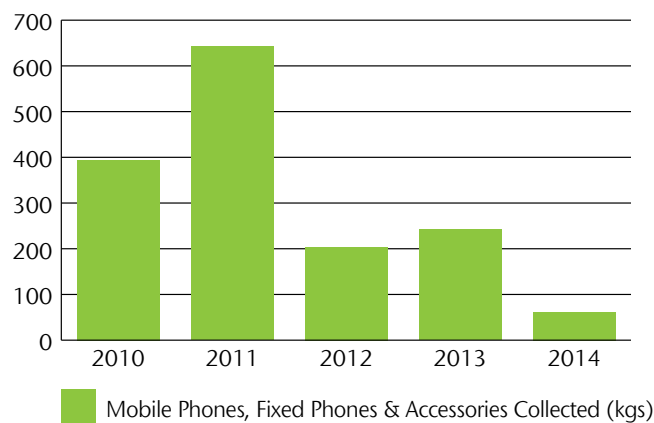
School bullying is now carried out via electronic means. Some 6% of children aged 9-16 have received insulting or harmful messages. Recognising the seriousness of the effects of this phenomenon on children, Cyta decided to support the campaign against school bullying by offering the first “Beat Bullying” 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.

### 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 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 various charities.

### Mobile Phones, Fixed Phones & Accessories Collected (kgs)



## 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.

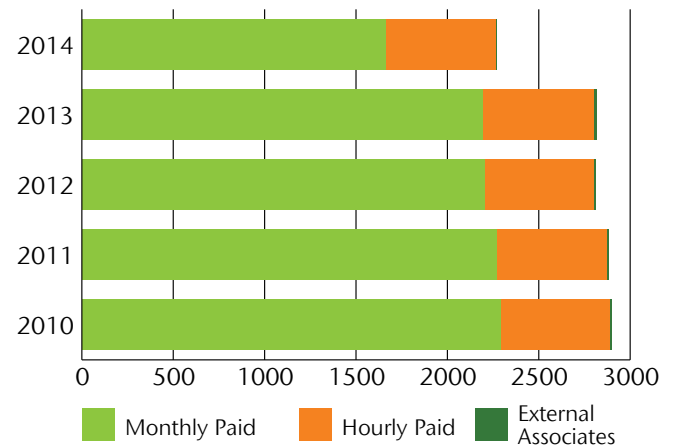
Our Organisation offers its personnel far more than is prescribed in the relevant legislation. Among other things, it takes care of the health and welfare of its employees and their families through the Medical Fund, the Occupational Health Centre and the Cyta Staff Welfare Fund. It provides psychosocial 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.

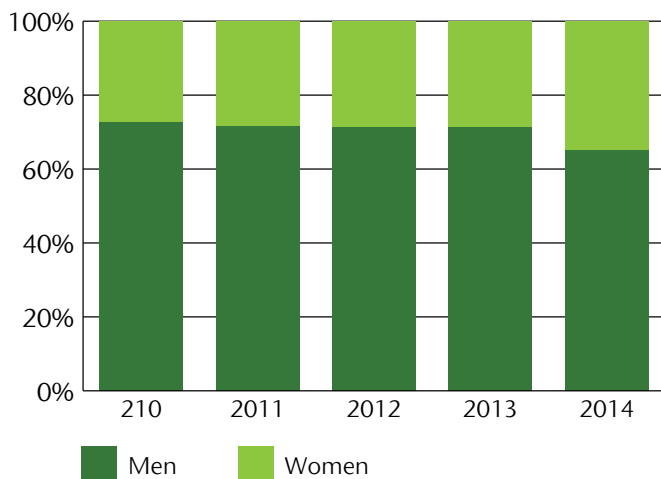
The charts below show the size of the workforce, broken down by employment and gender.

### Workforce

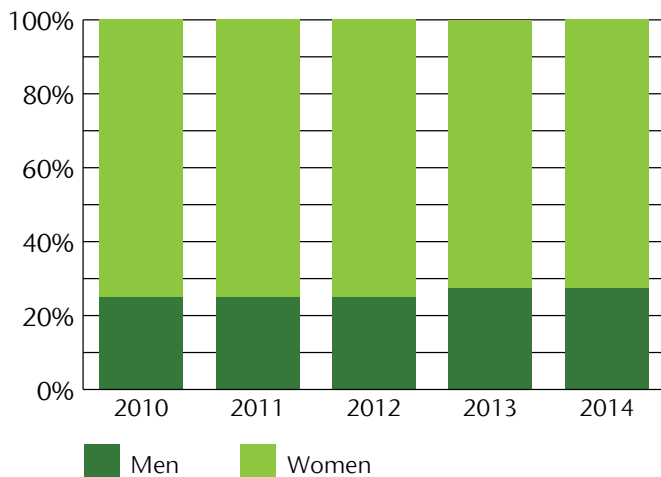


## Workforce by Gender

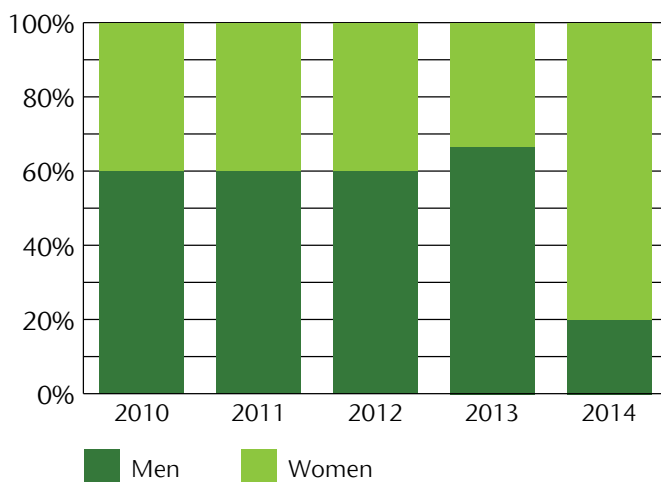
### Monthly Paid



### Hourly Paid



### External Associates



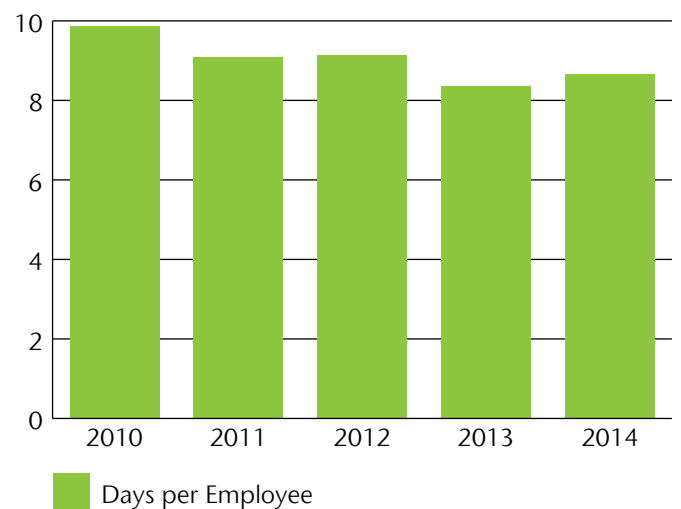
## Health and safety in the workplace

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 2014 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 the sick leave indicator continues its downward trend.

### Accidents



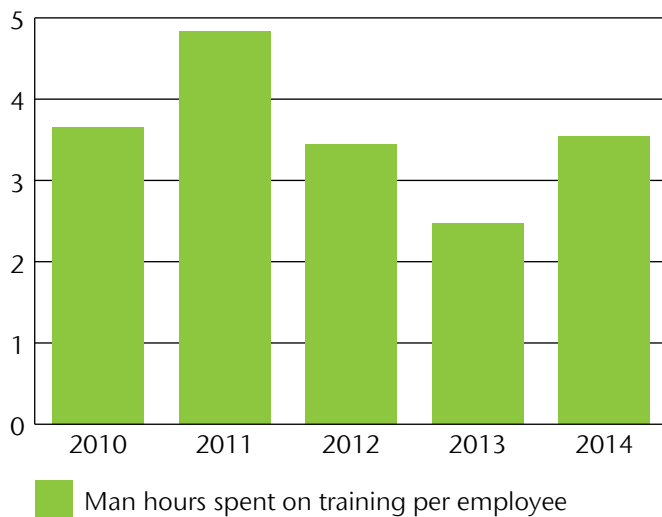
### Sick Leave



## 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.

## Personnel Training



## 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 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 these are held on a regular basis in all districts in the workplace and during working hours. Furthermore, members of staff, working in 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. It is worth noting our personnel's collaboration with the

Anakyklos non-profit organisation for the collection of clothing. Furthermore, on a voluntary basis together with Cyta associates and customers, they also supported various activities of a social nature held by the Organisation.

## 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.

## ENVIRONMENT

While recognising its positive contribution, Cyta is also aware of the negative impacts that its activities, products and services can have on the environment and, for this reason, it has been active on environmental issues after formulating its Environmental Policy in 2001. This 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.

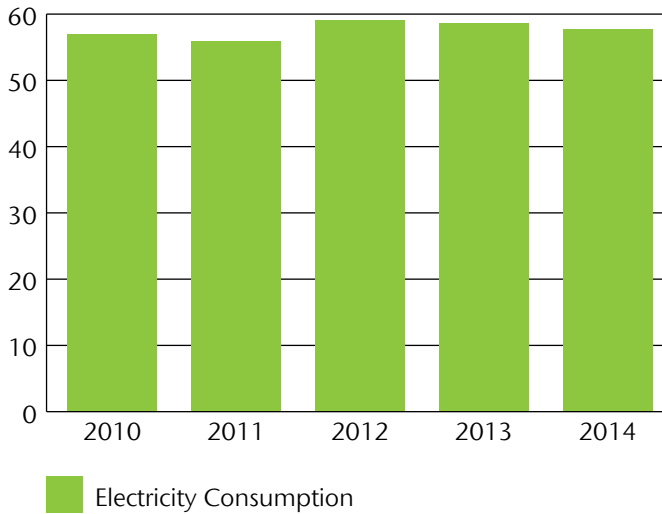
## Electricity consumption

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 2014, there was also a small reduction in electricity consumption compared to 2013, due to coordinated energy conservation efforts.

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)

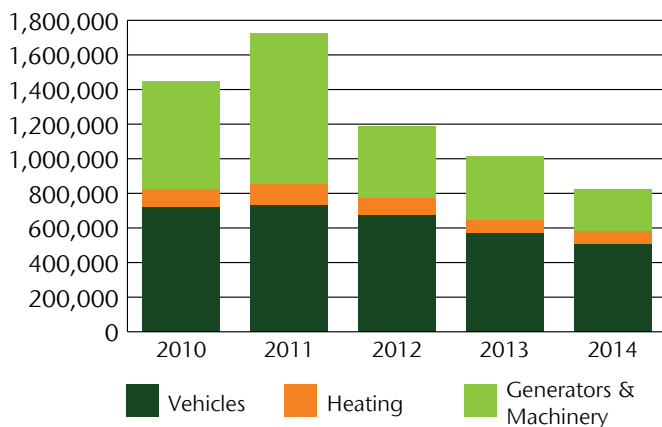


## Fuel consumption

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 2012 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.

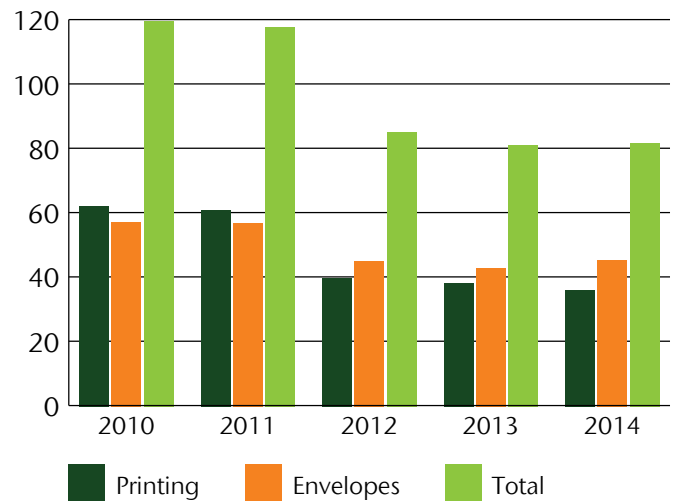
## Fuel Consumption (ltrs)



## 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, while in 2014 savings amounted to another 1,9 tons. There was, however, an increase of 2,3 tons for envelopes used for sending other letters to customers.

## Paper Consumption for Customer Bills (tons)



## Use of recycled paper

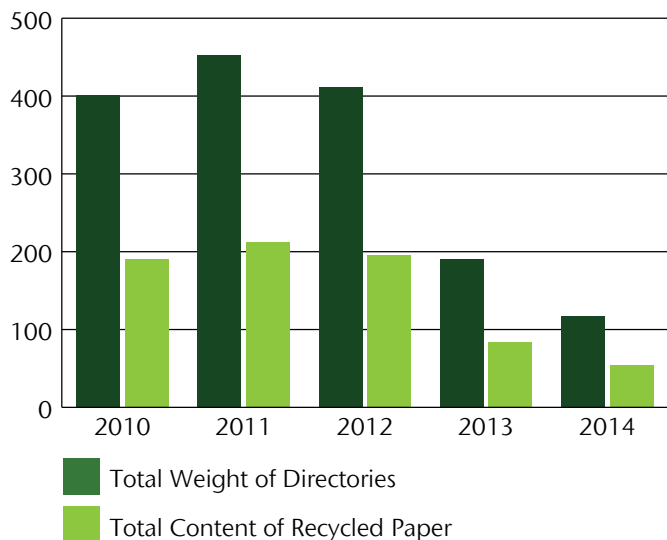
Our environmental policy commits us to offering environmentally friendlier products. Since 2010, the Cytavision magazine has been printed on 100% recycled paper. Since 2011, the Telephone Directory and Yellow Pages have been printed on 40% recycled paper while the Business-to-Business Guide and the Holiday 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 2014 we managed a 61,6% reduction (73 tons) in the amount of paper used on directories compared to the previous year, by reducing the number of copies of the Telephone Directory and Yellow Pages.

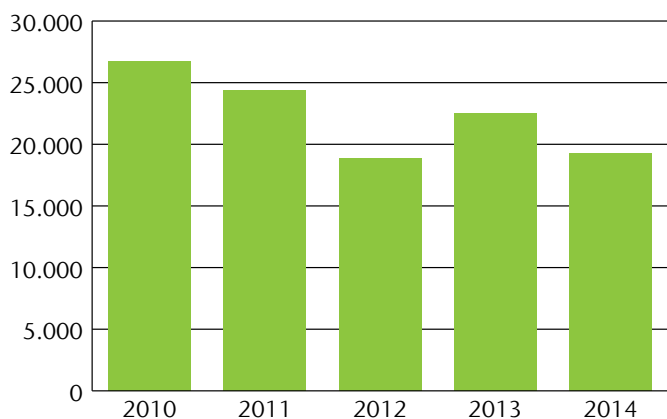
## Paper Consumption for Telephone Directories (tons)



## 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.

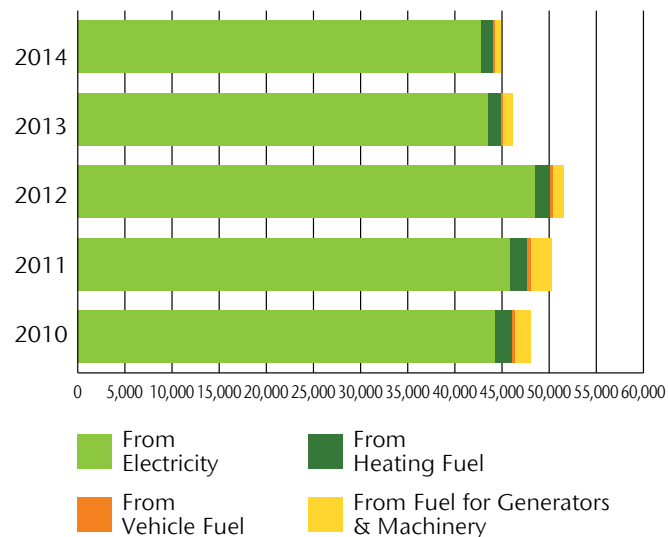
## Total Water Consumption (tons)



## Carbon dioxide emissions

Carbon dioxide (CO<sub>2</sub>) 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.

## Carbon Dioxide Emissions (tons)



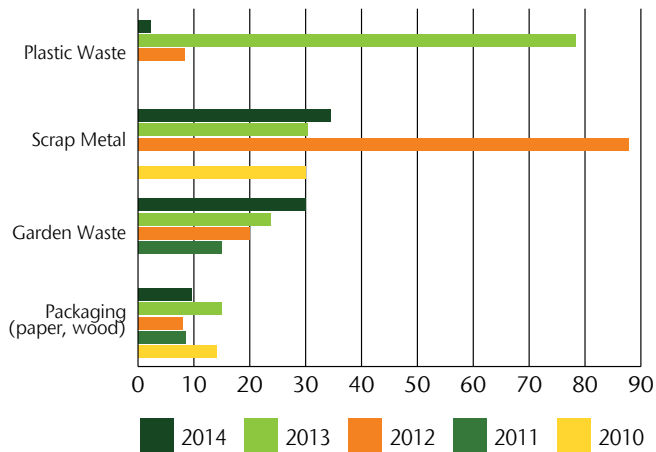
## Waste management

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.

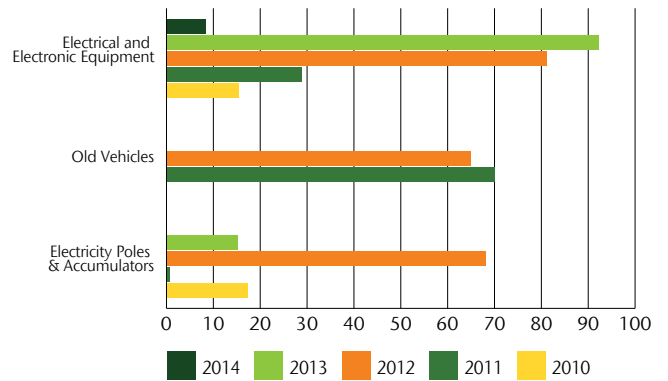
The first types of waste to be recycled were old cables and scrap metal, obsolete telecommunications equipment, old telephone directories and office waste paper. Today we also recycle or promote the re-use of plastic waste, old vehicles, electrical and electronic equipment, batteries, accumulators, packaging 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 is 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 amass 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.

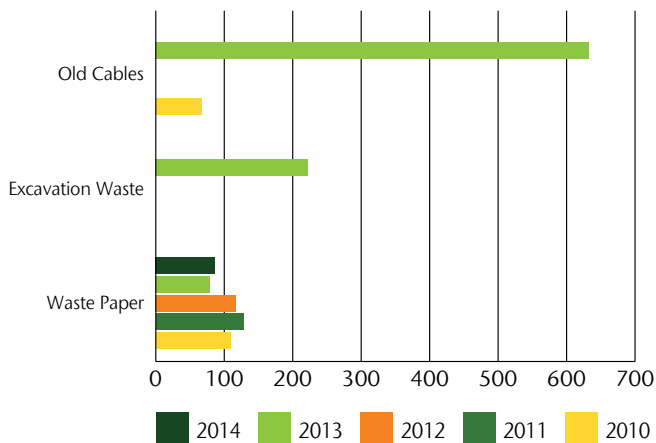
## Waste (tons)



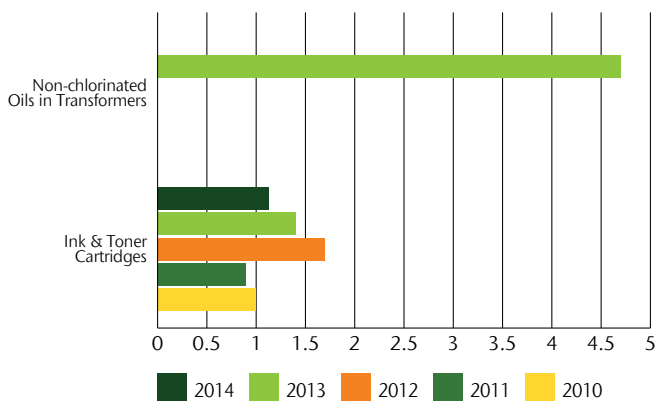
## Waste (tons)



## 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 broader society in a multiplicity of ways and at every opportunity. Below are some of the most important ways in which we supported society in 2014.

### 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 2014, Cyta held the 2nd 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.

Also, in 2014 the new interactive website of the Cyprus Medical Association (CMA) came online at [www.cyma.org.cy](http://www.cyma.org.cy). It is an interactive Health Portal that was developed with the help of Cyta and its subsidiary, Cytacom Solutions, using the most up-to-date technological infrastructures. It is also accessible by mobile phone and provides correct and valid information on the health sector in Cyprus with the status, experience and reliability of Cyta and the CMA.

The Health Portal provides online, interactive authenticated factual information for the members of the CMA and all those involved in the health sector in Cyprus.

Moreover, the new site provides fast and valid information on the legislation governing the medical profession in Cyprus

as well as the dates of conferences, seminars and lectures on medical issues.

Another pilot project that came into operation is Telecare, launched in conjunction with the Multi-functional Foundation of Strovolos Municipality and Vidavo.

Telecare is provided via smart IT applications that automatically process information from various online sources (motion sensors, visual detectors, microphones, vital signs recording devices, etc.) at the home of a patient or elderly person in order to monitor his/her health and detect any problems.

This project enables members of the Multi-functional Foundation of Strovolos Municipality to test, free of charge, two Telecare apps:

1. **Alert Button** - Through a bracelet, it provides wireless communication with the carers/relatives of the elderly person or patient.
2. **Location Tracking** - It enables the user to be located by sending information about where he/she is at any given moment.

Concerning the welfare of Cyta's personnel and recognising that retirement represents a drastic change in a person's life, the Organisation, true to its people-oriented character, held a seminar entitled "Retirement: The Big Challenge" following the decision of a large number of employees to leave through the voluntary redundancy scheme.

The preparation of members of personnel for a smooth transition from an active working life to being pensioners is nothing new for the Organisation. Since 1996, Cyta has conducted programmes for retiring employees.

The aim of the seminar has remained the same over time: to help Cyta's retiring personnel to reset their priorities in the new stage of their lives and to remain healthy, active citizens, contributing to the society and the country they served through their work.

## 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 2014, 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 85.000 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.

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: <http://www.erscharter.eu>

## Events in support of food banks

In April 2014, food banks were supported for a second consecutive year by Cyta at corporate level and by the whole of the Organisation's personnel at an individual level.

## Education

Wishing to encourage young people to become involved in technology, for the second consecutive year we awarded prizes to Lyceum and Technical School graduates who were outstanding in IT, at a special ceremony. We also gave prizes to the top students in technology and IT at all the island's universities.

In October 2014, a ceremony took place outside Nicosia Town Hall in honour of the winners of the islandwide children's painting competition on the subject of "solidarity".

The painting competition was announced by Cyta in the first Art Calendar (colouring book), which was distributed free to all pre-primary and primary school pupils. The calendar is the evolution of Cyta's popular activity book "Playing, having fun and learning with Telis", which the Organisation designed and distributed free to children from 2001.

The competition encouraged children to create works on the subject of solidarity. An independent panel of judges examined the 430 entries and selected 46 paintings, 15 of which won prizes and the others honourable mentions. All 430 paintings were put on display in Eleftheria Square, Phaneromeni Square, Ledra Street and Onasagorou Street, Nicosia.

### 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 2014, on the occasion of World Environment Day, we participated in the 4<sup>th</sup> 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.

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.

We also participated as an official sponsor and islandwide partner in the 2<sup>nd</sup> environmental cleanup campaign, "Let's Do It Cyprus", which was part of the "Let's Do It World!" campaign carried out on 94 countries across the globe. The aim was to remove rubbish from natural areas in the space of a single day.

### Culture

#### Cyta & the 2<sup>nd</sup> Nicosia Municipal Pop Up Festival

In 2014, for the 2<sup>nd</sup> consecutive year, Cyta supported the efforts of Nicosia Municipality to give, through a cultural initiative, 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 2014, 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

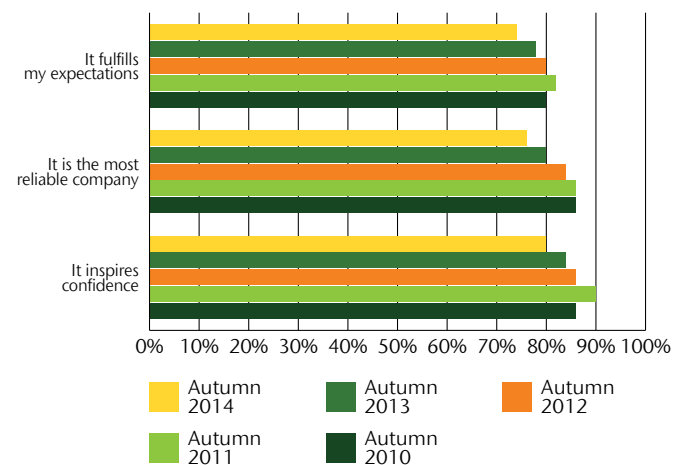
"pop up stores" in which products, artworks and services were placed on display to attract visitors. Cyta provided Internet services to all the stores, thereby contributing its own way to the whole effort.

### Public perceptions of Cyta

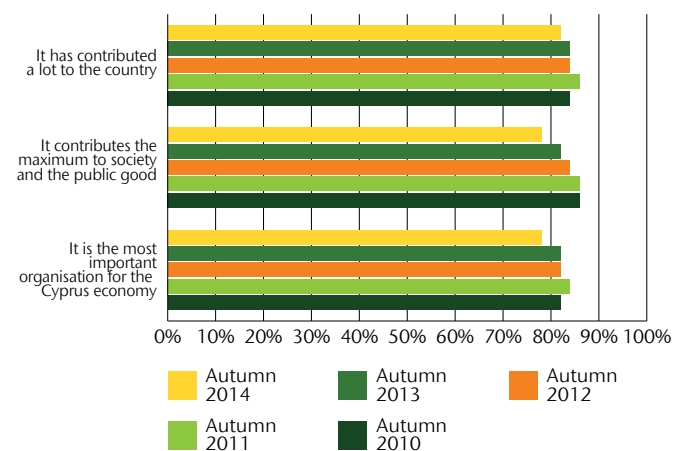
As with other groups of stakeholders, our Organisation maintains close relations and two-way communication with representatives of society so as to keep in touch with, and respond to, people's changing expectations and needs.

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.

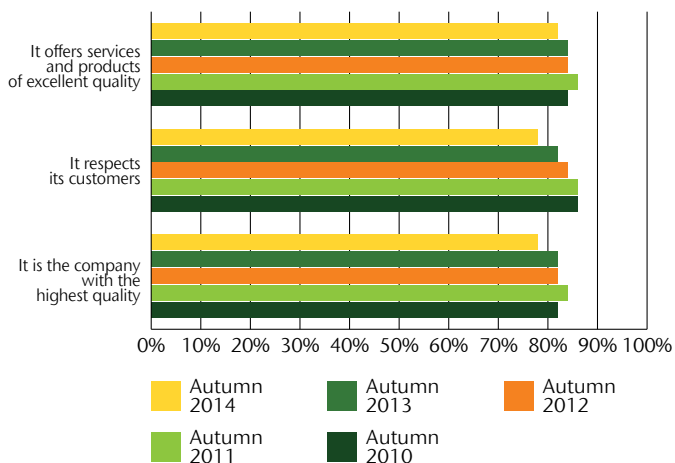
### Fulfilment of Expectations, Reliability and Trust



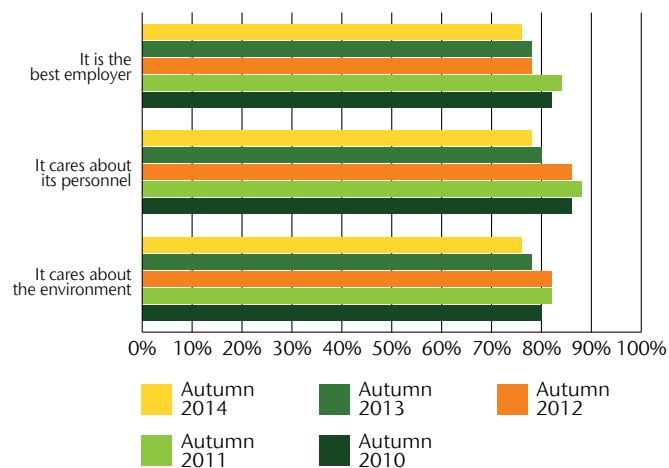
### Contribution to the Country, Society and the Economy



## Quality of Products and Services and Respect for Customers



## As an Employer, Caring for its Personnel and the Environment



## 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 2014, Cyta was awarded 1<sup>st</sup> prize in the National Good Practice Awards Competition for Health & Safety in the Workplace.

### Award: Health & Safety in the Workplace

Cyta's activities in the area of Psychosocial Risk Management within the Organisation were described as "pioneering" and won it the 1<sup>st</sup> Prize in the 2014 National Good Practice Awards Competition, the theme of which was Health & Safety in the Workplace. The national competition was organised by the Department of Labour Inspection of the Ministry of Labour, Welfare & Social Insurance in conjunction with the European Good Practice Awards on the theme of Psychosocial Risks and Work-related Stress Management.

Work-related stress is one of the greatest challenges to the health and safety of employees in Europe, with enormous consequences, not only for the financial results of companies but for national economies. Recognising the severity of the problem, Cyta drew up, with the staff unions, a written policy on the management of psychosocial risks and work-related stress, stemming from the framework agreement signed by the EU partners in 2004. This policy sets out the Organisation's commitments and provides guidelines for psychosocial risks and work-related stress management.





# MANAGEMENT



Cyta's interest in the welfare of its employees continued in 2014 through the continuation of the successful institutions of the Workplace Doctor and Social Workers, support for employees facing problems and events organisation.

An important aspect of the strategic communication of our brand is the Organisation's internal communication. With the objective of improving internal communication, areas of weakness have been identified and a strategy has been drawn up to resolve them.

In 2014, considerable progress was made on projects affecting the maintenance of our corporate performance such as computerised project and indicator management and the alignment of strategy at all levels. Furthermore, a three-year strategic plan (2015-2017) was drawn up with the aim of dealing with challenges and promoting Cyta's business development.

Furthermore, the Data Centre Upgrading project was approved. It concerns the upgrading of electromechanical installations and equipment in buildings so as to comply with international Tier III standards governing the development and operation of Data Centres.

## HUMAN RESOURCES

### Personnel safety, health & welfare

The institution of the Workplace Doctor continued in 2014 with the provision of primary healthcare, examinations for employees due to be given permanent posts. Furthermore, preventive medical tests were introduced for certain groups of employees, including flu injections for vulnerable groups and preventive medical tests for climbers.

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 through the four Cyta Volunteer Groups in Nicosia, Limassol, the Famagusta district and Paphos respectively. 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 two retraining seminars for those colleagues taking early retirement through the voluntary redundancy scheme.

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

### Training and development

In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2014 we continued to provide many and varied opportunities for training, development and learning, funding their participation in training schemes and certification programmes in Cyprus

and abroad for the development of their knowledge, skills and personal competences.

Some 51% of staff participated in training schemes in 2014 and the corporate index of training days per employee was 3,54 while human resource development as a percentage of payroll was 1,58%. Both personnel development indices compare favourably with those of successful international organisations.



Additionally, we continue training on issues concerning technology, IT systems and social networks and we developed and delivered the "Training the Trainer" programme.

Finally, Customer Services Senior Management, in conjunction with Personnel Services, implemented the "Customer Service Academy" project in 2014, with the objective of identifying and responding to the strategically important need for Customer Services personnel development.

In addition to traditional forms of education/development/learning, we also designed or promoted other forms such as in-house training, online training/learning and specialist certification on technical and non-technical issues (sales certifications, etc.).

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 2014 no vacancies were announced at Cyta in view of the freezing of recruitment in the public and broader related sector. Recruitment took place only to replace hourly-paid workers leaving Cytashops or the Directory Enquiries service. According to the provisions of the relevant law, recruitment of hourly-paid workers is permitted, provided that the maximum number employed the previous year is not exceeded. Offers of work were made to those on the existing lists of successful candidates for hourly-paid positions as Sales Assistants and Call Centre/Directory Enquiries Assistants. Recruitment procedures for permanent members of staff remain frozen.

## Voluntary redundancy scheme

In the context of the Organisation's efforts to reduce its operating costs, employee costs were the primary target. The Voluntary Redundancy Scheme fell under the framework of this objective and of Cyta's broader reorganisation and modernisation plan. The scheme was implemented at once and aimed at reducing the workforce by around 550 employees from various areas. The Voluntary Redundancy Scheme was designed in conjunction with a specialist consultancy firm.

The Voluntary Redundancy Scheme was implemented once, following the submission of applications in the first quarter of 2014 and involved some 520 employees leaving in three main stages during 2014 and a limited number in 2015, so as to ensure the continued smooth functioning of the Organisation. Those eligible to participate in the scheme were employees who, on the date of their application to be part of the Voluntary Redundancy Scheme, had completed a minimum of 10 years' service with Cyta.

In addition to receiving their pension entitlements, employees choosing to leave through the Voluntary Redundancy Scheme were compensated for their termination of employment/career loss with an additional amount.

## COMMUNICATION POLICY

In 2014, we strengthened our Organisation's position in the market as the leading provider of integrated electronic communications solutions, despite the continuing effects of the financial crisis on the market. By providing reliable services, products and solutions, we contributed significantly to improving our customers' way of life and productivity.

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

Continuous progress and innovation are among the Organisation's long-term 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, we have implemented a more monolithic communications strategy, with a uniform style, based on which we promote and strengthen, first and foremost, 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 and makes it more effective. With the aim of reinforcing a uniform style of communication and further simplifying our communication with customers, we adopted a "brand narrative", which is a new approach to the presentation of our brand. By narrating the place of the brand in the mind of our customers at any given moment, we reflect our values, the promise of the brand and a rationale that may lead all our advertising campaigns. Such 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 launched 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 2014 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.

## Websites and online presence

Our benchmark corporate website [www.cyta.com.cy](http://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:

- Easy and secure online purchases of products and services
- Management of Cytamobile-Vodafone services (free text messaging, top-up, etc.) and Cytanet services (WebMail) and
- The ability to check and settle bills online via the ebill service and to receive bills in PDF format via e-mail.

Moreover, via the corporate website, visitors can access other useful Cyta sites such as the Yellow Pages & Telephone Directory, the Cyta Sales Network and the websites of the Organisation's subsidiary companies, plus 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](http://www.facebook.com/cytaofficial),  
[www.facebook.com/cytamobile](http://www.facebook.com/cytamobile)
- Twitter - @cytasupport, @cytacyprus
- YouTube - [www.youtube.com/cytacyprus](http://www.youtube.com/cytacyprus),  
[www.youtube.com/cytamobile](http://www.youtube.com/cytamobile)
- Forum - [www.cyta.com.cy/forum](http://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.

At the same time, within the Organisation we continue to operate our own Intranet Portal, which 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.

## QUALITY AND STRATEGY ISSUES

In 2014, 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 (2015-2017) was drawn up with the aim of dealing with challenges and promoting Cyta's business development.

Cyta is a member of major international telecommunications organisations, including the International Telecommunications Union (ITU), the Association of European Telecommunications Network Operators (ETNO), the European Telecommunications Standards Institute (ETSI), the Commonwealth Telecommunications Organisation (CTO) and the TeleManagement Forum. Cyta is also a stakeholder in the European Foundation EURESCOM, which conducts high-level research and strategic studies on telecommunications and IT issues.

### Business activities and quality

On issues of systematic improvement and quality, in 2014 the Organisation continued to record good levels of efficiency, with simplifications to the system and upgrades to internal inspections, which are reflected in the IO9001 Quality Systems External Inspection report. At the same time, we completed the framework for a more integrated, simpler management of end-to-end activities, as well as preparation for the management of key activities in accordance with a new Organisational Structure.

## IT APPLICATIONS

The implementation of the Organisation's strategy undoubtedly depends on its IT systems. Through studies and IT and

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 Support Systems (BSS) and Organisational Support Systems (OSS), 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.

At the same time, we are developing suitable infrastructures/ platforms for the effective participation of our Organisation in the new digital service provision ecosystem, while, at the same time, supporting efforts aimed at growth and innovation in the country.

We are constantly upgrading our online presence through Cyta's Internet portal, offering greater self-service options and improving electronic communication with our customers. By sending customer bills by e-mail, we have made significant reductions to our paper consumption.

We support and we are extending Enterprise Resource Planning (ERP) which covers most of the Organisation's financial management activities. At the same time, we continue to develop applications that support other internal activities and to upgrade the Organisation's Intranet Portal, making it the main tool for internal communication and cooperation among Cyta's people.

We are broadening our business intelligence applications in order to provide the appropriate information and knowledge at 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 about all the Organisation's activities and transform it into useable knowledge.

We continue to search for ways of constantly upgrading/modernising 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

The robustness of an organisation is, to a significant degree, based on prudent financial management, correct planning and the rational evaluation of financial results. Our constant concern is the upgrading and adoption of new processes and the implementation of suitable controls, so as to achieve

more effective financial management. Specifically, Financial Management activities are carried out, monitored and checked through the Enterprise Resource Planning system (ERP) which, at the same time, provides improved information about timely and correct decision-making. Financial information is based on global standards and best practices. Moreover, we take all necessary measures to provide better customer service in difficult financial circumstances while, at the same time, we implement international practices for keeping bad debts at a low level.

## REGULATORY ISSUES

During 2014, 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 machinery as well as security, fire protection and guarding systems.

### Buildings infrastructure

During 2014, we continued to study the construction of new installations, the maintenance of buildings and the development of premises throughout Cyprus. In the framework of the development of the Cytashop network, a new Cytashop was designed installed in the Mall of Cyprus in Nicosia. Additionally, tenders were published and awarded for modifications to eight Cytashops across the island to enable the placement of "live" devices and anti-theft systems.



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.

In accordance with agreements drawn up between the Organisation, TrustComm and Noorsat, work was carried out on the installation of antennas, while internal areas at the MAKARIOS Satellite Earth Station and Pentaschinos building were made ready for the installation of equipment.

Our efforts continued to successfully provide a high standard of cleaning and hygiene services while, at the same time, we took steps to reduce cleaning costs at our buildings all over Cyprus.

In the context of our objective of ending our commitment to rent all our administrative buildings, in November 2014 the Neophytou Building was released and action is ongoing to transfer personnel housed in the Elgia Building in Limassol and the Cooperative Credit Society Building in Nicosia to our own premises.

### **Electromechanical services infrastructure**

In 2014 we continued to implement the Islandwide Fire Protection System and the Organisation's Telematic Vehicle Fleet Management system, with separate installation contracts. Additionally, contracts were signed for Phase II of the Electromechanical Equipment Monitoring System which is expected to bring about significant savings for the Organisation through energy management, while specifications were drawn up for a new Telematic Vehicle Fleet Management system to replace the existing one.



Moreover, we proceeded to replace a large amount of obsolete and energy-inefficient electromechanical installations and supply systems with the aim of further improving the reliability of the services that we provide and saving energy.

At the same time, we effectuated new electromechanical installations and supply system installations for major customers of such as Noorsat, Trustcomm, etc. and for important projects of the Organisation, such as Class 5 Transformation (IMS) of the Fixed Communication Networks and SRAN for the Mobile Communication Networks.

Furthermore, the Data Centre Upgrading project was approved. It concerns the upgrading of electromechanical installations and equipment in buildings so as to comply with international

Tier III standards governing the development and operation of Data Centres. In the framework of this project, there will be a redesign of the electromechanical installations in buildings, electromechanical works and of the supply and installation of new electromechanical equipment.

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 2014 we continued to extend the islandwide Security System with the installation of new electronic access monitoring points and terminal equipment for the Electronic Timekeeping and Trespassing Detection systems and CCTV.

In December 2014, the Board of Directors decided that, following the early retirement of personnel manning the Security Management and Control Centre, the void would be filled through outsourcing, as of 31/12/14.

## **MATERIALS MANAGEMENT**

In 2014, the Organisation's Central Stores continued to receive, store and distribute materials and equipment and to send materials and equipment abroad for repairs.

The successful application and development/upgrading of the new modern purchase and stock management software continued in 2014. The reorganisation of the entire supply chain with the transfer of the Central Stores out of town, their upgrade to a Materials Distribution Centre and the ordering of new storage equipment are expected to make a positive contribution to increasing productivity and saving total storage space.



# PRODUCTS AND CUSTOMER SERVICE

In 2014 we began the major fixed telephony transformation project with the objective of replacing all fixed lines with broadband telephony connections, thereby enabling customers to enjoy all the advantages afforded by the latest technology.

Broadband telephony was enhanced by the introduction of the innovative BBTontheGo facility, which, through the use of CytaCommunicator software, turns the customer's computer into a fixed telephone with its own number.

In 2014, among other things, we proceeded to revamp all the existing Cytamobile-Vodafone plans, urging more and more customers to transfer to the new RED plans, which constitute the most integrated communication proposition in the Cyprus market.

With the aim of satisfying Cytavision subscribers who are big sports fans, in 2014 we added the Sports Plus package, which is available to Full Pack and Value Plus Pack subscribers for an additional monthly fee.

We continued to upgrade the Cytanet network with Ethernet 10Gbps internal connections. The total capacity of our connections to the global Internet exceeded 60Gbps.

At the same time, we continued to dynamically grow our Cloud services portfolio, enhancing it with focused technical support as well as the security and reliability of our infrastructures and data centres.

## RETAIL MARKET

### FIXED TELECOMMUNICATIONS SERVICES

Remaining true to our commitment to provide top quality, reliable Fixed Telephony solutions, we implemented a number of projects with the aim of enhancing the service we offer through the introduction of new facilities for both residential and corporate customers. At the same time, in 2014 we launched the major fixed telephony transformation project with the aim of replacing all fixed telephone connections with Broadband Telephony, enabling customers to enjoy all the benefits of the latest technology.

The success of BBT-Home was reinforced further by its enhancement with new facilities, making it even more attractive. In this context, user packages were also upgraded, so as to include calls to Cytamobile-Vodafone mobiles while, at the same time, the initial connection charge was reduced. We also introduced the innovative BBTontheGo facility, which, through the use of CytaCommunicator software, turns the customer's computer into a fixed telephone with its own number. In this way, customers can use their BBT number anywhere in Cyprus or abroad.



For business customers, we introduced Fax-On-Email, which enables the electronic receipt and sending of faxes without a fax machine, ink and paper. For a more comprehensive response to the needs of SIP Trunking customers, we introduced the Advice of Charge facility, which provides charging information on outgoing calls made via a PBX, thereby adding additional value to the service.

### 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. Spearheaded by our reliability, we remain the consumer's consistent first choice when it comes to Mobile Telephony in Cyprus.

In 2014, we revamped all the Cytamobile-Vodafone plans, keeping the new RED plans at the very heart of our strategy. RED plans, which constitute the most integrated communication proposition in the local market, have been warmly embraced by the public and have changed mobile communications in Cyprus, leading to a spectacular rise in mobile Internet usage.



RED is the most integrated communication option, designed to respond to our new and existing customers' modern demands by offering, via a reliable network, unlimited talk time and text messages to all networks, the chance to purchase the best



smartphones on the market, paying nothing initially, a large amount of MB for carefree Internet browsing and many other innovative services and benefits, which are constantly being enhanced. Such services include:

- interactive updates on Mobile Internet use by mobile phone, giving our customers even greater control,
- the upgrading of the twinSIM service to multiSIM, enabling the amount of MB to be divided and used on up to five devices and
- free insurance with selected smartphones.

For soeasy pay as you go customers, we continued to promote soeasy Freebies and the soeasy Rewards scheme. Soeasy Freebies offer additional local and international talk time and/or free texts and MB, allowing customers to talk and browse the Internet more as they make the most of their smartphones according to their individual needs. Additionally, with every top-up, customers have a chance to win instant gifts from soeasy Rewards, including talk time, texts and MB or to amass points and use them to obtain even bigger gifts such as mobile phones, concert tickets and much more.

At the same time, we continued to invest in the following services:

- Social Responsibility, for the first time offering the safeMobile application free to all Cytamobile-Vodafone customers, both pay monthly and soeasy pay as you go.
- Information and Entertainment, enhancing the Vodafone Live! and cybee Alerts menu,
- International Roaming, constantly adding new destinations (now 174 countries and 396 networks) and
- Machine to Machine (M2M), providing a wide range of products, specially tailored to the needs of our business customers.

## CYTANET INTERNET SERVICE

Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2014, 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 10Gbps Ethernet connections. The total capacity of our connections to the global Internet is now in excess of 60Gbps.

During 2014, we provided broadband coverage wherever there was a developed copper network, in both urban and rural areas.

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

In 2014 there were 170 Wi-Fi Hotspots all over Cyprus. We expanded our network to more outdoor public spaces, providing faster speeds and thus making the Internet more accessible outside the home.



### • Safer Internet education

During the 2013-2014 academic year, a total of 112 presentations were given in all districts, attended by 13.855 pupils and teachers. Since 2001, 846 schools have been visited and 96.359 pupils and teachers have attended the presentations.

Additionally, during the same period, we gave lectures on "The Internet in our Children's Lives – Safe and Responsible Use", aimed especially at parents. The lectures were held either in conjunction with the Pancyprian School for Parents or directly with Parents Associations and school administrations. Special mention is made in the presentations of the Safe Internet service for online protection, which is provided free by Cytanet. Parents always show particular interest in the service since it can protect their children from illegal, undesirable and harmful Internet content.

### • Livestreaming

In 2014, we again upgraded Cytanet's Livestreaming platform, which is used for the online transmission of football matches (those broadcast on Cytavision) and other sports events. This service offers customers in Cyprus and Cypriot sports fans abroad the opportunity to watch Cypriot games live. The number of customers using Livestreaming rose significantly, especially since the enrichment of Cytavision content.

### • Webhosting

Work began on the creation of two new Data Centres, with upgraded specifications as regards the services provided, security and energy-saving. The webhosting service enables customers to house their equipment (computers, servers, etc.) and run their applications in Cyta's own specially designed Data Centres, where they are given facilities to connect to the Internet and their own private network.

## 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.

Cytavision is a key component of Cyta's Triple and Quadruple Play options (fixed telephony, Internet, television, mobile telephony), contributing decisively to the value of this proposition and distinguishing it from the corresponding options offered by our competitors.



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

This is why, during 2014, 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.

Through the addition of Disney Junior and Disney XD to five other children's channels, Cytavision offers quality, all-round entertainment to young viewers, from toddlers to teens.

Moreover, in 2014, the content of Cytavision was further enhanced with the addition of the Greek Cinema channel, for those who enjoy Greek films, and BBC World, the well-known general interest channel.

### • Enriched sports content

With the aim of satisfying Cytavision subscribers who are big

sports fans, in 2014, we added the Sports Plus package, which is available to Full Pack and Value Plus Pack subscribers for an additional monthly fee. The Sports Plus package includes five dedicated sports channels (Sports+ 1, Sports+ 2, Sports+ 3, Sports+ HD and NBA TV), which broadcast the home games of APOEL and Anorthosis as well as Premier League, Bundesliga and NBA games.

Additionally, during the year we successfully signed agreements for live coverage of top European football, basketball, tennis and other tournaments. Highlights include the Euro 16 qualifiers and the Wimbledon championships as well as important qualifying matches by Cypriot teams in the UEFA Champions League and UEFA Europa League.

### Attractive offers

During the course of the year, at three different times we offered both new and existing customers free installation of the 1st and 2nd set-top box. In 2014 we also launched the "olatakala" privilege plan with the aim of rewarding our customers. Among numerous benefits, Cytavision subscribers signing a 24-month contract obtained two months free, as well as free viewing of three games on Pay per View and €20 gift vouchers from Cytashops.

## INNOVATION AND SERVICES DEVELOPMENT

### Cloud Services

Cloud services cover the provision of IT technology as a service and are the main IT trend of recent years. This innovative approach is drastically changing the rules as regards the provision of computer resources and software applications to businesses, enabling them to pay only a monthly subscription for using the services, thereby transforming the once inflexible cost of investing in technology into a small operating expense.

We are dynamically growing our Cloud services portfolio, enhancing it with focused technical support as well as the security and reliability of our infrastructures and data centres. We provide Cypriot businesses with integrated solutions in the area of IT technology which respond to their needs regarding software applications, mobile apps and computer infrastructure, improving the flexibility and management of financial resources with an approach that modernises, simplifies and brings tangible benefits.

In 2014, we continued to enrich our Cloud services with the addition of Fax-On-Email and Mobile Apps. Fax-On-Email enables the electronic receipt and sending of faxes without a fax machine. Mobile Apps Cover an integrated Mobile and Tablet package of apps, available from the App Store and Google Play, designed to satisfy the needs of every professional team and business. The benefits to businesses are many, since they increase their promotion and competitiveness, while offering immediate user access to information and interactivity.



### Vertical growth areas

In 2014 we examined new vertical growth areas in the business market that offer the prospects of accessing alternative revenue streams. We formulated a strategy for every growth area and adopted the “revenue sharing with no initial cost” business model. Involvement in vertical growth areas favours cooperation with companies with ready solutions and with suppliers and companies active in ICT. We began our activities in the sectors of e-Government, e-Health and Shipping.

In the area of e-Government, in collaboration with other companies, we bid for tenders for projects promoting e-Government. In the area of e-Health we implemented two pilot telecare schemes (emergency bracelet and location tracking) and we initiated contacts regarding our participation in the Health Insurance Organisation project for the National Health Scheme. In the shipping sector, in conjunction with Ericsson, we created a special product that makes savings on fuel for ships and began promoting it.

### Centre for Innovation and Idea Development

The objective of the newly established Centre for Innovation and Idea Development, in collaboration with other private and public sector organisations, is to help budding entrepreneurs develop their ideas and gain access to investment funds in order for these ideas to evolve into start-ups. At the same time, the Centre aims at the promotion of intrapreneurship within Cyta, developing the Organisation’s ability to create new innovative products and services, using its own human resources, while some of the products may evolve into start-ups.

The goals of this activity are to find new sources of income for Cyta through new services and investments, to improve its corporate image, to promote young entrepreneurship and to indirectly strengthen the Cypriot economy.



In 2014, we undertook the following initiatives:

- Taking on the role of technology partner with Cyban for the creation of an accelerator for start-ups, especially in the ICT sector.
- Organising Global Entrepreneurship Week 2014 in Cyprus, in conjunction with Industry Disruptors - Game Changers.
- Collaboration with Microsoft and European University Cyprus on the creation of the Microsoft Innovation Center in Cyprus.
- Strategic cooperation with Junior Achievement-Young Enterprise Cyprus, which has incorporated a “Company Programme” into the secondary schools academic timetable.
- Supporting the activities of Cyprus Enterprise Link, an organisation set up and run by young people, with the aim of supporting Cypriot business talent and integrating it into a local and global entrepreneurial network.
- Sponsoring and strengthening a number of innovation initiatives in Cyprus.
- Beginning work on planning an intrapreneurship programme at Cyta.
- Signing Memoranda of Understanding with the Open University and Frederick University, which provide for cooperation in the transfer of know-how, in research, in employing students and in the business development of students and graduates.



## NATIONAL PRIVATE LEASED LINES

In 2014, 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 customers' business premises for the purpose of 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.

## COLOCATION SERVICE

The colocation 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

2014 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 prioritization 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 SOLUTIONS

Managed Solutions 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 Solutions, 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 Solutions 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 close 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 commerciality. 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 a new Cytashop at the Mall of Cyprus in Nicosia. In its design, the store has 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. We also refurbished and modernised three existing Cytashops in the Nicosia suburbs of Engomi, Latsia and Lakatamia. At the same time, we continue to modernise the others 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. Over and above the personal contact with our customers, in recent years we have placed great emphasis on telephone service and assistance. On 80008282 and 80004000 we offer our customers top-quality assistance and technical support.

Our constant goal is the provision of integrated solutions, which provide professionals with autonomy and flexibility in their chosen field and make their business more productive, more efficient and, by extension, more competitive. The development, reinforcement and maintenance of long-term, mutually beneficial relationships with our customers, combined with the ability to enjoy a wonderful experience, are the key ingredients of our

approach. "Let us get close to businesses and stand by the professional, so as to touch the world together". To this end, we are strengthening our people with the high level of know-how and the advanced technology tools that our customers deserve.

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](http://www.facebook.com/cytaofficial)), smartphone apps (cytainfo+) and the customer forum ([www.cyta.com/forum](http://www.cyta.com/forum)).

In 2014, 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.

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 2014, we were extremely active in this area. For example, we reviewed terminal equipment management and upgrading, while 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 2014, 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 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](http://www.cytayellowpages.com.cy)

## WHOLESALE MARKET

### NATIONAL WHOLESALE MARKET

In 2014 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 drew up agreements with most national telecommunications service providers for the provision of products and services as well as the necessary support. 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 and Access to Cyta's Mobile Network.

Interconnection enables national providers to connect their networks to Cyta's fixed and mobile 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 as Mobile Virtual Network Operators (MVNOS).

#### **Telephony and Broadband Portfolio**

The Telephony and Broadband Portfolio includes products relating to Carrier Selection and Pre-selection, Wholesale Line Rental, Wholesale Broadband Access, Local loop Unbundling, Number Portability and Access to the Telephone Directory Database.

Carrier Selection and Pre-selection allows Cyta subscribers to choose an alternative national carrier for call distribution. 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. Local loop Unbundling lets national providers lease Cyta's copper access network to provide voice and broadband services to their subscribers. Number Portability allows subscribers to 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 Building, Duct and Mast Colocation as well as National Provider Network Connection Services to Cyta's Access Network.

Building, Duct and Mast Colocation enables national providers to lease Cyta's infrastructure (buildings, forecourts and roofs, cabling and mobile communication masts) for the colocation of their equipment.

National Provider Network Connection Services enable national providers to connect their equipment to the Main Distribution Frames or the Cabinets of Cyta's Access Network for the purpose of Local Loop Unbundling.

### INTERNATIONAL WHOLESALE MARKET

In 2014 we continued to offer high quality international wholesale products and services under the Cytaglobal sub-brand to internal and external customers such as local and international carriers, business customers and other partners. We signed bilateral agreements for the provision of wholesale

international telephony products for physical and virtual international private leased circuits, Internet access, the leasing and concession of international network infrastructure and other services, offering uninterrupted customer support. The portfolios of international wholesale products and services are analysed below:

#### **Cable and satellite interconnection portfolio**

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. 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 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 extremely competitive prices. At the same time, we provide international correspondents with termination of incoming traffic on all fixed and mobile networks in Cyprus, international wholesale transit traffic services 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 completed the upgrade to the air traffic control data processing system in support of the existing Nicosia Area Control Centre.

### 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 seafarers' needs for communications of a social and/or other nature.

### SERVICES TO THE METEOROLOGICAL SERVICE

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

### SERVICES TO THE JOINT RESCUE COORDINATION CENTRE

We continued to provide data and voice services and technical support to the Joint Rescue Coordination Centre. 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 and Cyta itself.

## CYTA HELLAS SA

2014 was a milestone for Cyta Hellas, a year in which it became established as a provider of 4-play services: Fixed Telephony, Mobile Telephony, Internet and Television.

Despite the significant intensification of competition and the ongoing financial crisis in Greece, the company's customer base continued to rise from the beginning of the year. The number of active fixed telephony/Internet customers rose from 312.049 on 1/1/2014 to 323.842 on 1/1/2015, representing an increase of 3,78%. Mobile phone connections stood at 12.695 on 1/1/2015. Moreover, 2014 saw a significant increase in the number of business customers connected directly to the fibre optic network, the installation of which was completed and reached a length of 5.000km.



Regarding its financial results, the company's turnover rose in comparison with 2013, while pre-tax losses declined in percentage terms. Gross operating profit also rose, compared to

the previous year, as did the company's operating profitability compared with the marginal result in 2013.

In September 2014, Cyta Hellas marked its progress, its innovative profile and continuing growth by announcing the commercial launch of its CytaMobile services via the Mobile Virtual Network Operator (MVNO) model and making the first single-contract 4-play services available in the Greek market.

Furthermore, Cyta Hellas was successful in the Syzefxis II tender which was published in March 2014 and concerned the provision of telecommunications services to meet the needs of Greece's public bodies over a three-year period. The company was the only alternative provider in the country to participate in each of the nine invitations to tender, reserving the right to bid for the provision of services to the whole of the public sector. Additionally, Cyta Hellas is the subcontractor for the provision of field technicians and technical support services in one of the two areas to have been evaluated positively for the drawing up of agreements/framework for the project to provide access and telephony equipment to all the public bodies in the country.

It should be noted that, in November 2014, the Cyta Hellas Customer Service Department was certified as "Committed to Excellence - 1 star" by the European Foundation for Quality Management (EFQM).

Cyta Hellas' activities for 2015 are focused on commercial strategies aimed at protecting its current customer base, the further strengthening of sales to business customers, starting with the provision of mobile telephony products aimed at the business market, increasing the number of mobile telephony customers and sales of Wholesale Capacity and Structural Services.

## CYTA UK LTD

Cyta UK has its own high-tech telecommunications node, based on the MPLS protocol, using media gateway and new generation SDH equipment, and housed in London. The node is linked via a Cyta-owned undersea optical ring to similar telecommunications nodes in Nicosia and Athens owned by Cyta and CytaGlobal Hellas SA respectively.

The company is active, in conjunction with Cyta and its subsidiary Cytaglobal Hellas SA, in the provision of international virtual leased interconnections 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 2014, Cytacom Solutions Ltd continued to provide 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 specialised integrated communication and IT solutions to organisations and businesses in the Cypriot market with the following products/services:

- Provision of Integrated IT solutions and electronic equipment and IT software support and maintenance
- Networking, IT and telephony equipment
- Project management and consultancy services
- Website and online platform design and development
- Bulk messaging (webSMS.com.cy)
- Top-up service (soeasyprepaidcards.com.cy)
- Development of integrated online IT system applications/connections
- Communications security

The company's long-term objectives are:

- To maintain its position in the Cypriot market as one of the most reliable organisations providing integrated solutions.
- To increase turnover and profitability.
- The development of a corporate culture and image and incentives to reinforce personnel loyalty 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 Cyta 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 linked via a Cyta-owned undersea optical ring to similar telecommunications nodes 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 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 SATELLITE 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. It provides integrated solutions to customers interested in distributing their programmes to various locations internationally via a combination of cables and satellites. The company also provides support services to Cyta's satellite services.

In 2014, Iris broadened its activities considerably, with the provision of new services to new and existing customers. The extension of satellite television programmes to customers in the Middle East was an important development, as was the transmission of TV programmes to Europe via cable.



## 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

We upgraded the terminal equipment of the KADMOS and UGARIT cable systems at the four cable landing stations (Pentachinos, Tartus, Jdeideh and Ras Beirut) and installed a new Central Management System. We also upgraded the ALEXANDROS cable system to provide additional capacity, thereby increasing the available capacity by 150Gb/s (15 x 10Gb/s).

We continued work on the ALASIA cable system for an additional Cyprus-Syria connection.

We procured and installed two satellite receivers in the framework of expanding the satellite antenna network of Eutelsat.

The MAKARIOS Satellite Earth Station is also the centre for the satellite TV channels and hosts the continuity platform for Cytavision. In 2014, we installed a new MPEG-4 channel encoding platform.

We completed the transfer of customers to the new network providing DSL Access/Netrunner for Internet Home.

In 2014 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. At the same time, we continued to install new Wi-Fi Hotspots, taking the total to 273.

## VALUE ADDED APPLICATIONS

In 2014, Cytavision continued its technological upgrades, always with the objective of providing customers with the best possible television experience.

We procured new TV signal encoding systems, enabling the upgrading of all channels to MPEG-4 technology, which offers significant improvements to picture quality. Some 40 channels have already been upgraded, while the remainder will be switched to the new technology next year. We also upgraded the capacity of the platform, so as to support increased demand, particularly that observed following the provision of Cytavision by Cyta Hellas.

At the same time, we developed the online sports transmission platform, via which we offer Live Streaming. The more user-friendly environment and easier navigation, the facility to subscribe and watch games on computer, mobile phone and tablet, in conjunction with the rich sports content have made the service more modern and enjoyable.

Significant improvements were also brought about by the upgrade to the e-mail platform and the successful transfer of all customer voicemails to the new platform. The service was further enhanced by the capability to synchronise contacts and calendar, as well as by a new Web Mail which satisfies even the most demanding user.

Looking to the future, in 2014 we conducted a number of studies related to the innovative projects and modern services that will be rolled out in the coming years, including a new Parental Control/Safe Internet service on all devices (computer, mobile, etc.), Connected TV, Over-the-top TV and Smart Home services.

## CORE NETWORKS

### National transmission network

In 2014 we continued to expand the WDM (Wavelength Division Multiplexing) network, which is the backbone of Cyta's networks, providing them with high speed services and serving 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. In this framework, the international node at Cyta's point of presence in Marseilles was extended. 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 Satellite Earth Station is an important satellite gateway, providing broadband links to Internet providers abroad, with the simultaneous use of submarine cable infrastructure. At the same time, Satellite Tracking Telemetry & Command (TT&C) services are also provided. The main projects of 2014 were the following:

- We completed the project to install satellite stations and the required infrastructure for a company specialising in the provision of satellite services to third parties.

- We installed a number of satellite antennas and the related equipment for the relaying of 250 channels, for a company specialising in the provision of television services to third parties.
- We procured and installed two satellite receivers in the framework of expanding the satellite dish network of Eutelsat.

The MAKARIOS Satellite Earth Station is also the centre for the satellite TV channels and hosts the continuity platform for Cytavision. In 2014, we installed a new MPEG-4 channel encoding platform.

Cyprus is connected with the outside world for telephony, Internet and leased circuits through three cable landing stations with a total of nine undersea cable systems (SCS). Transit connections are offered at the same time to companies in neighbouring countries. The main projects of 2014 were the following:

- We upgraded the terminal equipment of the KADMOS and UGARIT cable systems at the four cable landing stations (Pentachinos, Tartus, Jdeideh and Ras Beirut) and installed a new Central Management System.
- We upgraded the ALEXANDROS cable system to provide additional capacity, thereby increasing the available capacity by 150Gb/s (15 x 10Gb/s).
- We continued work on the ALASIA cable system for an additional Cyprus-Syria connection.

#### **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 networks and services. We also began the significant upgrading and extension of the network to support the Single Radio Access Network (SRAN) project.

We completed 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 and to the IP/MPLS backbone network of Cytanet. Customers now receive a much more reliable service. We designed and implemented backups for the equipment serving wholesale Bitstream customers and we completed the redesign of the new simplified way of providing DSL Access retail products to customers of alternative Internet providers.

We upgraded the Cytanet network at both routing and connection levels in order to offer an improved customer experience. We connected Cytanet to the most important global Internet traffic exchange points so that our customers may receive the best quality service. We placed emphasis on improving business continuity, network security and Cytanet's services.

Finally, we upgraded the Cytaglobal Hellas network in Athens, so as to improve the services offered to business customers.

#### **Network monitoring and faults management by the networks and services management centre and regional operation and maintenance**

In the framework of improving monitoring activities and network and service faults management, in 2014 we continued work on upgrading Cyta's existing Alarm Management, Automatic Service Activation and Quality Management systems. 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 Cyta's networks.

In the framework of improving the rate of productivity increase and ensuring more effective network management, the new "Ne Tkt" faults management system was introduced. Our aim is to implement this tool in all technical departments so as to monitor the life cycle of the fault and how it is corrected with a view to further improvement.

## **FIXED AND MOBILE COMMUNICATIONS NETWORKS**

#### **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 and started work on upgrading and modernising it, in the framework of the evolution of the fixed communications network from traditional PSTN/ISDN technology to end-to-end broadband telephony.

Furthermore, we awarded the tender for the provision of Analogue Terminal Adapters and SIP2 ISDN Gateways to support BBT services to residential customers and BBTbusiness and SIP Trunking to business customers.

Finally, we updated the software and optimised the architecture of the ISPBX network which, among other things, provides IP protocol support.

#### **Mobile communications core network**

In 2014, we proceeded to update the core international transmission network software, so as to prepare it for the introduction of LTE technology and other services. At the same time, we designed and implemented the project to reconfigure the Multiple Gigabit Wireless Systems on the core international transmission network via the introduction of new functions that will ready the network for the Single RAN radio network.

On the packet switched network, we went ahead with the replacement and upgrading of the packet switching nodes,



enabling them to support LTE services. Additionally, we implemented the first stage of the Wi-Fi Offloading project with the introduction of new nodes.

Other important projects concerned the commercial operation of the new MMS centre and the upgrading of the Terminal Equipment Management Centre and the SMS Interconnection Portal for Premium SMS barring. At the same time, we completed support service upgrades and the procurement process for the mobile Internet Gateway (MIG) system.

Lastly, in 2014 the process was completed for the supply of new SIM cards for the needs of the mobile communications network.

### **Wireless access network**

In 2014 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. Population coverage of the GSM network, exceeds 99,9% while geographical coverage is 99,5% of the government-held area of Cyprus. The corresponding coverage for the 3G/HSPA network is now 87% and 65,7% respectively.

With the objective of creating the infrastructure to satisfy the expected future demand for data services and the simultaneous shrinkage of the shortwave link network, we continued the project to link base stations via optical cables, resulting in a significant reduction to operating costs arising from radio frequency charges. Some 85% of the radio network now has connectivity with the optical network.

We awarded the tender for the modernisation of the radio network with Single RAN technology, which will bring significant reductions to the network's operating expenses and enable us to offer cutting-edge services via LTS technology. Design work on the first stage of the project has already begun. 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 20 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, taking the total to 273.

### **Wired access network**

In 2014 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. Additionally, we ensured technical preparedness for VDSL2 technology connections from the telephone exchanges, thereby enabling a significant number of customers to connect with VDSL2 technology, with the aim of gradually complying with the requirements of the 2020 digital agenda. By 31/12/2014, we had around 18.000 customers connected with VDSL2 technology experiencing speeds of up to 70Mbps. At the same time, we began testing VDSL2 Vectoring technology, which offers customers higher connection speeds.

The strategic Fibre to the Home (FTTH) 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 2014, an agreement was signed for the construction and laying of the ALASIA undersea cable system between Cyprus and Syria, which is due to come into operation in 2016.

There are currently ten international undersea 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), ARIEL (Cyprus-Israel) and (x) POSEIDON.

Cyta's international systems include more than 35 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 international cable and satellite services are provided with 24-hour support and, like its other business activities, they have obtained international quality certification.

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

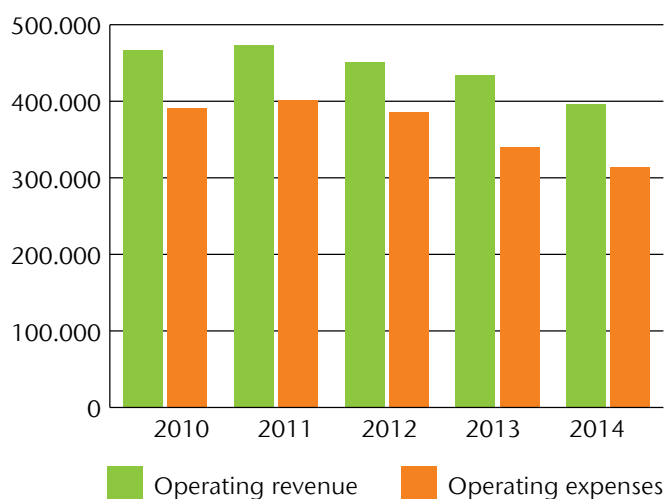
## SUMMARY OF RESULTS

In year 2014, Cyta, maintained its profitability at high levels despite the continuing economic recession and difficult economic conditions in Cyprus and the external environment.

Operating revenues decreased by 8,7% while operating expenses decreased by 7,6% compared to 2013. The gross profit amounted to €81,8 million.

Profit after tax transferred to reserves amounted to €47,6 million, compared to €37,4 million in 2013. It should be noted that the profit of both years was affected by non-recurring costs. Year 2014 was affected by the €40,5 million cost of voluntary retirement plan while 2013 was affected by the impairment loss of €30 million in the value of deposits and shares, as a result of the Eurogroup decision taken on 25 March, 2013.

### Operating Revenue & Operating Expenses (€'000)



	2010	2011	2012	2013	2014
Operating Revenue	466.470	473.982	451.763	434.261	396.487
Operating Expenses	390.569	401.840	385.900	340.695	314.729

### Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) (€'000)

	2010	2011	2012	2013	2014
EBITDA	149.019	135.877	133.762	152.820	127.763

## CAPITAL EXPENDITURE

Capital Expenditure amounted to €29,3 million compared to €32,7 million in 2013 and was exclusively financed by Cyta's own funds.

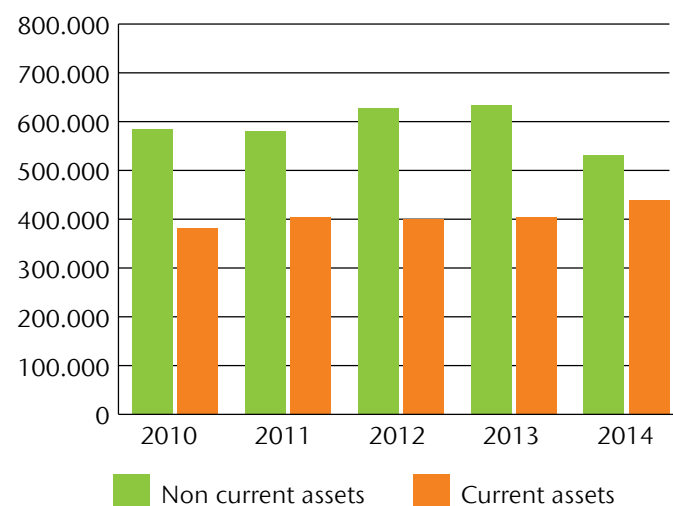
## CASH AND CASH EQUIVALENTS

Total Cash deposited in banks amounted to €157 million (2013: €179,5 million). Additionally, an amount of €34,8 million (2013: €34,1 million) was placed in government bonds and €38,4 million (2013: €38,4 million) in convertible bonds of Cyta Hellas. An amount of €101,6 million was placed in 13-week treasury bill issued by the Republic of Cyprus. The liquidity option of funds supports the funding of Cyta's development and investment program.

## RESERVES

The reserves which constitute the equity of the Organization amounted, on December 31, 2014, to €668,9 million, and were strengthened by the profit of the year amounting to €47,6 million.

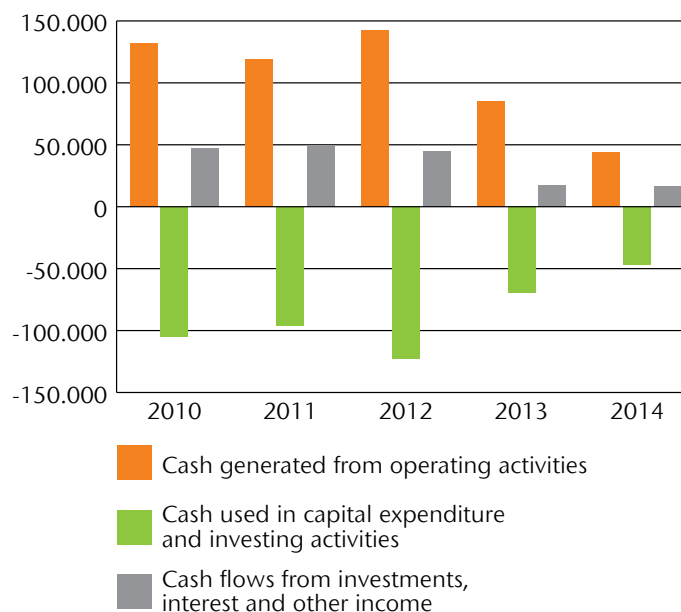
### Total Assets (€'000)



	2010	2011*	2012*	2013	2014
Non current assets	584.690	580.851	626.802	633.778	531.986
Current assets	381.300	404.491	399.805	403.649	439.748

\* The results of 2011 and 2012 have been adjusted to reflect provisions of the International Accounting Standard 19.

## Cash Flows from Operating and Investing Activities(€'000)



	2010	2011	2012	2013	2014
Cash generated from operating activities	131.621	118.990	142.674	85.069	44.362
Cash used in capital expenditure and investing activities	-104.701	-95.784	-122.744	-69.665	-46.916
Cash flows from investments, interest and other income	47.253	48.523	44.606	17.535	16.337

## Five-Year Financial Summary

	2010 €mil	2011* €mil	2012* €mil	2013 €mil	2014 €mil
Operating revenue	466	474	452	434	396
Gross profit	76	73	66	94	82
Total assets	966	985	1027	1037	972
Total liabilities	105	93	114	100	303
Total Reserves	861	892	912	938	669
Cash generated from operating activities	132	119	143	85	44
"Net cash used in investing activities"	-57	-47	-84	-46	-8
Dividend paid to the Republic of Cyprus	-80	-60	-37	-	-31

\* The results of 2011 and 2012 have been adjusted to reflect provisions of the International Accounting Standard 19.