

Annual Report

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Cyta is the trade name of Cyprus Telecommunications Authority

Message from the Chairman



As 2016 came to an end, Cyta was once again the Cypriot market leader in electronic communications. The Organisation confirmed for another year that it has the ability to deal with the constant challenges arising in its field and remain at the cutting edge of technological developments, despite the rapid changes taking place in the sector, both locally and internationally.

It is a fact that the accelerated penetration of alternative means of communication, as promoted by the global giants of online technology and social media, has placed pressure on the traditional revenues and profitability of companies operating in the telecommunications sector. At the same time, competition is constantly intensifying in our limited local market, where the focus is now on “quadruple play” and the provision of integrated electronic communication solutions.

Despite the enormous challenges facing the telecommunications sector, 2016 was a productive year for Cyta. The Organisation continued to grow and develop technologically, reinforcing its lead as far as reliability is concerned and making a positive contribution to the economy and to society.

The main role in these achievements has been played by Cyta’s human resources. They represent a huge reservoir of knowledge, experience and specialisation, which can make all the difference in the especially competitive telecommunications sector, with people who are the leading lights in their field in Cyprus and among the best in Europe.

Strategic Direction

As regards the Organisation’s strategic planning and the actions taken to implement its business strategy, priority is given to the reinforcement of Cyta’s technological superiority. This is something that can only be achieved through investment and innovation, which is a clear direction and a pillar of growth for Cyta. Innovation leads to differentiation and the creation of value for our subscribers, enabling the Organisation to maintain its competitiveness, broaden its customer base and support its revenues and profitability.

Building on the values of the undeniable reliability and high standard of service that have characterised it over the years, Cyta focuses on providing upgraded integrated solutions for today’s digital world and supports its customers consistently, both at the time of sale and afterwards.

Focused efforts to strengthen Cyta’s technological superiority have already brought tangible results, through the multi-faceted project of totally upgrading the Organisation’s fixed and mobile networks and the introduction of the new, ultra-modern 4.5G network, which has placed Cyta on the global map of the most advanced telecommunications organisations.

The faster speeds that we offer subscribers have already created a new situation in the market, since they are now linked to lower charges. As a result, the daily lives of all our customers - private individuals, families, businesses - are changing drastically, since they now have access to pioneering applications for entertainment, communication and the more efficient management of their activities.

One extremely important development concerns the fibre optic network, which is being implemented rapidly and will soon allow the introduction of Fibre to the Home. Through this significant project, Cyta is bringing a revolution to broadband services in Cyprus and making even faster speeds and more specialised applications possible.

The Organisation’s main strategic objective remains that of the constantly growing provision of quality services to its customers, maximising value and improving productivity. The key pillars for achieving this objective are, among others:

- An objective reassessment of the viability of its activities in Cyprus and abroad.
- The rationalisation of the methods adopted by the Organisation aiming at the continuous reduction of its operating costs and greater productivity per activity.
- Maintaining the Organisation’s revenues from its traditional activities.
- The creation of new, alternative revenue streams through the provision of competitive new generation products and modern, integrated digital solutions, building on Cyta’s reliability, technological prowess and innovation. In this context, Cyta focuses on the development of innovative digital services related to the Internet of Things and other digital applications, so as to play a crucial role in the digital community.
- The expansion of strategic partnerships, wherever needed, with the aim of achieving synergies that make the most of the Organisation’s potential and capabilities.

Concerning the implementation of the Organisation's strategic direction, a major modernisation project is under way, thanks to the joint effort made by the Board, Management, the Unions and the Staff. We recognise that change needs to be a part of our nature if we are to progress, because it is only through a corporate culture of openness to change that we can lead Cyta on a path of continuous growth and innovation, pillars that are an essential requirement for the Organisation to successfully respond to future challenges.

Cyta's Crucial Role in Making Cyprus an International Telecommunications Hub

An important aspect of Cyta's multifarious activities is the development of international cable systems that reinforce the role of Cyprus and the Organisation as a telecommunications hub in the broader Eastern Mediterranean region.

In 2016, in the context of expanding the Organisation's international cable network, we signed agreements giving us access to the new Asia-Africa-Europe-1 (AAE-1) undersea cable system. This system, which extends to important hubs in South-East Asia, the Arabian Gulf and the Mediterranean region, will add new channels to our existing international undersea cable network and enable us to access new markets. At the same time, it helps serve local market needs as well as those of other telecommunications providers in the broader Eastern Mediterranean region.

Cyta also has a strong satellite infrastructure, spearheaded by the MAKARIOS Teleport, which is an important telecommunications hub in the Eastern Mediterranean. The MAKARIOS Teleport provides a broad range of satellite services to the international market, including Satellite Tracking, Telemetry & Command (TT&C), satellite TV, IP connections and VSAT.

In 2016, the processes were begun for the certification of the MAKARIOS Teleport in accordance with the Certification Programme of the World Teleport Association (WTA). Full Tier III certification was achieved in 2017 and we consider this to be the best confirmation of the advanced technology, infrastructural reliability and high standard of services that Cyta offers its customers around the world.

Cyta Hellas

During its ten years of operation in the particularly difficult and competitive environment of the sorely tested Greek economy, Cyta Hellas has succeeded in becoming the choice of some 300.000 subscribers - individuals and businesses - who have placed their trust in its technological innovation, the range of products it has to offer and its immediate, top quality customer support. Cyta Hellas, which today has a fibre optic network of 5.500km and more than 500 service points across Greece, stood out in the market from the outset and continues to attract investor interest.

In this respect, it is especially significant that the decisions taken by the Board deal with the challenges facing Cyta Hellas in a total and holistic manner, enabling the company to make the most of its prospects through an investment scheme that offers flexibility and financial autonomy. To this end, Cyta Hellas has already taken significant steps to limit its operating costs while trying to increase revenues.

At the same time, Cyta's Board of Directors appointed international independent financial advisors to provide services. Their mission is, through objective, technocratic processes, to

attract investor interest in Cyta Hellas with participation options open, in order to maximise the company's growth potential.

Cyta: A Determining Factor in the Development of the Cyprus Economy

As a Public Sector Institution, Cyta is obliged to adopt the principles of good governance, based on transparency, integrity and impartiality for the benefit of the Cypriot taxpayer. At the same time, Cyta needs to operate in a speedy, flexible, efficient and businesslike manner, to achieve its objectives as far as possible, while operating in a fiercely competitive environment.

Cyta remains a robust, profitable organisation, with no loans and with investments made with its own capital. The Organisation's substantial contribution to the country's economic development has been proven over the long term and, since its establishment until now, Cyta has granted a dividend to the state totalling around €750 million. At the same time, it has made a multi-faceted social contribution, including support for vulnerable groups of society.

Given Cyta's key role in the development of Cyprus' operational infrastructure, we continue to invest in cutting-edge technology which improves people's quality of life, helps the economy become more competitive, modernises entrepreneurship across the country and supports the economy. In this context, Cyta has, among others, a substantial role to play in the especially important National Health Scheme, through the Organisation's data centres, now upgraded to Tier III and certified to ISO 27001, which are systematically upgraded in order to host especially sensitive data, such as that pertaining to the health sector.

Tomorrow's Communication Today

Following the successful total upgrade to its networks, Cyta is once more showing the way and bringing tomorrow's communication today.

It is especially significant that Cyta, in accordance with its mission, invests in infrastructure that secures the provision of broadband services to every area of Cyprus. This is being done without any state or other assistance, in contrast to other countries that have proceeded to expand the development of their networks to rural areas with significant government grants. We are proud that Cyta has made high quality communication accessible to all, even in the most isolated areas of Cyprus.

In 2017, Cyta is reorienting itself to face the new challenges that lie ahead. It continues to be guided by the desire to maximise its value and productivity, building on its undisputed reliability and customer-centric approach. In a constantly changing and competitive environment, Cyta's aim is to remain the leading player in its field and to continue to be the Organisation responsible for developing the power of communication in Cyprus.



Rena Rouvitha Panou
Chairman
November 2017

Message from the Deputy Chief Executive Officer



For Cyta, 2016 was a particularly productive year, during which work on major projects was begun and in some cases completed while continuing on others. Exploiting technological advances in a timely fashion, Cyta carried out significant upgrades to existing services and developed new ones, allowing us to remain relevant to our customers' modern lifestyle. 2016 was also a year of great challenges and changes associated with the need to adapt to the demands of this digital era. With sure, well-planned steps, Cyta, like all major companies in the sector, is opening up new horizons by making the most of the convergence of IT and communications technologies, which are growing rapidly on a global scale, precisely because they contribute to the competitiveness and modernisation of the economy.

On today's extremely demanding global scene, collaborations are the most common strategy adopted by telecommunications companies, one which encourages them to look beyond themselves and to be innovative, leading to the marketing of services that transform and extend communication among people.

Cyta deals with challenges through its strategy of differentiation, which focuses on the high quality of the customer experience that we provide and gains substance through personalisation and equal access to modern services from anywhere in Cyprus, even the most isolated location.

Projects and Services

2016 was a very productive year for the Organisation. We implemented important projects in areas that are viewed as cutting-edge by our customers, true to our commitment to quality services, focused technical support and outstanding service.

Fixed Communications

With a view to providing universal broadband access to residential and business customers alike, we are in the final stages of the radical upgrading of the fixed network, through which we will be able to personalise communication with additional facilities and opportunities, tailored to each individual customer. Moreover, acknowledging our customers' needs for ever-higher access speeds, Cyta is developing its Fibre Optic network, which will enable high-speed connections.

Cytamobile-Vodafone Mobile Communications

In the mobile telephony sector, we continued to operate in a fiercely competitive environment, which is affected by broader global technological developments. Spearheaded by our reliability, we remain by a long way the consumer's consistent first choice when it comes to Mobile Telephony in Cyprus.

In 2016, work continued on expanding the 4th generation (4G/LTE) network in urban and suburban areas while geographical coverage of the 3rd generation (3G) network exceeded 99%, thus enabling all Cyta customers to enjoy the potential of technology and the Internet even more. And this is continuing without a break, since, starting in the main urban and tourist areas, we recently brought the new 4.5G network into commercial operation and it will gradually be expanded to cover even more areas.

In the context of making the most of the constant upgrading of the mobile telephony network, we went ahead with enhancing our Cytamobile-Vodafone RED plans through the introduction of new apps and content, which add even more value to the already attractive package of services that we offer.

Cytanet Internet Service

Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2016, thanks to significant network development projects and the provision of upgraded services at more attractive rates.

We upgraded 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 100Gbps, with the emphasis on having connections at strategic points and an agreement to exchange traffic with the major global networks.

During 2016, we provided broadband coverage wherever there was a developed copper network, in both urban and rural areas and we extended the Wi-Fi network of the Cytanet Wireless Zone. At the same time, we developed more than 170 Wi-Fi Hotspots all over Cyprus, enabling Internet access outside the home.

With the aim of keeping our sports-loving subscribers happy, we upgraded and enriched the services of Cytanet's Livestreaming platform.

Cytavision Subscriber Television Platform

Cytavision is the most complete subscriber television platform in the Cyprus market for both sports and themed content. With live and exclusive sports broadcasts from Cyprus and abroad, more than 80 popular channels in all viewing categories and a broad range of interactive services that are constantly being upgraded, it offers quality entertainment and information every day, 24 hours a day.

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 for our customers.

In 2016 we upgraded Cytavision's family packages, based on our subscribers' preferences, renaming them Super Pack, Variety Pack and Value Pack.

During the year, we enriched our content with the addition of the popular Viasat History, Travel Channel, Alpha Cyprus, TV Mall and Sirina TV channels.

Regarding sports content, we continued to provide the most complete package of sports programmes on the Cypriot market, with quality coverage of a broad range of sports and events, with the aim of satisfying and retaining our existing customers while attracting new ones.

Special mention should be made of the top football club competitions in Europe - the UEFA Champions League and UEFA Europa League - the Euro 2016 qualifiers as well as the qualifying games played by Cypriot teams in the UEFA Champions League and UEFA Europa League.

Cloud Services

At a time characterized by significant financial and business challenges, Cyta is in a position to help every business manage its finances, optimise its working practices and increase its profits. Through an expanded portfolio of solutions, we provide businesses with online access to software applications and an IT infrastructure adapted to the needs of each individual business. In this way, we have transformed the high start-up cost of investing in technology into a small operating expense.

In 2016, we upgraded our Cloud Servers service and provided Office 365 for Business by Cyta. Cloud Servers offers businesses a modern IT infrastructure, flexible management in accordance with their real needs, plus Cyta's technical support, security and reliability. Office 365 for Business provides professional tools for communication and productivity from anywhere, on any device at any time. Furthermore, we continued to enrich our Cloud Services, through the addition to the portfolio of Powersoft Pocket Pro.

Long-Term Dedication to our Residential and Business Customers

For Cyta, what is of particular importance is our customers' experience with our services when they require flexibility, ease and speed, which combines at all times their real and digital world. This is why, before every project is brought into commercial operation, we confirm its high standards of functionality and availability through essential pre-testing.

And all this takes place with full awareness of the importance that customers give to the protection of their privacy and the security of their personal data. To achieve this, Cyta has set the bar extremely high regarding the measures it takes for the security and protection of the infrastructures and systems through which its services are provided. These are considered exemplary on both a local and international level, something that has been confirmed through our certification to the very demanding ISO 27001 standard, which was one of the

infrastructure projects that was completed in 2016, together with the upgrade of the Data Centres to TIER III and their alignment with international standards.

Continuous Development

In an extremely competitive environment and despite the regulatory obligations that restrict our flexibility in the market, we continue to be the first choice of Cypriot consumers.

We are not complacent and we shall continue on our course of continuous development, making all the necessary changes that guarantee long-term sustainable growth. The implementation of this strategy keeps Cyta in the group of technologically pioneering organisations that are characterised by their provision of high standard telecommunications and digital services. At the same time, Cyta contributes to the Cypriot economy by providing the infrastructure that is necessary for the development of entrepreneurship and the achievement of high rates of growth.



Michalis E. Achilleos
Deputy Chief Executive Officer
November 2017

Chairman and Members of the Board

Board of Directors for the period
18.7.2016 – 17.1.2019
(Council of Ministers Meeting
dated 14.7.2016)

Chairman



Rena
Rouvitha Panou

Economist

Vice Chairman



Michalis
Moushouttas

Lawyer

Members



Eraklis
Agathokleous

Lawyer



Charalambos
Avgousti

Lawyer



Lenia
Matheou-Epiphaniou

Bank Employee

Members



Yiannos
Stavrinos

Economist



Frangiskos
Frangou

Businessman



Maria
Ftelleha-Markidou

Economist



Marios
Chiromerides

Business Consultant/Private Company Manager

By decision of the Council of Ministers, dated 1.3.2017, he was appointed as a Member of the Board for the remainder of its term, i.e. until 17.1.2019, as a replacement for Mr. Demetris Tsangari

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 Stavrinos

Economist

Frangiskos Frangou

Businessman

Legal Advisers

Andreas C. Hadjoannou & Sons

Auditors

KPMG

Auditor General of the Republic

Management Team

Deputy Chief Executive Officer

Michalis Achilleos

BSc, MSc, MBA

Senior Management - Strategy

Panayiotis Kallenos (Senior Manager)

Dipl. Eng NTUA

Corporate Strategy and Policy (by assignment)

Petros Hadjiantoniou (Manager)

BSc (Hons), MSc

Legal and Regulatory Affairs (by assignment)

Petros Hadjiantoniou (Manager)

BSc (Hons), MSc

Corporate Communications

Michalis Papadopoulos (Manager)

BScEE, MScEE, MBA

Business Excellence (by assignment)

Michalis Papadopoulos (Manager)

BScEE, MScEE, MBA

Senior Management - Financial and Administrative Services

Antigone Modestou (Senior Manager)

FCCA, MBA

Financial Services

(by assignment)

Antigone Modestou (Senior Manager)

FCCA, MBA

Procurement and Stocks Management

Nicos Nicolaou (Manager)

BScEE, MBA

Personnel Services

Efy Christou-Pouri (Manager)

BScEcon (Hons), MSclR & PMgt, MBA

Facilities Management

(by assignment)

Nicos Nicolaou (Manager)

BScEE, MBA

Senior Management - Commercial Services

Ioannis Koulias (Senior Manager)

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

Consumer Market

Kikis Kyriacou (Manager)

BScEE, MScEE, MBA

Business Market

Maria Damalou-Hadjigeorgiou (Manager)

BSc (Hons), FCA

Customer Services

Alexandros Alexandrou (Manager)

BEng, MEngEE

National and International Wholesale Market

Christos Limnatis (Manager)

Dipl. Eng NTUA, CEng, MBA

Aeromaritime Services

Costas Mantis (Manager)

BScEE, MScM

Senior Management - Technology and Informatics

Chrysis Phiniotis (Senior Manager)

BScEE (Cum Laude), MScEE

Network and Services Operation

Georgios Malikides (Manager)

Dipl. Eng NTUA, CEng, MBA

Backbone Networks

Costas Psillides (Manager)

BScEE (Hons), MScEE, MBA

Networks and Services Delivery Platforms

(by assignment)

Costas Psillides (Manager)

BScEE (Hons), MScEE, MBA

Line Access Network

(by assignment)

Georgios Malikides (Manager)

Dipl. Eng NTUA, CEng, MBA

Informatics

Georgios Arestis (Manager)

Dipl. Eng NTUA

Internal Audit

(by assignment)*

Efy Christou-Pouri (Manager)

BScEcon (Hons), MSclR & PMgt, MBA

Subsidiaries Supervision and Support

(by assignment)*

Ioannis Koulias (Senior Manager)

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

General Director CytaHellas

Nicos Charalambous (Manager)

BScEE, MEngEE, MBA

Secretariat and Management Services*

Petros Hadjiantoniou (Secretary and Manager)

BSc (Hons), MSc

**Under the Chief Executive Officer*

Corporate Governance at Cyta

BOARD OF DIRECTORS

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 30-month 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 (and/or the Deputy CEO) who, as Cyta's most senior executive, is responsible for the implementation of the Organisation's policy and for the management of its everyday activities. Furthermore, the Board is entitled to transfer any of its powers or executive authority to any Member, to the CEO or the Deputy CEO, or to Committees comprising Members of the Board and members of personnel.

To this end, the Board has set up a number of permanent committees, while for special issues it appoints ad hoc committees. Permanent committees, which the Board may, at its discretion, increase, reduce and/or modify, are the Audit Committee, the Personnel Committee and the Cash & Cash Equivalents Committee. In certain circumstances, a member of the Board takes part in the Out-of-Court Settlements Committee, which is made up of members of personnel. Furthermore, Board Members are on the Cyta Staff Pensions and Grants Scheme Management Committee and on the Cyta Permanent Monthly-Paid Staff Pensions & Grants Fund Management Committee.

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

RISK MANAGEMENT

As the country's leading telecommunications organisation and bearing in mind our responsibilities to society, we have carried out an assessment of the Organisation's strategic risks and of the risks arising from the activities and projects of all our units.

Our objective is to methodically manage the risks and opportunities that may affect our aims, so as to prioritise the actions required to deal with them. Our latest ISO 9001 quality certification, which requires risk-based thinking for activities and projects, helps with its rational implementation.

When carrying out assessments, we examine the risks that may affect our financial and operational targets, our aims concerning growing or maintaining our customer base and reputation, as well as those involving our employees' and customers' health & safety, information security, the environment and compliance with laws and regulations.

We aspire to create a culture of rational risk management through the allocation of authority, responsibility and accountability.

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.

Having 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.

The IAD has the full support of the Organisation's 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 IAD is manned by personnel qualified in a broad range of specialist areas, including accountants, an IT engineer and manager. Tremendous importance is placed on the regular training of internal auditors on issues pertaining to internal audits, technology and IT as well as more general topics concerning the Organisation's activities. A number of auditors in the Department have obtained professional qualifications in internal audit subjects such as Certified Internal Auditor

(CIA), Certified Control Risk Self Assessor (CRSA) and Certified Information Systems Auditor (CISA).

The IAD may also use external consultants for specialised audits and/or to extend the scope of an audit.

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 are prepared.
- The Organisation's Corporate Risk Management policy.
- The Annual Audit Programme, which is drawn up 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, as its owner.

We officially adopted this approach to CSR 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 fourth time in this 2016 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 country's economy. The economic dimension 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.

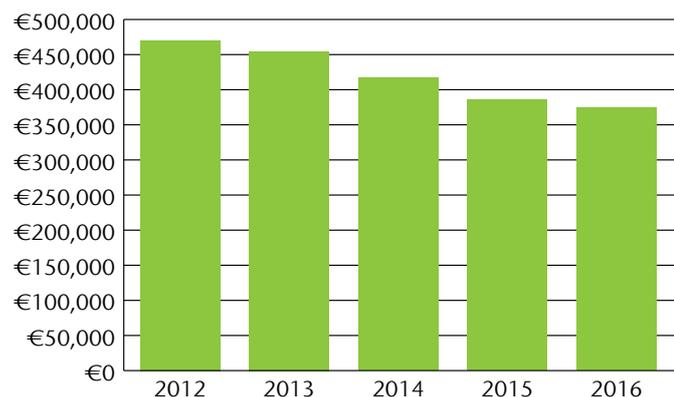
Cyta has a direct financial effect on the economy through the provision of jobs, the purchase of products and services from its suppliers, the sale of products and services to its customers, and the payment of taxes and a dividend to the State.

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)



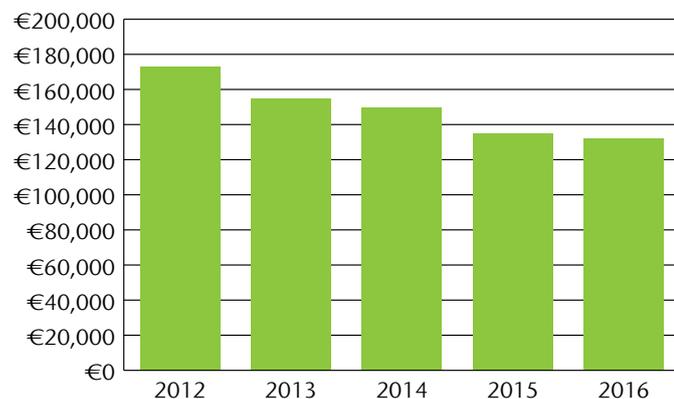
Distributed economic value

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.

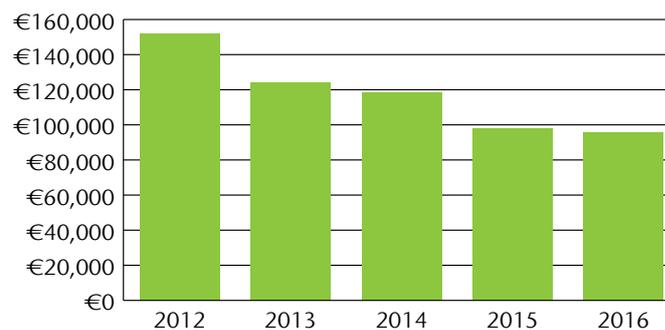
Operating costs (€'000)



Employee Salaries and benefits

Employee's 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).

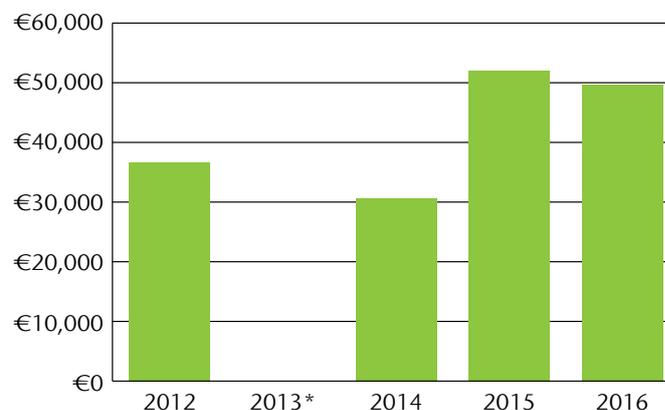
Employee Salaries and Benefits (€'000)



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.

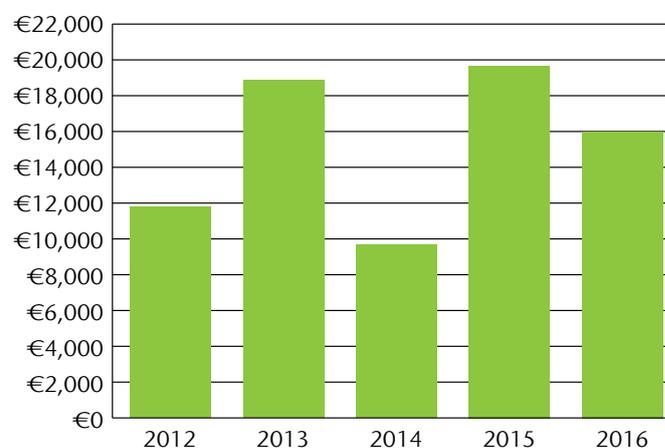
Dividend to the State (€'000)



Payments to government bodies

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

Payments to government bodies (€'000)



* The dividend for 2013 had not been determined when this report was published

Indirect economic value

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

CUSTOMERS

Our customers, as 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 Partners, Technical Customer Support (TCS) 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, such as Fixed Telephony, Internet and Television (Triple Play). These surveys take place once a year using telephone interviews with customers of each service.

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

In addition, telephone surveys are carried out every two months by the Cyta Call Centre among customers who have reported a complaint during the previous two-month period. The aim of the surveys is to measure the level of satisfaction with the way their complaint was dealt with by Cyta. 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. The 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 via the website, (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 electronic 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

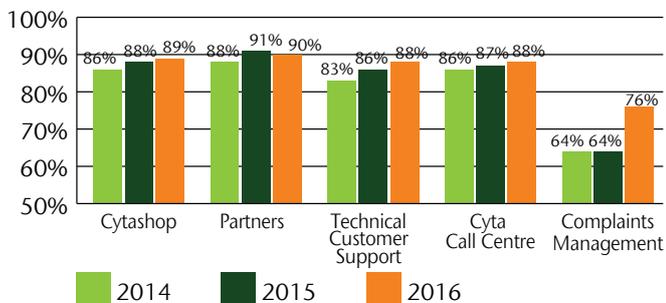
We also created a new special smartphone app which we called "CytaInfo+", which provides constant and immediate assistance to users who can find the programme schedule and information on all the Cytavision channels and organise their favourite channels and movies. They can also locate the nearest Cytashop 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, from Technical Customer Support and the Cyta Call Centres is at quite high levels. As expected, customers are less satisfied with the management of their complaints but this is due to the fact that the particular customers may not always obtain the desired result from the specific process.

Customer Satisfaction with Service

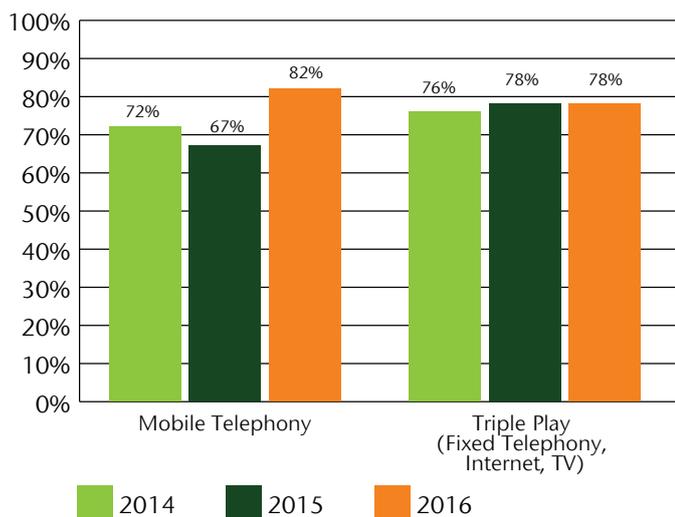


Overall customer satisfaction with services

Customer satisfaction with Cyta's services remains high. Price and special offers are now the most important aspects affecting satisfaction and the choice of provider as regards mobile telephony, as well as Internet and television services. The quality of service is also one of the key factors in the choice of provider, an area in which our customers are found to be extremely satisfied.

Cyta's services are rated extremely highly, both by Cyta's own customers and by those of the other providers.

Overall Service Rating

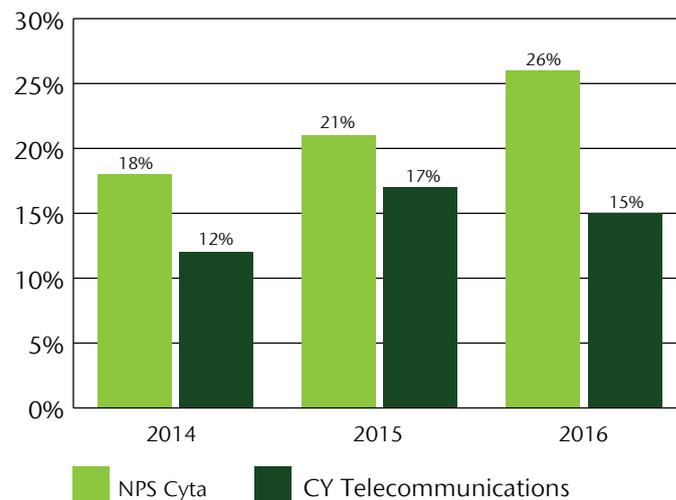


Net Promoter Score

The Net Promoter Score (NPS) has been used widely in recent years by companies around the world to measure a company's customers' willingness to recommend it and it is interpreted as an indication of customer loyalty. The NPS has been measured for Cyta (organisation and main services) over the past three years.

The NPS for Cyta was 26% in 2016, which is higher than the average NPS for telecommunications services in Cyprus, revealing Cyta's dominance in terms of customer recommendation compared to the other telecommunication companies on the island.

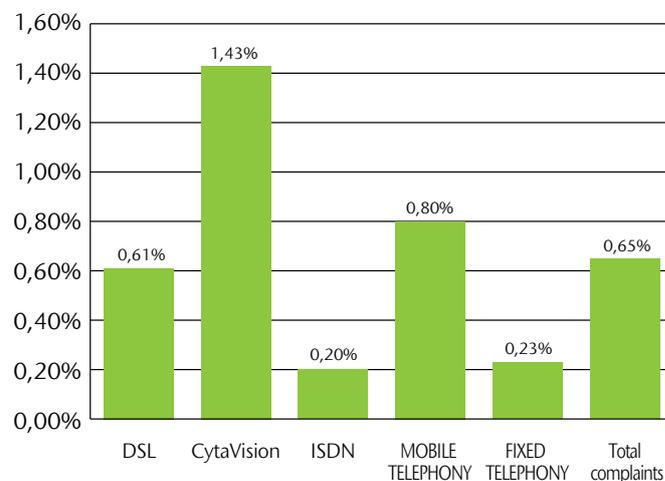
NPS



Complaints average per service

Considering the number of active customers, a very small percentage of them ever submits an official complaint. In case of a problem, customers tend to contact the Cyta Call Centre or a Cytashop for support and assistance. In 2016, there was a considerable reduction in the complaints indicator compared to 2015 (0,47% compared to 0,85% in 2015).

Complaints average per service 2016



“Everyone has a right to Communication!”

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

Additionally, a new initiative taken by Cytamobile-Vodafone, taken in response to the needs of those with hearing impairment, offers free Video Call minutes through its RED plans for customers with hearing impairment.

Through this new initiative, which confirms the widely held belief that the Organisation is a reliable partner of its customers and of society in general, the free Video call minutes are automatically provided to customers choosing a RED PLAN (with a device or only with 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, discouraging mobile phone use while driving and the recycling of telephone equipment.

Safe Internet

Since 2001, Cytanet has been giving presentations in primary, secondary and technical schools, as well as in private schools, entitled “The Internet: A Tool for All”. Through these presentations, pupils have a chance to get to know the main services available online and the advantages and weaknesses of the Internet, as well as to 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 2015-2016 academic year, a total of 140 visits were made to schools throughout Cyprus and 13.889 pupils and teachers attended the Cytanet presentations. Since 2001, some 1.126 visits to schools have been made and more than 121.000 pupils and teachers have attended the presentations.

At the same time, wishing to educate parents about the Internet and its safe use, in conjunction with the Pancyprian School for Parents, Parents associations and head teachers and with the support of the Ministry of Education & Culture, we offer a training programme entitled “The Internet in our Children’s lives – Safe and Responsible Use”. The programme is aimed primarily at parents but also at bodies involved in children’s education. In lectures, particular mention is made of the Safe Internet service, which protects children from illegal, undesirable and harmful online content, and the safeMobile parental monitoring solution. Both services are provided free by Cyta. The seminars are open to parents from all towns, through the Parents association of their children’s school.

Also, every year, Cytanet takes part in international events to mark Safer Internet Day. On this occasion, a seminar organized jointly with the Ministry of Education & Culture, entitled “Play your part for a better internet”, was attended by over 900 primary, secondary and technical school pupils, teachers, parents and other interested parties. Among them were children from the School for the Deaf, who followed the seminar via Real Time Capturing, which enables the real-time transcription of the spoken word.



The aim of the seminar was to help attendees to understand that it is the responsibility of all – children, teachers, the state and others – to ensure that the Internet is transformed into a better source of knowledge, communication and entertainment. During the seminar, the pupils took part in activities and competitions, which gave them the chance to be trained in safe Internet use.

safeMobile

A new free parental monitoring solution has been made available by Cytamobile-Vodafone (safeMobile), a tool that empowers parents to provide monitored freedom and protection to their children when using their mobile phones.

This new solution is the continuation of the Organisation's longstanding social contribution, reinforcing the sense of certainty and security felt by Cyta's customers.

According to a survey carried out for Cyta by Pulse Market Research in July-August 2014, 80% of children aged 8-14 have their own mobile phone and 68% of those have a smartphone. It also emerged that parents are concerned about how their children use their mobile phone and are uncertain about the potential dangers of today's digital world in which their children live.

The new safeMobile app from Cytamobile-Vodafone gives parents the chance to:

- determine with whom their children speak and exchange text messages, barring anyone they do not trust,
- decide which apps their children will be able to access on their mobile phone,
- know at any given moment where their child is, through GPS Locator and
- receive complete information about the type and duration of their child's smartphone use.

At the same time, Cyta, in conjunction with the Pancyprian School for Parents and with the support of the Ministry of Education & Culture, continues to upgrade the educational presentations on Internet safety that it began in 2001, presenting both Safe Internet and the safeMobile parental mobile phone monitoring solution. The seminars are open to parents in all towns, through the Parents Associations of their children's schools.

"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.

Vidatrack

Vidatrack, which is offered in conjunction with Vidavo, is a personal tracking system for emergency situations, which contributes to giving independence and freedom of movement to people that belong to sensitive and vulnerable social groups and are unable to carry out their essential daily tasks entirely by themselves. The service gives a greater sense of safety and security in the daily life of the user and his/her family and carers.

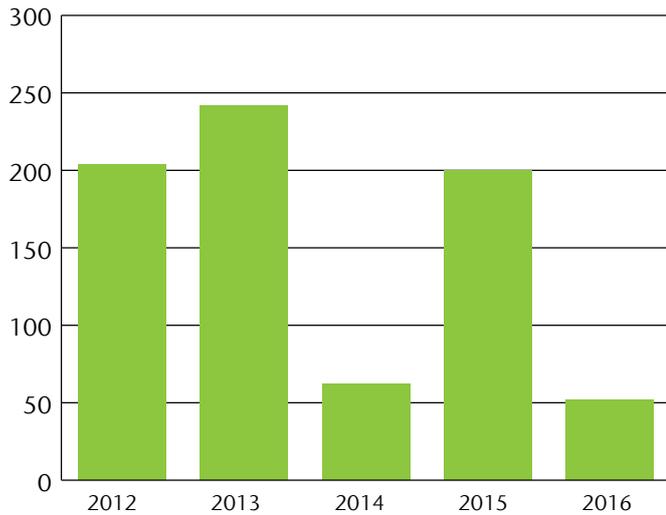
The benefits and capabilities of the service, via the special GPS tracker, which the user has with him/her at all times, and the Vidatrack app, are: the immediate detection of the user's location, the sending of a call for help to the relative/carer via text message at the press of a "panic button", immediate communication with three pre-set telephone numbers and the ability to receive incoming calls.

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 & fixed phones & accessories collected (kg)



Workforce



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 and their families through the Social Worker, 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.

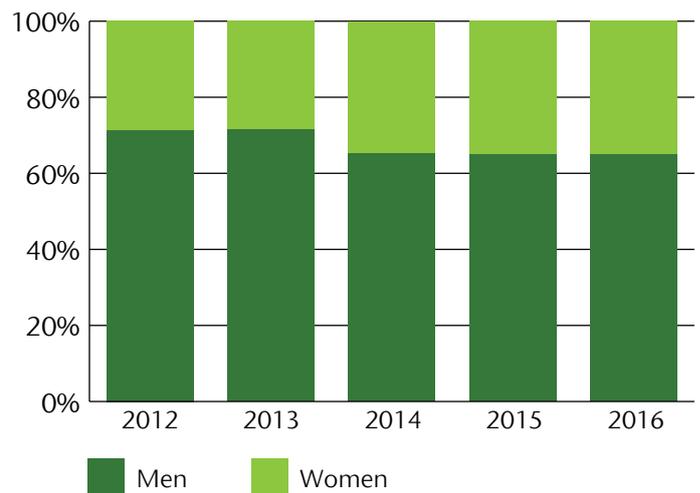
Our workforce

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 permanent monthly-paid employees, hourly-paid employees and a small number of external associates on fixed-term contracts.

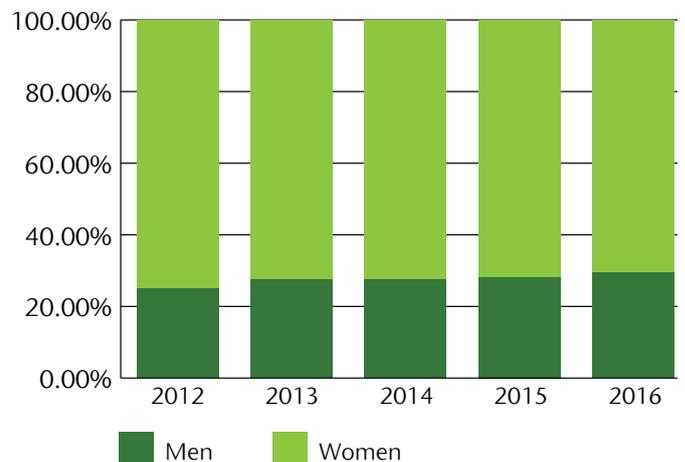
The following charts show the size of the workforce as at 31/12/2016, broken down by employment and gender.

Workforce by gender

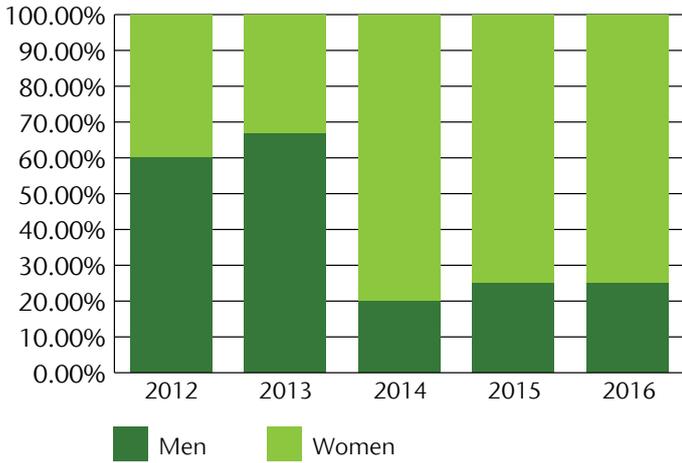
Permanent Monthly-Paid Personnel



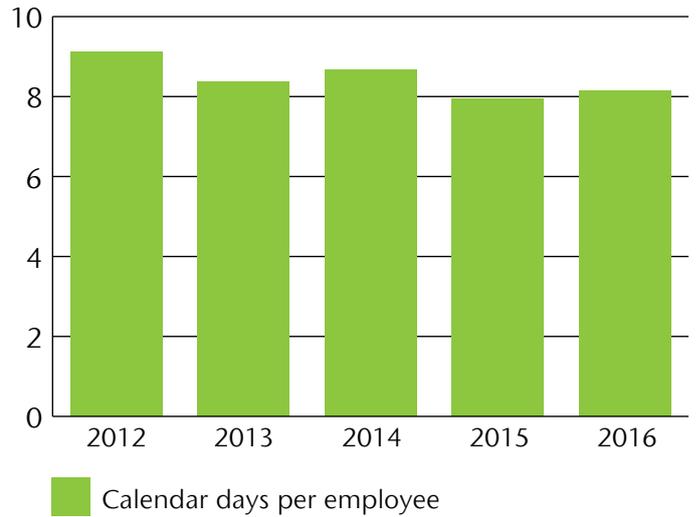
Hourly-Paid Personnel



Partners



Sick Leave



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 2016 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.

Personnel Training

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

Accidents



Personnel Training



Industrial Relations

Cyta, as a responsible employer, respects the right of its employees to trade union membership and, for this reason, 100% of our personnel – monthly- and hourly paid – are covered by agreements based on collective bargaining. (See also the Chapter on “Management”, sub-heading “Human Resources”, paragraph “Industrial Relations”).

Employee performance evaluation

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

In 2016 a new Hourly-Paid Personnel Payroll System was introduced, based on an evaluation of the performance of the hourly-paid personnel in conjunction with their years of service.

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. On a voluntary basis, Cyta personnel, together with associates and customers, also supported various activities of a social nature organised 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. The environmental policy commits the Organisation to offering products and services that contribute to sustainable development and to working towards the minimisation of the negative impacts of its operations on the environment.

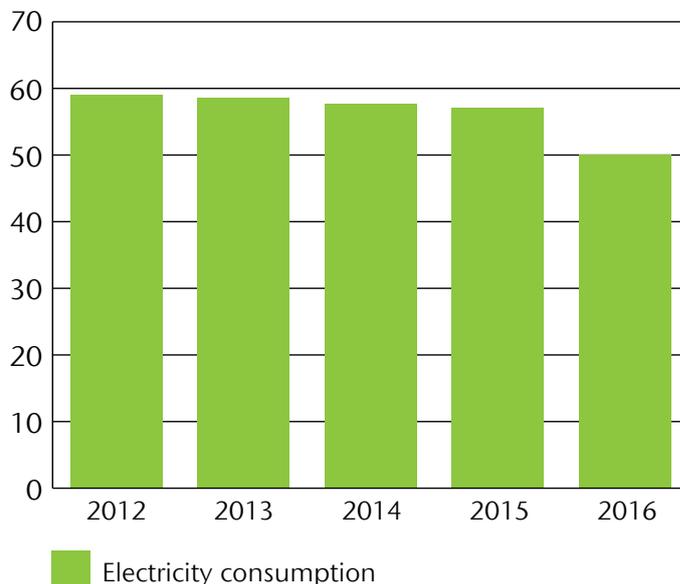
The most significant environmental aspects of Cyta’s operations, products and services are the use of energy, in the form of electricity and fuel, the production of waste – mainly electric and electronic waste – and the consumption of other resources such as paper and water.

Electricity consumption

Cyta uses electricity to power its telecommunications equipment, as well as to control the temperature in those areas where it is installed (around 70%) and to power its offices. In 2016, there was a small reduction in electricity consumption compared to 2015, 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)

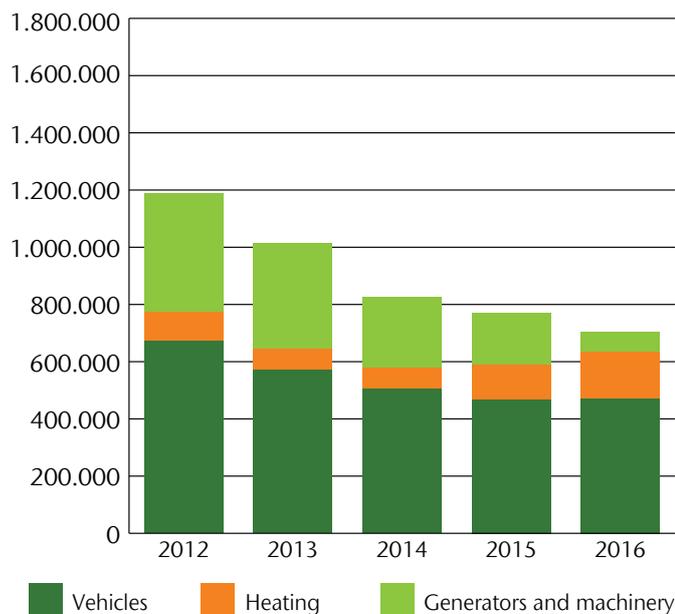


Fuel consumption

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

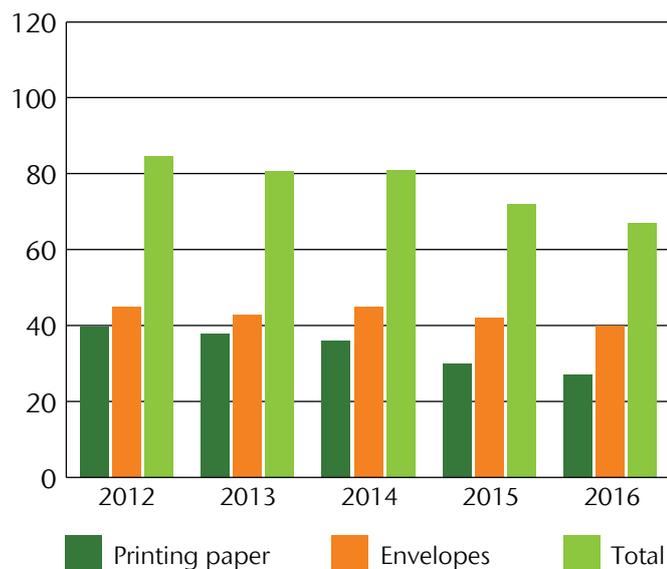
Fuel Consumption (litres)



Paper consumption for customer bills

With the aim of reducing the consumption of resources, in November 2011 we discontinued the sending out of itemised bills for Fixed Telephony and Cytamobile-Vodafone Mobile Telephony. This initiative, with the help of our customers, led to a substantial saving of the amount of paper required for the printing and mailing of itemised bills. In 2013, we saved some 1.7 tons of paper compared to 2012, while in 2014 we saved a further 1.9 tons. In 2015, we saved a further 6 tons of paper compared to 2014 and on 2016, 3 tons more than in 2015. Two tons was saved in envelopes.

Paper for Customer Bills (tons)



Use of recycled paper

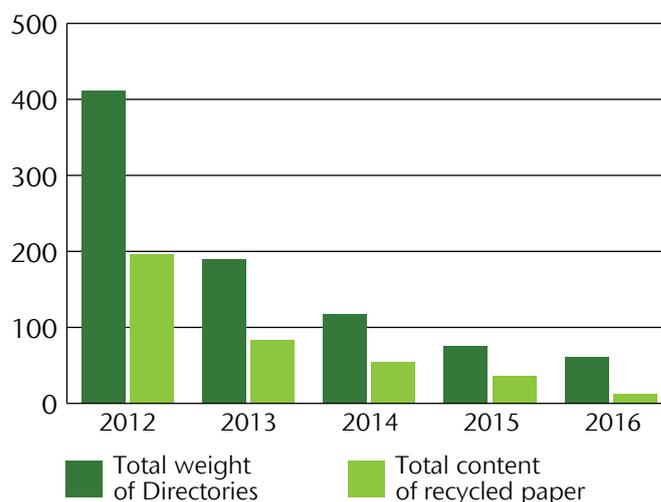
Our environmental policy commits us to offering environmentally friendlier products. Since 2011, the Telephone Directory and Yellow Pages have been printed on 40% recycled paper.

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 every year according to demand so as to reduce the consumption of resources and the corresponding environmental impact. In 2016 we managed an 18,6% reduction (14 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.

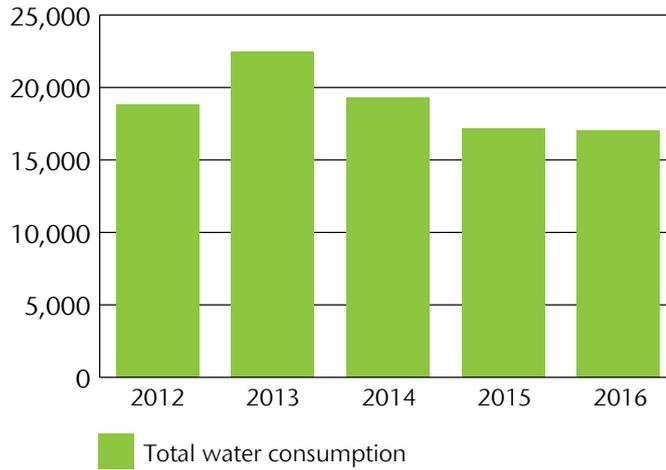
Paper for Telephone Directories (tons)



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 in new and refurbished buildings.

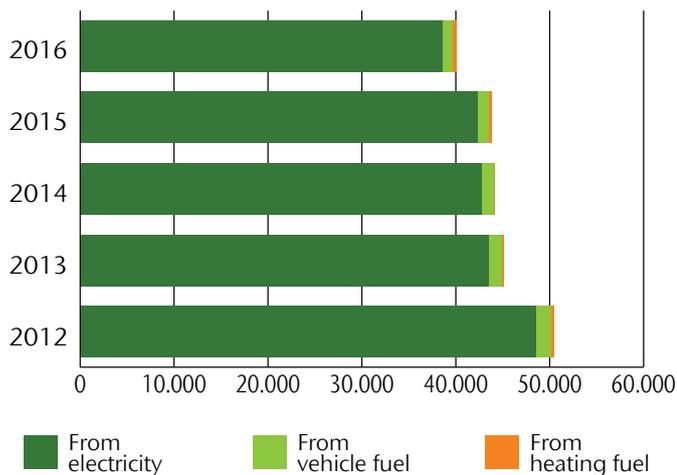
Total Water Consumption (tons)



Carbon dioxide emissions

Carbon dioxide (CO₂) 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 the first organisation in Cyprus to register Zero Waste to Landfill, for which it obtained the relevant verification from TUV Cyprus Ltd, showing in action its respect for and responsibility towards society and the environment.

Verification is obtained when an organisation recycles more than 95% of its waste.

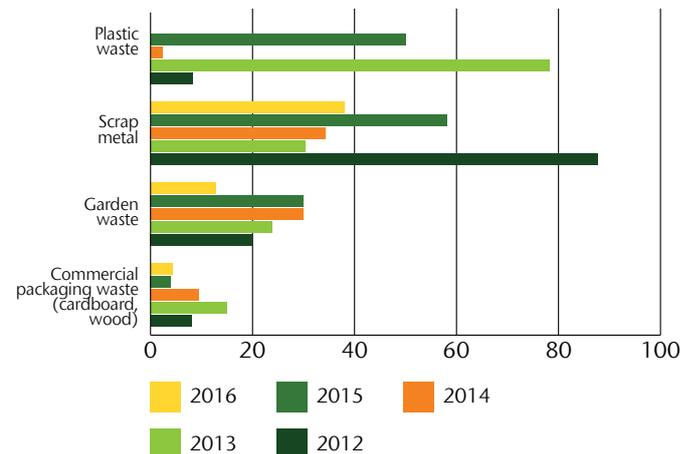
Essentially, despite its size and the enormous range of its activities, Cyta succeeded through its systematic environmentally friendly policy in recycling 95.5% of the waste created by its activities, and just 4.5% being sent to landfills.

Cyta's firm objective remains to maintain and reduce further the amount of waste that is not recycled.

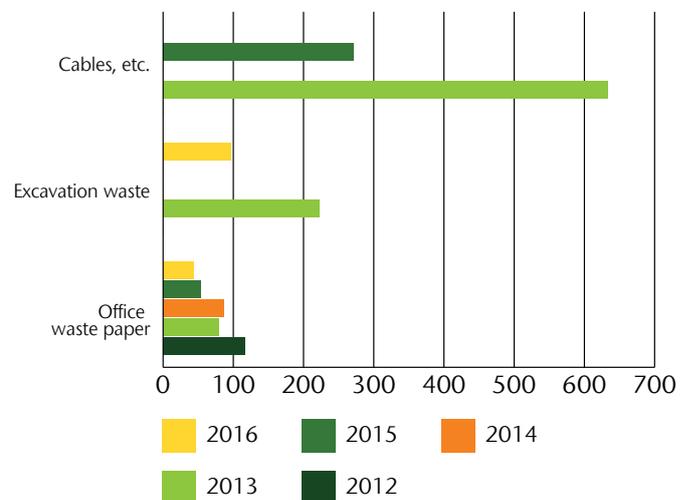
The first types of waste to be recycled were old cables and scrap metals, obsolete telecommunications equipment, old telephone directories and office waste paper. Today we also recycle or promote the re-use of plastic waste, old vehicles, electrical and electronic equipment, batteries, accumulators,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

Across our sales network and in our administrative offices, we operate a programme for the recycling and re-use of mobile and fixed phones and accessories and we collect 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 five years are shown in the following tables:

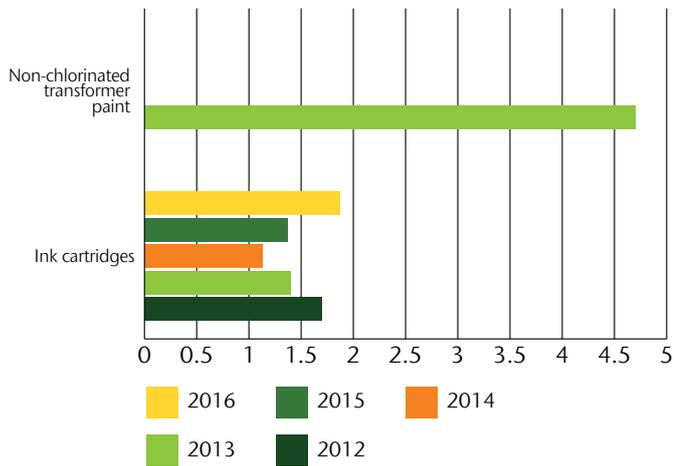
Waste (tons)



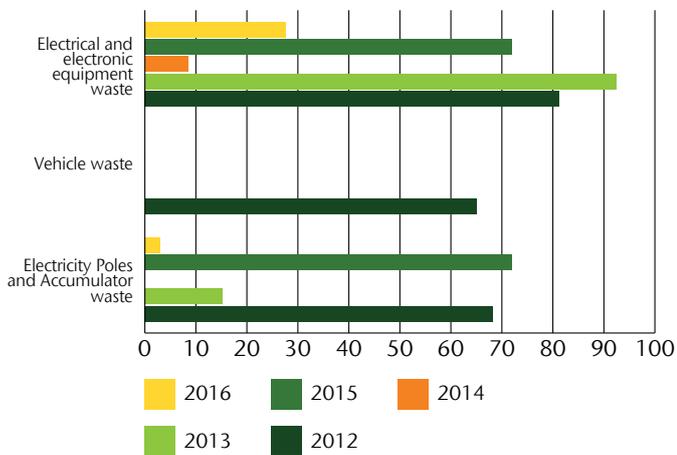
Waste (tons)



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 2016.

Health and Welfare

On the subject of health, we again supported the Centre for Preventive Paediatrics, by organising in December 2016 in Castle Square, Kato Paphos, the fourth Cyta Santa Run, which has become the biggest Christmas charity event in Cyprus.



In addition to its contribution to the Centre for Preventive Paediatrics in the form of services, Cyta also donated the token amount of €1 for every purchase of a mobile phone or tablet from all the Cytashops during the month of December 2016. Moreover, in 2016 the new interactive website of the Cyprus Medical Association (CMA) www.cyma.org.cy was launched. It is an Interactive Health Portal, developed with the help of Cyta and its subsidiary Cytacom Solutions, making use of the very latest technological infrastructures. Accessible from a mobile phone, it provides correct and trustworthy information on the health sector in Cyprus, with the status, experience and reliability of Cyta and the CMA.

The Health Portal provides valid and reliable information with the aim of promoting interactive online communication between the CMA, its members and all those active in the Cypriot health sector.

Furthermore, the website allows fast access to reliable information about the legislation governing medical practice in Cyprus as well as the dates of conferences, seminars and lectures on medical matters.

Another project being carried out in collaboration with the Strovolos Municipal Multi-Purpose Centre and Vidavo is Telecare.

Telecare uses smart applications that can automatically process data from a variety of electronic sources (motion sensors, optical detectors, microphones, vital sign monitors, etc.) in the home of a patient or elderly person so that their health can be monitored and any problems identified.

This project enables members of the Strovolos Municipal Multi-Purpose Centre to try and test two Telecare applications free of charge:

1. **Alert Button** Incorporated into a bracelet, it provides wireless communication between elderly users and their carer/family.
2. **Location Tracking** It sends information about the user's precise location at any given moment.

Cytanet again supported the Cyprus Scouts Association through the provision of services, training and active involvement in local and global events, such as the internationally known youth programme event Joti-Jota (Jamboree-On-The-Air and Jamboree-On-The-Internet). Joti-Jota's objective is to encourage scouts to communicate and get to know one another and to build relations among scouts all over the world via the Internet and Wireless.

Regarding our own personnel's Health & Welfare, in 2016 the Occupational Health Centre continued to provide primary healthcare services and consultations for every interested employee. Furthermore, through the Centre, preventive medicine programmes, aimed at targeted groups or all personnel were implemented

Social support of personnel continued through the Social Worker services as well as through the granting of financial assistance to needy employees.

In February 2016, in conjunction with the Volunteer Commissioner, Cyta organised a seminar at its Amphitheatre on "Making the Most of Social Media".

The seminar was attended by representatives of NGOs and other organisations (CCCI, Cyprus Paraplegic Association, Youth Board of Cyprus, Pancyprian Volunteerism Coordinating Council, etc.). The aim of the seminar was to inform them how to make optimum use of Social Media in order to promote their work and activities more effectively and to attract new members.

The seminar presented ways of better understanding the digital ecosystem and of laying the foundations for a strategy to make the best use of technology and Social Media in the dynamic that is developing in the area of volunteerism in Cyprus. The ultimate objective of this particular effort is to make society more aware and active in the field of voluntary work.

Finally, social and cultural events were organized for members of personnel and their families, while awards and grants were presented to outstanding student members of Cyta employees' families.

ON CARDIAC

Cyta is constantly in the lookout for opportunities to use its products, services and expertise to resolve social problems and benefit broader society. Two years ago, 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. ON CARDIAC 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 2016, 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.

In the framework of its activity in the Road Safety sphere, Cyta attended the 2016 European Excellence on Road Safety Awards ceremony and shared its Road Safety actions with those present.

The ceremony in Brussels was held under the auspices of the EU Transport Commissioner and attended by representatives of many European organisations from various sectors as well as EU officials.

In September 2016, Cyta held a Road Safety seminar at its amphitheatre for individuals who were deaf or with impaired hearing, reflecting its desire to contribute with this initiative to the campaign for the European Day Without A Road Death.

Those attending the seminar had an opportunity to see a demonstration by members of the Organisation's staff of special equipment suitable for people with hearing impairment, which

is available for purchase at Cytashops. At the same time, they were able to have any queries answered concerning Cyta's services aimed at facilitating better communication for deaf and hearing impaired individuals among themselves and with others, and to learn how Cyta can assist them.

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>).

Education

Wishing to encourage young people to get involved in technology, we gave prizes for the eighth year to all final year lyceum and technical school students who excelled in IT and the top IT students at recognized Cypriot universities. In total, more than 125 top students from 68 secondary schools and five universities were presented with the Cyta Prize at their graduation ceremonies. The Prize included a diploma and gift vouchers to be exchanged at stores on the Cytashop sales network.

The prizegiving was carried out in conjunction with the Ministry of Education & Culture and IT teaching staff in secondary, technical and private schools as well as with the Cypriot universities with accredited courses in IT and telecommunications.

A children's painting competition was organized by Cyta and the Ministry of Education & Culture, during the 2015-2016 academic year. The subject ("Telly in Training for the Rio Olympics") was chosen ahead of the sporting celebration that was the Olympic Games held in Rio de Janeiro in August 2016, and also because Cyta was a supporter of the Cyprus Olympic Team.



The competition was announced in the pages of the Drawing Book, which, for the third consecutive year, Cyta designed, printed and distributed free to all pre-primary and primary school pupils.

The children's response was huge and enthusiastic, resulting in 1.500 entries. A judging panel awarded prizes to 14 paintings (two in each age group) and one to an entry from a Special School. At the same time, through online voting on Cyta's Facebook page, another seven paintings were selected to win prizes.

The public had a chance to see all the competition entries in exhibitions that were set up in all towns.

In May 2016, Cyta rewarded the innovative ideas of students at the University of Nicosia for applications related to its business and with which people can resolve issues via Social Media for SelfCare.



The students had undertaken to examine the Organisation's current activity as well as the trend for SelfCare through Social Media and to present ideas and apps that Cyta could exploit and adopt.

The student teams with the three best ideas presented their work during the event and received extremely favourable comments for the appropriateness of their suggestions and their inventiveness.

In May 2016, at the University of Cyprus, the final evaluation and award ceremony was held for the best Junior and Senior High School students taking part in the 8th "Logipaignion" Computer Game competition. The event was organised by the Multimedia and Graphic Arts Department of the Cyprus University of Technology and the University of Cyprus, with Cytanet as its strategic partner.

It is noted that, with the aim of securing the creative evaluation of the winning games, Cytanet and the Cyprus University of Technology, with the consent of the winners, uploaded the games to the Cytanet website (www.iportal.cytanet.com.cy) in the 'entertainment' section where those interested can see and play them. The same page also contains the winning games from last year's competition.

In November 2016, Cyta and the Ministry of Education & Culture held a seminar in Paphos on the opportunities that the Internet affords young people. It was addressed by a representative of the Minister of Education & Culture and by Cyta's Business Development Manager and attended by Junior High, Senior High and Technical School students in the Paphos district.

The speakers referred to the ways in which the Internet and technology can help young people have an easier and more productive life and develop their skills.

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.

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 took part as an official sponsor and national partner in the “Let’s Do It Cyprus” cleanup campaign, which was part of the global “Let’s Do It World!” campaign held in 94 countries. The aim was to remove garbage from areas of natural beauty in the space of a single day.

Cyta cooperated with the Cyprus Anti-Rheumatic Association in the placement of special bins for the collection of plastic bottle caps. Bins were placed in manned buildings where the caps could be collected for the Association.

This campaign is part of a voluntary programme by the Association which aimed at recycling the plastic bottle caps to raise money to buy aids for those with rheumatic ailments.

On the occasion of the International Day of Forests (21 March), aware that its activities affect the environment in direct or indirect ways, Cyta organised a tree-planting event in the Engomi Municipality. Some 50 trees of various species were planted and the event was supported by the office of the Environment Commissioner. The tree planting was carried out using a special method of preparing the ground, which not only increases the chances of the tree’s survival but saves more than 70% water. Primary school children took part in the event, reciting poems and helping with the tree planting, thereby receiving the message that, all together, we can contribute to improving and protecting the environment.



In July 2016, to mark World Environment Day, Cyta collaborated with the non-profit environmental NGO Green Shield and the Youth Board of Cyprus to organise the 1st islandwide Environmental Festival entitled “Environment, we Apologise” at the Xyliatos Dam picnic area.

The aim of the event was the promotion and exchange of views on environmental protection.

At a press conference held at its head offices in October 2016, Cyta announced its decision to support the “Greening Cyprus” initiative, the main aim of which is the reforestation of Solea and Argaka. The press conference was organised jointly by the Environment and Volunteerism Commissioners, the Department of Forests, the Cyprus Forest Association and the Union of Cyprus Communities.

Specifically, Cyta undertook to cover the cost of 50% of the saplings required for the reforestation of the scorched areas of Solea and Argaka. It also undertook the whole project to restore and landscape the historic EOKA hideouts area and the pathway leading to it, as well as purchasing and placing artificial nests for birds in the affected areas, thus contributing to the restoration of the country’s flora and fauna.

It should also be noted that the Organisation has contributed to providing jobs for the unemployed in the Solea area through the work needed to restore the greenery and burnt forests. Furthermore, Cyta has mobilised and will place its own human resources on the front line of the reforestation effort. A group of volunteers from the Organisation will be trained and play a regular role in the tree planting activities in both areas.



In November 2016, Cyta supported the 2nd edition of the “Green Deposition” publication of journalist Anna Stafida entitled “Kyriakos Matsis: Agronomist and Hero”. The publication, which contains essays by students from rural areas about the hero who believed in the good of Cyprus, was presented at a press conference at Cyta’s Head Offices. This activity contributed to the cultivation of environmental awareness among young people, and making citizens and state sensitive to the major issue of Education and the Environment, spreading the message that we should all be working to make the country green.

In December 2016, a second tree planting took place, this time in the Academy Park in Aglandjia, Nicosia. Over 200 primary and secondary school children from the Aglandjia Municipality, accompanied by their teachers, took part in the event, planting 500 young trees in a Christmas atmosphere. The tree planting took place under the auspices of the Environment Commissioner and, once again, used the special method of preparing the soil. These tree-planting activities are carried out in the context of the goals set out in the Organisation’s CSR programme and its efforts to reduce its carbon footprint and respect the environment. In these particular instances, these activities stem from a decision to plant a number of trees that corresponds to 10% of the number of new subscriptions to Cytavision, i.e. one tree for every 10 new subscribers.

Environmental event for children

Continuing its environment-related activities, in December 2016, Cyta held an event for its employees’ children entitled “Children protect the environment”. It was organised in support of the EU programme, “Know Waste: Awareness raising campaign for the promotion of waste reduction, reuse and recycling in Cyprus”, the aim of which is to achieve these aims through an extensive campaign based on an integrated strategy focusing on the principle of Reduce, Reuse, Recycle (RRR).

A representative of the Office of the Commissioner for the Environment addressed the children and there followed a theatre workshop on environmental themes. At the end of the event, the children engaged in planting in reused tyres of Cyta vehicles which had previously been painted in the Organisation’s corporate colours.

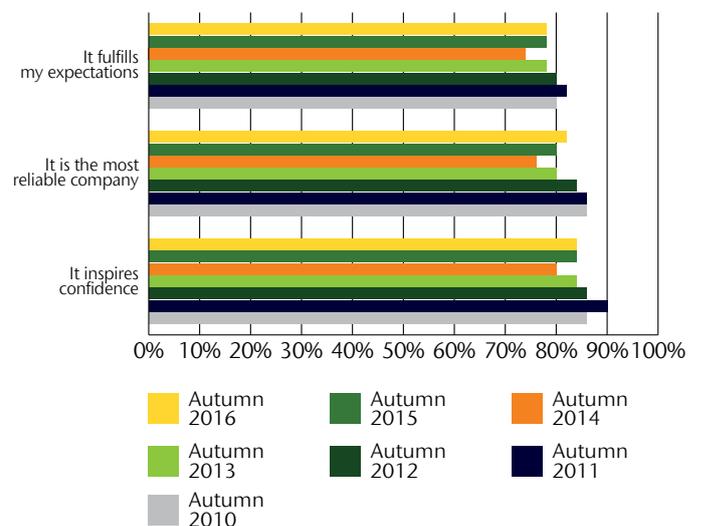
Each participating child was given a young tree as a small gift.

Public perceptions of Cyta

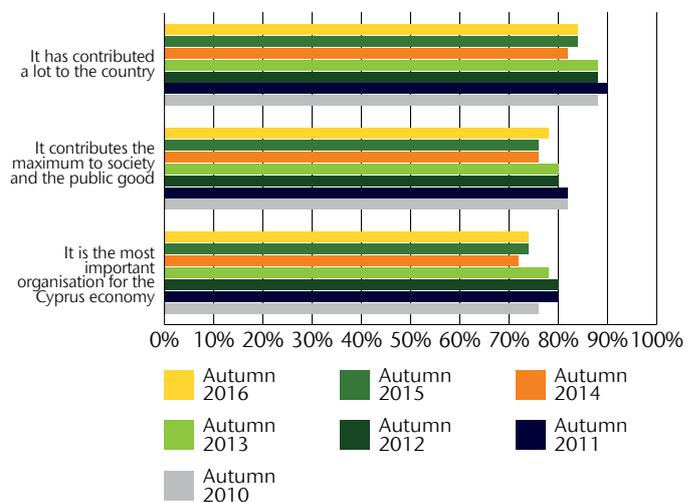
As with other groups of stakeholders, our Organisation maintains close relations and two-way communication with representatives of society so as to keep in touch with, and respond to, people’s changing expectations and needs.

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.

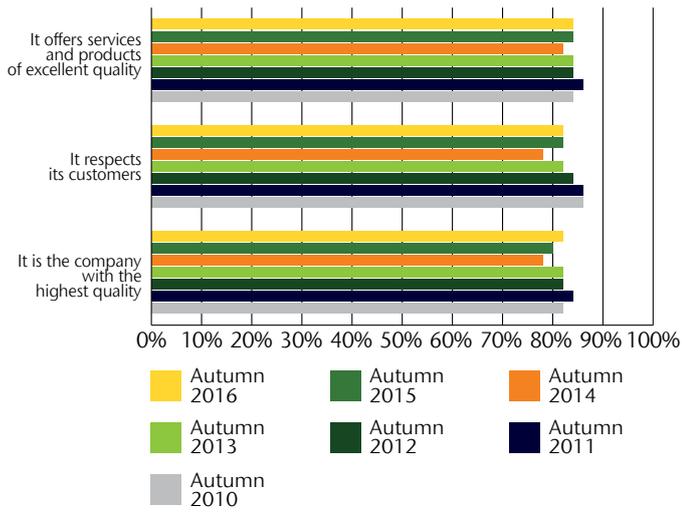
Fulfilment of expectations, reliability and trust



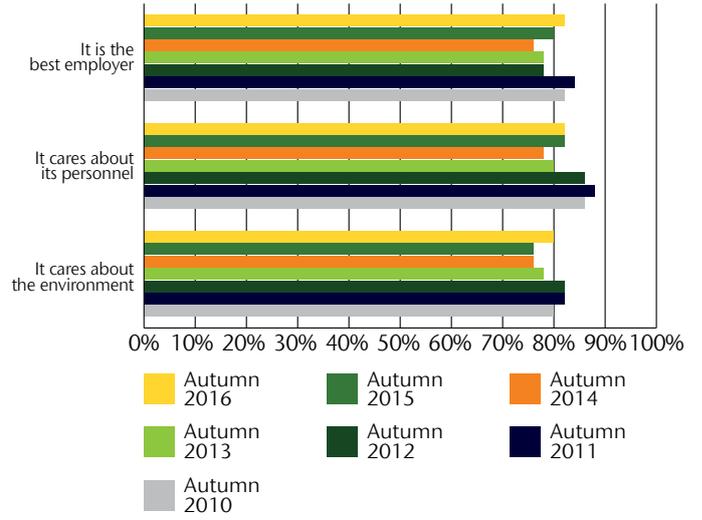
Contribution to the Country, Society and the Economy



Quality of Products and Services and Respect for Customers



As an Employer, Caring for its Personnel and the Environment





Management

With the aim of attaining the Organisation's corporate goals, Cyta's personnel management systems are designed with a view to encouraging high achievement, recognizing our employees' strong points and noting areas for improvement.

To this end, tools and methodologies are provided for the development of our personnel's required skills and knowledge, with the aim of aligning these with the Organisation's business objectives. Indicative examples are the design of a Performance Management System for the maximization of business results, optimisation of the allocation of personnel, the efficient allocation of authority in decision-making, management of employees whose performance requires improvement, etc. Great emphasis is also placed on managing our investment in training, through the effective diffusion of knowledge.

Keeping up with the trends of the times, Cyta uses its dynamic presence on social media 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 interactive communication with its customers.

In 2016, the tender was awarded for the implementation and management of the Health Insurance System, which is one of the most important potential factors in the implementation of the National Health Scheme (NHS). Cyta, as a sub-contractor of the project, will be responsible for hosting the system, managing the servers at equipment level, for the virtual environment of the servers, the operating system, the database and the Customer Contact Centre as well as the coordination of the entire technical solution.

HUMAN RESOURCES

Personnel Safety, Health & Welfare

Cyta's interest in the welfare of its personnel did not slow down in 2016, and it continued the successful institutions of Workplace Doctor and Social Worker, while providing support for employees facing problems and organising staff events.

The institution of the Workplace Doctor continued in 2016 with the provision of primary healthcare, examinations for employees in the Greater Nicosia area and through the implementation of preventive medical tests either for all or for targeted groups of employees, such as, for example, flu injections for vulnerable groups of personnel.

Furthermore, we maintained our commitment to the social welfare of our personnel through the services of a social worker. We also continued to implement work/life balance programmes such as teleworking, and staff social and financial support schemes.

At the same time, cultural and social events were organised for members of staff and their children, while prizes and scholarships were awarded to outstanding students from employees' families.

Training and Development

In recognition of the fact that knowledge is one of the Organisation's most valuable resources, with the implementation of the new infrastructure we incorporated Knowledge Management into our strategy as an end-to-end activity promoting business excellence.

In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2016 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 66% of staff participated in training schemes in 2016 and the corporate index of training days per employee was 4,24 while human resource development as a percentage of payroll was 2,10%. Both personnel development indices compare favourably with those of successful international organisations.

Additionally, we continued training on issues concerning technology, IT systems, social networks and customer service. At the same time, we held training sessions that reinforced our personnel's knowledge of issues including "First Aid in the Workplace", "Teamwork" and "Resilience".

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

At the same time, we promote better quality in how our in-house training is carried out by members of the Organisation working in various units, through the official certification of the Human Resource Development Authority of Cyprus, in accordance with European standards.

Our focus is on the achievement of the Organisation's targets through a multifaceted approach, based on the systematic and conscious recognition, accumulation, promotion, best use and development of the Organisation's knowledge.

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.

In the above context, the Organisation started a dialogue with the trade unions on a variety of issues related to its modernisation.

Recruitment

In 2016, no vacancies were announced at Cyta in view of the freezing of recruitment in the public and broader related sector. Recruitment was carried out using the lists of successful hourly paid Cytashop assistants and Call Centre assistants with the sole purpose of replacing hourly paid employees leaving Cytashops or the Call Centre. The recruitment process for hourly-paid Cytashop and Call Centre assistants has been redesigned in response to the current requirements for these posts, so that the most suitable candidates with the necessary knowledge and competencies are employed in the new category/role of Technical Assistant. At the same time, steps were taken to reduce the cost of the process, taking into account the huge number of applicants.

Hourly-paid Staff

In 2016, a reorganisation of hourly-paid staff took place, with the aim of making better use of these employees, in line with the Organisation's actual needs, which were determined in accordance with of the new, varying service requirements. One result of this reorganization was a review of the number of staff needed in each service/unit and category. Moreover, hourly-paid workers were placed in different categories (e.g. Technical Assistants) and in other services/units with justified needs. It should be noted that the allocation of staff to the various services was carried out, taking account of the total number of hourly-paid personnel that the Organisation is permitted to employ, which is the maximum of the previous year. Furthermore, provision was made for the allocation of hourly-paid staff, with the approval of the Minister of Finance, for an additional number of hourly-paid employees to cover urgent needs, which had been included in the 2016 budget.

Finally, in recognition of the hourly-paid staff's contribution and dedication to the Organisation, in 2016 a higher rate of pay was given to employees with more than two years' service, provided that their performance during the evaluation period was satisfactory.

COMMUNICATION POLICY

Recognising and implementing new developments in the telecommunications and technology sectors, Cyta remains the market leader in Cyprus, providing integrated, reliable solutions to its customers.

In 2016, on the basis of a systematic action and work plan, we strengthened Cyta's position and our image in the market.

Continuous progress and innovation are a long-term aim of the Organisation and we wish to instill these qualities in our personnel and, of course, inspire our customers with them.

With our focus on providing integrated solutions, we have implemented a more monolithic communication strategy,

with a uniform style, primarily promoting and reinforcing our corporate brand. There is now continuity among all the brand's contact points and all promotional activities, ensuring that the Organisation's communication and promotion is simpler and more effective.

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. Through these surveys, it was noted that in the competitive and, at the same time, regulated environment in which we operate, a strong brand can, to a great extent, affect consumer choice and create long-term loyalty.

This fact gives us the strength to move towards the further coordination of important aspects of our brand communication strategy, with the aim of focusing on values 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 significant projects which deal with the integrated management of the customer experience in Cytashops and at other important points of contact with customers. At the same time, with the aim of improving internal communication, which is another important aspect of the brand, weak points have been identified and actions to improve them are scheduled.

Crisis communications management is an integral part of communications. Processes have been developed to deal with potential 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 and more of the long-term trust that our customers and associates have in us.

Media Relations

With the aim of providing timely and reliable information to the public, in 2016 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. Additionally, 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** 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.), Cytanet services (Web Mail) and Fixed Telephony (management of BBT Home) and
- The ability to check and settle bills online via the e-bill service

It is also worth noting the introduction of electronic invoicing, by which customers may receive bills in PDF format via e-mail as well as manage them through their My Cyta account.

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. They can also find information about Cyta, Cytashops, Press Releases, Annual Reports etc.

Cyta maintains a dynamic and especially significant presence on social media, including:

- **Facebook:** [cytaofficial](#) and [cytamobile](#)
- **Twitter:** [@cytasupport](#) and [@cytacyprus](#)
- **Instagram:** [cytamobile_vodafone](#)
- **LinkedIn:** [cyta](#)
- **YouTube:** [cytacyprus](#), [cytamobile](#) and [cytavisionsports](#)
- **Forum:** [cyta.com.cy/forum](#)

Keeping up with the trends of the times, Cyta uses its dynamic presence on social media 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 interactive communication with its customers.

Furthermore, the following easy-to-use and functional mobile apps by Cyta are of great significance to subscribers:

- **CytaInfo+:** You are always in contact with Cyta, with immediate access to information and service.
- **selfCare:** You can manage your account and services easily and quickly from your smartphone.
- **personalCloud:** This enables you to easily and securely store contacts, photos, videos, music and other files in your personal Cloud space. At the same time, you have immediate access to all these from all your devices wherever you happen to be.
- **liveSports:** It brings the highlights of the Cyprus Football League, the UEFA Champions League and Europa League matches straight to your smartphone.
- **safeMobile:** You strengthen your parental oversight in the new digital age, since safeMobile offers monitored freedom and security to your children when they are using their smartphones.

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

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

QUALITY AND BUSINESS EXCELLENCE

With the implementation of the new structure, special emphasis was given to achieving business excellence by seeking to improve business activities as regards quality, efficiency and effectiveness. Maximising efficiency and the quality of activities are secured through the alignment of the main end-to-end activities, continuous upgrades to the Quality System (ISO 9001 certified) and the preparation of other standards for certification.

Drawing on recent studies which show that telecommunications organisations are losing a significant part of their revenue every year, Cyta is focusing on improving its current processes and introducing best practices so as to prevent such revenue loss and to secure the relevant increase in the Organisation's revenues.

A recent study by the TM Forum in 2016 shows that telecommunications organisations are losing 2-7% of their annual revenue. Based on best practices implemented by other telecommunications organisations, Revenue Assurance departments are being set up, which carry out regular procedural checks, improve processes through the introduction of more effective safeguards and thus ensure the corresponding increase in revenue.

In recognition of the fact that knowledge is one of the Organisation's most valuable resources, with the implementation of the new infrastructure we incorporated Knowledge Management into our strategy as an end-to-end activity promoting business excellence. Our focus is on the achievement of the Organisation's targets through a multifaceted approach, based on the systematic and conscious recognition, accumulation, promotion, best use and development of the Organisation's knowledge.

STRATEGY

In 2016, Cyta continued the systematic monitoring of its corporate efficiency through computerized project and indicator management and through the alignment of its strategy at all levels.

Cyta is a member of important international telecommunications organisations, including the Association of European Telecommunications Network Operators (ETNO), the European Telecommunication Informatics Services (ETIS), 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.

IT

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

At the same time, we are establishing Data Centres of high availability, which guarantee the security of the information hosted in them. Eventually the Organisation's entire computer network will be hosted by these Centres, which will at the same time host customers' equipment. In 2016, we achieved quality certification for two new Data Centres to Data Security ISO 27001, which sets out the requirements that an Organisation must comply with if it is to fully and effectively manage its information, regarding its confidentiality, integrity and availability. Compliance with the standard is demanded by corporate customers in the public and private sectors.

In 2016, the tender was awarded for the implementation and management of the Health Insurance System, which is one of the most important potential factors in the implementation of the National Health Scheme (NHS). Cyta, as a sub-contractor of the project, will be responsible for hosting the system, managing the servers at equipment level, for the virtual environment of the servers, the operating system, the database and the Customer Contact Centre as well as the coordination of the entire technical solution.

We are implementing a new virtual IT infrastructure, while gradually transforming existing physical servers into virtual ones, with significant advantages, including conserving resources and increased flexibility.

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 and facilities such as the real-time costing of data usage on mobile phones. We are working in a flexible and speedy manner on replacing the Organisation's existing BSS/OSS systems with the ultimate aim of being able to offer customers new, modern electronic communication services. By making modern and flexible tools available to Customer Service staff and through the automation of processes, we are reducing costs significantly, further increasing productivity and improving the 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 strengthening the potential of IT in the implementation and provision of digital services in various areas, support for new collaborative business models and the maximum use of real-time information available to the Organisation.

We are constantly upgrading our online presence through Cyta's Internet portal, as well as through Mobile Apps. We offer self-service options through various online channels and we are improving electronic communication with our customers. Our aim is to provide a single unified customer service via all channels (the Omnichannel approach) with the emphasis on the optimum customer experience. At the same time, by sending customer bills by e-mail, we have made significant reductions to our paper consumption.

We support and we are extending our 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 support our internal customers on a daily basis, upgrading them constantly to the latest end-user software versions so as to carry out their duties in the best possible way, always with our main concern being the continuous provision of service to the Organisation's end user. Through the use of modern services and productive tools, we began offering internal customers capabilities that help them carry out their business more effectively and faster, increasing their productivity. At the same time, the use of various teleconferencing and teamworking tools will help conserve resources and reduce the Organisation's operating costs. We print our customers' summarized and itemized bills, as well as letters to them, to fixed deadlines so that they reach customers on time.

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 even more efficient and flexible.

FINANCIAL MANAGEMENT

In the context of the difficult financial environment, both for the Cyprus economy and the broader area in which the Organisation is active, its robustness is, to a significant degree, based on rational financial management aimed at the achieving of its goals. Financial management contributes to the development and identification of the Organisation's strategy,

it provides essential financial data in support of Management, and guarantees that the Organisation's decisions are based on reliable economic criteria.

Through proper financial planning, we secure the essential resources with which to implement our corporate strategy. At the same time we undertake significant financial management initiatives in support of the Organisation's strategic objectives, such as the strategic project aimed at ensuring optimum cost management.

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 2016, 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.

SUBSIDIARIES SUPPORT DEPARTMENT

In September 2015, following the implementation of Cyta's new structure, the Cyta Subsidiaries Support Department was set up. The objective of this Department is to facilitate and coordinate communication and cooperation among the various departments within Cyta and those of the subsidiary companies, with the aim of achieving the alignment of goals and making the most of synergies, so as to maximise the value of the subsidiaries to the benefit of the Organisation.

In the contest of the new structure, the operations of the Innovation & Service Development Centre were transferred from the Innovation & Service Development Department to the new one.

SUPPORT INFRASTRUCTURE & SERVICES MANAGEMENT

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

BUILDINGS INFRASTRUCTURE

In 2016, we published an open invitation to tender and later examined the tenders for the completion of unfinished refurbishment/upgrading work on the old Elektra Building in Nicosia. The evaluation report was submitted for a final decision by the Board of Directors and the Tender Board.



A decision was taken and approved to renovate the Lykavtos Cytashop and the creation of a Business Centre on the 1st floor of the building. The project will be completed at the same time as that of replacing the mechanical installations of the entire building. In 2016, a new Cytashop was set up and brought into operation at My Mall in Limassol.

We signed contracts with two fixed period contractors for work across Cyprus, with an option of renewal for a further two years (one year plus one year) on the same terms and costs.

We continued with excellent results to provide services for the development of the mobile telephony network, both through construction work at new and existing base stations and the preparation and submission of applications for planning and building permission.

Work was carried out on the installation of antennas for external customers at the Makarios Teleport.

We also continued to provide support services to the Data Centres project, including the planning and undertaking of work on the Platy and Amathus buildings.

In 2016, we continued to provide high-quality islandwide cleaning and hygiene services to all our buildings.

VEHICLE FLEET MANAGEMENT

In the context of the operation and maintenance of vehicles and machinery, we continued our efforts to reduce operating costs and conserve resources through the relocation and/or withdrawal of vehicles and the creation of additional groups of common use vehicles at manned buildings.

In 2016, we issued and awarded a closed tender for a new telematic vehicle fleet management system. Work on installing the new system in vehicles began in December 2016.

In 2016, we maintained high levels of preventive and corrective vehicle maintenance in all districts. We issued and awarded several small tenders for various vehicle maintenance projects and renewed agreements for preventive and corrective vehicle maintenance in three districts.

In September 2016, we published an open tender for an eight-year vehicle maintenance contract, with the aim of replacing a large number of old vehicles with new, more economical and environmentally friendly ones.

In November 2016, we renewed the contract for the supply of petroleum products for another year. It is noted that the total amount of fuel supplied to Cyta from January to December 2016 fell by 61.554 litres (8,04%) compared to the same period in 2015.

INFRASTRUCTURE AND BUILDINGS SECURITY MANAGEMENT

In 2016, 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. Additionally, a detailed study was carried out on new generation systems, which will enable the upgrading of security systems, proving greater value to the Organisation.

We renewed our money transfer agreements with G4S and Bank of Cyprus while new contracts were signed with four different companies for the provision of guarding security services for Cyta buildings around the island. Costs have been reduced by around 2% compared to previous agreements, representing savings of some €20.000 per annum.

In 2016, we carried out 90% of the planned annual preparedness exercises in Cyta's Civil Defence Emergency Response Plan with highly satisfactory results. An essential part of the smooth running of Cyta is due to the best possible, most efficient and best integrated management of its support infrastructure, including, among other things, land, buildings, vehicles and machinery as well as security, fire protection and guarding systems.

MATERIALS MANAGEMENT

In 2016, the Organisation intensified its efforts aimed at the reorganisation and centralization of its procurement processes with the goal of achieving financial benefits through the optimization of the actual process performance and from economies of scale. In this context, we speeded up the introduction of an online system for the preparation, publication, submission and evaluation of tenders.

In its capacity as having responsibility for the management of the Organisation's stores, our Service continued to place the necessary emphasis on reducing operating costs through targeted actions (such as modernizing storage space and related equipment and the implementation of a specialist software system) that aim at drastically increasing the productivity and effectiveness of the whole process.

Products and Customer Service

In 2016 we continued the major Fixed Telephony Transformation project with the objective of replacing all fixed lines with Broadband Telephony connections.

At the same time, installation work continued on the 4th generation (4G/LTE) network, which will enable all Cyta customers to enjoy the potential of technology and the Internet even more.

Moreover, we proceeded to enhance the Cytamobile-Vodafone RED plans through the introduction of apps and content which add more value to the already attractive package of services on offer.

With the aim of satisfying Cytavision subscribers who are also sports fans, we again enhanced and upgraded the Livestreaming service by Cytanet. Additionally, we 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 100Gbps. In 2016, we upgraded Cytavision's family packages according to our subscribers' viewing preferences, enriching the content with the addition of new channels.

In this context, in 2016 we continued to examine our activities in the vertical growth areas of e-Health, e-Government, Real Estate, Mobile Commerce and Shipping, bearing in mind that these areas offer the prospects of accessing alternative revenue streams.

Through connections to 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.

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 services we offer through the introduction of new facilities for both residential and corporate customers. At the same time, in 2016 we continued to work on 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.

In 2016, we had special offers such as the free installation of Fixed Telephony (July-August 2016) and 2Play, which began in October.



CYTAMOBILE-VODAFONE

In the mobile telephony sector, we continued to operate in a fiercely competitive environment, which is affected by broader global technological developments. Spearheaded by our reliability, we remain by a long way the consumer's consistent first choice when it comes to Mobile Telephony in Cyprus

In 2016, work continued on expanding the 4th generation (4G/LTE) network in urban and suburban areas, while geographical coverage of the 3rd generation (3G) network exceeded 99%, thus enabling all Cyta customers to enjoy the potential of technology and the Internet even more.

The RED plans were 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, a large amount of MB for carefree Internet browsing, and many other innovative services and benefits, which are constantly being enhanced. RED, the most integrated communication

option in the Cypriot market, has been warmly embraced by the public and has changed mobile communications in Cyprus, leading to a spectacular rise in Mobile Internet usage.



In 2016 we further enhanced the Cytamobile-Vodafone RED plans through the introduction of:

- Two attractive talk time packages for International Calls to all EU member states.
- CytaVoda Wifi, enabling RED customers to free Internet access from 170 Cytamobile-Vodafone Hotspots.

For customers who prefer pay as you go mobile telephony, in the soeasy service continued to encourage them to:

- Connect with soeasy in order to make the most of its many services and gifts, while having total control of their account
- Opt for the new soeasy Plus plan, so as benefit from more content (talk time, text messaging and Mobile Internet) with every top-up of €20 or €35 and to make use of the additional capabilities of the 4G network.
- To participate in the soeasy Rewards scheme and to win extra gifts with every top-up, either at once or by amassing points to obtain even bigger gifts within the space of a year.

We also upgraded content applications that offer even more value to the already attractive package of services. These applications are:

- selfCare
- personalCloud – In December 2016, the amount of free space was doubled
- liveSports

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

- Social Responsibility, 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 175 countries and 395 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 2016, thanks to significant network development projects and the 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 100Gbps with the emphasis on having connections at strategic points and an agreement to exchange traffic with the major global networks. At the same time, with the goal of improving the customer experience, we began collaborating with the biggest providers on online content and the most popular social networks for local content storage.

During 2016, we provided broadband coverage wherever there was a developed copper network, in both urban and rural areas.



Other projects:

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

In 2016 there were over 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 2015-2016 academic year, a total of 140 presentations were given in all districts, attended by 13.889 pupils and teachers. Since 2001, a total of 1.126 schools have been visited and more than 121.000 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, which can protect their children from illegal, undesirable and harmful Internet content.

• liveStreaming

This service offers customers in Cyprus and a good number of Cypriot sports fans abroad the opportunity to watch live Cypriot football. In 2016, we upgraded the infrastructure of Cytanet’s liveStreaming platform, which is used for the online transmission of football matches and other sports events and we enriched the content with matches from more championships.



CYTAVISION SUBSCRIBER TELEVISION

Cytavision is the most complete subscriber television platform in the Cyprus market in both sports and themed content. With live and exclusive sports broadcasts from Cyprus and abroad, more than 90 popular channels in all viewing categories and a broad range of interactive services that are constantly being upgraded, it offers quality entertainment and information for all tastes.

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 for our customers.

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

During 2016, we proceeded to complete a range of projects that serve our strategy:

• Upgrading of family packages

Cytavision’s family packages were designed and upgraded according to our subscribers’ viewing preferences, so as to provide quality all-round entertainment at an attractive price.

Super Pack

The package with all of Cytavision’s sports and themed content features more than 80 TV channels, including seven exclusive Cytavision Sports channels and Cytavision Sports HD.



Variety Pack

The package features a large variety of entertainment with more than 65 popular channels from all viewing categories.

Value Pack

The package featuring quality entertainment at an extremely reasonable price includes more than 65 popular channels from all viewing categories.

Content and services included in all three packages:

- All Cypriot channels in digital picture and sound quality
- Time Shifted TV, enabling viewers to watch programmes on Cypriot channels up to three days after their original screening
- Video on Demand with popular new and older movies
- Electronic Programme Guide (EPG)
- Potential for a 2nd set top box
- Access to adult channels for an additional monthly subscription.

• Enriched Themed Content

Throughout the year, we enriched our content with popular channels in various viewing categories.

In 2016 Cytavision’s content was upgraded through the addition of Viasat History, Travel Channel, Alpha Cyprus, TV Mall and Sirina TV.

• Enriched Sports Content

We continue to offer subscribers the most complete package of sports programmes in the Cyprus market, with quality coverage of a broad range of sports and competitions, with the aim of satisfying and retaining current customers and attracting new ones.

Special mention is made of the top football club competitions in Europe, the UEFA Champions League and UEFA Europa League, the Euro 2016 qualifiers and the Wimbledon tennis championships. Moreover, in 2016 Cytavision renewed its TV rights to screen English Premier League games until 2019 and obtained the TV rights to matches by ten more teams in the Cyta Championship in Cyprus, in addition to those of Anorthosis and APOEL.

• **Attractive Offers**

During the course of the year, we offered both new and existing customers free installation of their 1st and 2nd set-top box.

During the introductory period of the upgraded packages, Cytavision subscribers were given the opportunity to try out the packages that suited them best at no extra charge.

• **Travel Packages for Major Sports Events**

With the aim of rewarding our customers, during the year we gave subscribers the opportunity to win travel packages and admission tickets for two to attend top events in a range of sports.



Specifically, lucky subscribers attended UEFA Champions League and UEFA Europa League finals and the ATP World Tour Masters 1000.

CUSTOMER SERVICE

INNOVATION AND SERVICES DEVELOPMENT

Cloud Services

At a time characterized by significant financial and business challenges, Cyta is in a position to help every business manage its finances, optimise its working practices and increase its profits. Through our Cloud services, we provide businesses with online access to software applications and IT infrastructure, for which they pay a monthly subscription and no initial costs.

We have transformed the high start-up cost of investing in technology into a small operating expense.

Cloud services provide access to a shared space of parameterized computer resources such as networks, servers, webspace, software applications and hybrid hardware/software services that may be offered requiring minimum management.

We are dynamically growing our Cloud services portfolio, enhancing it with excellent technical support as well as the security and reliability of our infrastructures and data centres in Cyprus. With the focus on Cypriot enterprises, we offer integrated solutions that respond to multiple business needs in all sectors of the economy.

As Cyprus’ leading and pioneering organisation as regards technology-related issues, Cyta constantly monitors the international and local environment and developments in ICT. In 2016, we continued to enrich our Cloud services with the addition of Microsoft Office 365 for businesses and Powersoft365 Pocket Pro and we proceeded with having Cyta’s Data Centres certified to the ISO 27001 security standard. Through our new services, we provide businesses with the collaborative and productivity tools they need to operate more efficiently anywhere and anytime from any device.

Vertical Growth Areas

Innovation in a fiercely competitive environment is undoubtedly one of the most significant growth factors and a key strategic pillar of any business. Recognising this need and responding substantially to the challenges of the times, Cyta is examining its activities in new areas as well as the provision of new, innovative services that are related to its traditional offering and, at the same time, aim at securing new revenue sources.

In this context, in 2016 we continued to examine our activities in the vertical growth areas of e-Health, e-Government, Real Estate, Mobile Commerce and Shipping, bearing in mind that these areas offer the prospects of accessing alternative revenue streams. A strategy for every growth area has either been – or is in the final stages of being – formulated and the preferred business model is that of revenue sharing with limited capital expenditure with companies and suppliers with ready integrated solutions.

In the area of e-Health, we began drawing up the Organisation’s strategy, which is due to be completed in 2017. In 2016 we launched the Vidatrack service (a personal tracking service for emergency situations) for vulnerable individuals which helps to quickly identify the whereabouts of someone who may be lost or at risk. We are also partners with NCR in the tendering process regarding software for the Health Insurance Organisation.

Our Mobile Commerce strategy has been formulated and is due to be implemented in 2017.

We studied government projects promoting e-Government, while in the shipping sector, in conjunction with Ericsson, we prepared proposals to shipping companies which enable them to make savings on ship communications, IT and fuel costs.

Centre for Innovation and Idea Development

For Cyta, innovation and entrepreneurship represent a key pillar for the continued growth and development of the Organisation. They are also priorities for its contribution to the establishment of a growth model for the country.

In 2016, we continued to work on the development of a successful innovation and enterprise ecosystem in Cyprus. Though collaborations with other private and public sector organisations, we aimed to help budding entrepreneurs develop their ideas and gain access to investment funds in order for these ideas to be commercialised by successful start-ups. At the same time, in 2016 the Centre placed emphasis on the promotion of entrepreneurship within Cyta through the implementation of an intrapreneurship programme. In this way, we develop the Organisation's ability to create new innovative products and services, using its own human resources

Cyta's aim with these activities is to create new, alternative revenue streams, to improve its corporate image, to develop an entrepreneurial culture within the Organisation, to promote young entrepreneurship and to strengthen the Cypriot economy.

The main initiatives that we undertook in 2016 were the following:

1. The launch of a pilot Intrapreneurship scheme, which was implemented with the participation of 20 members of our staff and 10 volunteers from among our external partners, through special training, workshops and teams, who developed ideas and came up with five business proposals for the Organisation. We are the first Organisation in Cyprus to implement such a scheme.
2. The continuation and strengthening of our collaboration with the non-profit organisation Junior Achievement Cyprus, for the promotion of entrepreneurship in schools, with the support of the Ministry of Education & Culture.
3. Cooperation with the Ministry of Defence, the Open University and KPMG on the promotion of Innovation and Entrepreneurship to National Guard conscripts, through presentations and a competition for Innovative and Business Ideas
4. Holding a seminar on Intrapreneurship in conjunction with the Microsoft Innovation Center, of which Cyta has been a Strategic Partner since 2015. The seminar was attended by local company managers wishing to follow Cyta's example in the area.
5. Continuation of the collaboration with the Cyprus Business Angels Network (CYBAN).
6. The determining of reliable criteria and processes with

the aim of identifying and evaluating opportunities for investment in start-ups, so that the Organisation may undertake such investments in an effective manner, and the setting up of a Start-Ups Evaluation Group.

7. Continuing the publication of the Cyta Entrepreneurship Newsletter, containing articles on issues pertaining to Innovation and Entrepreneurship, which is sent to thousands of readers within and outside the Organisation.

NATIONAL LEASED CIRCUITS

In 2016, national private leased lines remained among the options available to business customers for networking services, offering a wide range of speeds up to 10Gbps. The service provides networking solutions of the highest quality for video, voice and data transfer. Companies can use Leased Circuits to create a private network linking their own premises to those of their customers and clients.

COLOCATION SERVICE

The colocation service enables customers to house their equipment on Cyta's premises.

In cases where customers of the 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.

DATA CENTRE SERVICES

Cyta's two Data Centres in Nicosia and Limassol offer businesses the opportunity to operate their own servers in the specially-designed areas in the Centres and to take advantage of the benefits that their modern infrastructures provide.

Cyta's Data Centres are Tier III and guarantee their customers' business continuity. Moreover, they are certified to ISO 27001, which represents confirmation of the measures taken to secure and protect the Centres' infrastructure.

ETHERNET NETWORKING SERVICES

2016 was another successful year for our Ethernet Business Networking Services which continued to attract major business customers.

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

The main advantages to our customers of these services over other networking options are higher connection speeds of up to 1Gbps, lower cost and easier installation. At the same time, they offer a variety of speed options and data transmission prioritisation with three service quality levels (Gold, Silver and Bronze).

E-Line and EVPN use Cyta's Ethernet/IP network as a common infrastructure. The network is designed to international standards, it provides islandwide coverage and 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.

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 customers are our priority and we aspire to make their every visit to our stores an enjoyable experience.

We are constantly reinforcing our Sales Network, both in numbers and appearance, with the working hours and locations that our customers have requested.

In October 2016, we reinforced our commercial presence in Limassol through the operation of a new store inside My Mall while, at the same time, we looked into other opportunities to expand our presence in similar locations.

During the course of the year we began the gradual upgrading of our sales network. Their new design emphasizes the easy customer journey through the stores and the provision of excellent before and after sales service. Customers have a wide choice of services and products, which has been enhanced by a large range of accessories, and it is continuously being updated to respond to their telecommunications needs.

Our sales partners run a broad and efficient network of stores, where they serve our customers in a responsible manner and to provide the full range of our products and services. At the same time, the distribution network makes the products of the soeasy prepaid mobile telephony service available across a large network of points of sale throughout Cyprus.

In recent years, we set up and operated the biggest Call Centre in Cyprus on the islandwide numbers **132, 80008080** and others, placing special emphasis on Quality of Service. Customers who call the Cyta Call Centre can obtain information about our products, submit orders for new products, request and receive technical support for any problems that may arise with Cyta products and services. We also lay emphasis on the use of automated service applications whereby customers can obtain instant service without having to wait in queue. The Directory Enquiries service on **11892**, which is an integral part of the Cyta Call Centre, remains the leading service of its kind in an intensely competitive environment. Through the provision of simple and practical facilities, we give customers fast, reliable and inexpensive assistance with their enquiries. At the same time, the Business Call Centre on **150** is an additional channel of communication between Cyta and its business customers with its own islandwide number which can be called with enquiries about big and small matters of concern.



In addition to traditional methods of communication, we have established service via **webchat** and social media (**@Cytasupport** and **www.facebook.com/cytaofficial**), while customers can read about technology issues and resolve problems on our customer Forum (**www.cyta.com/forum**).

Recognising the importance that our customers give to the quality and speed of technical support, the constant upgrading of our Customer Technical Assistance (CTA) activity is a long-term aim. In this context, in 2016 we continued to develop our personnel through training programmes and seminars on issues pertaining to technology and know-how as well as soft

skills. We introduced new technology and service monitoring tools, upgraded management systems, reviewed processes and improved our systems and mechanisms for monitoring the quality of the service and assistance provided to our customers.

True to our commitment to provide the optimum customer experience, during the year under review we helped a significant number switch to new and upgraded communication services and interconnections, providing them with new technologies, upgrading their services and offering preventive/routine maintenance of their network. Examples include the upgrading of a significant number of customers' internal wiring, enabling them to switch to new, faster Internet speeds, and the transfer of customers to Voice Over IP telephony.

Directory Services

With upgraded content and fully updated information on businesses and individuals, in 2016 the print editions of the Yellow Pages and Telephone Directory and the Business-to-Business Directory were published. 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

BUSINESS MARKET

In today's especially complex and demanding international and local market environment, we remain focused on making the most of technological advances and the convergence of telecommunications and IT, acting as a one-stop-shop for our business customers, supporting them with reliable networks and high quality service and enabling their businesses to grow securely and flexibly.

The services we provide satisfy the demands of every modern business and compare most favourably with those available from telecommunications companies on a global scale.

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. To this end, we are strengthening our people with the high level of know-how and the advanced technology tools that our customers deserve as we serve them via a number of different channels.

Our specialist network of Telecommunications Consultants provides advice and an upgraded personal service to large companies and SMEs. Furthermore, our specially trained personnel provides free assistance to existing and potential customers who are interested in Cyta's business offerings on 150 or online at <https://www.cyta.com.cy/send-email>.

In addition to the above channels, customers can purchase and manage services online, via the websites:

- My Cyta: <https://www.cyta.com.cy/my-cyta>
- Cloud Marketplace: <https://www.cyta.com.cy/cloud-marketplace>

Moreover, particular importance is given to the immediate technical assistance provided to our business customers through Cyta's Business Technical Support Centre which operates 24/7 and with technical support crews in all towns. For the installation of services ordered via one of Cyta's numerous assistance channels, experience and well-trained personnel visit customers at their premises with the required equipment and every assistance

WHOLESALE MARKET

NATIONAL & INTERNATIONAL WHOLESALE MARKET

In 2016 we continued to supply high-quality national wholesale products and services. Our national wholesale products are offered to licensed national telecommunications service providers in a liberalised telecommunications market, in accordance with the regulatory framework and 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.

Our international wholesale products and services are offered under the Cytaglobal sub-brand to internal and external customers such as national and international carriers, business customers and other partners. We have signed bilateral agreements for the provision of wholesale international telephony products for physical and virtual international private leased circuits, international Internet access, the leasing and concession of international network infrastructure and other services, offering uninterrupted customer support.

The portfolios of national and international wholesale products and services are analysed below:

NATIONAL WHOLESALE MARKET PORTFOLIOS

Mobile Communication Interconnection and Services

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

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

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

The Infrastructure Access and Leasing Portfolio includes Building & Duct Colocation as well as National Provider Network Connection Services to Cyta's Access Network.

Building & Duct 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 PORTFOLIOS

Cable and Satellite Interconnections

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

Through connections to 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 Cyta's MPLS backbone network and international nodes in Athens, Frankfurt and London, 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 (Gold, Silver and Bronze).

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 based on SDH technology 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. Our customers receive personal service, though a business consultant and 24-hour technical support.

International Wholesale Telephony

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 60 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

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.

In the framework of harmonisation with the programmes of the European Civil Aviation Organisation EUROCONTROL and the Single European Sky, we installed and operated an ATS Message Handling System. We also signed an agreement for the provision of two radar systems, which will be installed at Paphos International Airport and the Lara Station respectively.

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 (JRCC)

We continued to provide data and voice services and technical support to the Joint Rescue Coordination Centre (JRCC).

SERVICES TO THIRD PARTIES

SERVICES TO THE DEPARTMENT OF CIVIL AVIATION

Cyta provides technical support (supply 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.



Subsidiaries

DIGIMED COMMUNICATIONS LTD

Digimed Communications Ltd is a wholly-owned subsidiary of Cyta, which was set up with the aim of realising the Organisation's strategy for the vertical and horizontal expansion its 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 and local financial crises, 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 its activities 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 AE

Targeted actions through strategically chosen business sectors, which offer new prospects, the development of products and services for domestic and business customers, as well as establishing the company for Mobile Telephony, were some of Cyta Hellas' strategic pillars of activity in 2016.

Tourism was a key targeted route for growth since, during the year, the extension of the company's own optical fibre network by 25km was completed in Chania province. As a consequence, the overall picture at the end of 2016 was that we connected more than 120 4-star and 5-star hotels directly to Cyta's network via optical fibres and a total optical fibre network of 750km capable of covering up to 95% of local businesses in Crete.

Making use of the capability afforded by the Rural project, with the aim of providing fast Internet access was also one of the growth pillars, the foundations of which were laid in 2016. In this framework, the stage was set for Cyta to become, in 2017, the first alternative telecommunications provider to give technologically advanced broadband services to a host of commercially unexploited and remote regions of Greece, a fact that opens up new horizons.

As such, a milestone for the company was its entry into the Prepaid Telephony market. This came as a "natural consequence" just 18 months after its entry into the monthly paid mobile telephony. It should be noted that, thanks to the unique characteristics and competitive packages of Cyta Prepaid Telephony, on which the service was based, at the end of 2016 (i.e. after only six months) the number of active users represented 40% of the company's total Mobile customer base.

As regards the company's product strategy, particular emphasis was given to the benefits arising from the combination of

characteristics with the objective of confirming in practical terms to message "The more you connect, the more you win". Also, specialized business products were launched, including Cyta Mobile for Business and Easy Business, the new generation digital PBX, which were received especially well by the market.

Furthermore, it is worth noting that in 2016, the company achieved some significant internal successes, including an increase in the percentage of outstanding customer payments – in spite of the reduction in their purchasing power – and increased customer retention.

In 2017, the company continues to grow and develop the pillars that have already been set, making the most of its strong points which have given it prominence in the Greek telecommunications market. Having secured a complete portfolio of Fixed, Mobile and Prepaid Telephony, Internet and Television, the company is extending its activities into areas that are related to recent trends in telecommunications and are represent new revenue streams. In this way, prospects are opening up for new, fresh proposals aiming at an even broader and personalized coverage of the needs of domestic and business customers through powerful cooperative models and ecosystems.

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 its related company, Cytaglobal Hellas AE, respectively.

The company is active, in conjunction with Cyta and its related company Cytaglobal Hellas AE, in the provision of international virtual leased connections to providers and corporate customers in the UK and elsewhere while it also offers occasional colocation services, local loops and other local connections within the UK 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 competitive 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 2016, 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 and 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 & 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 AE

Cytaglobal Hellas AE was established in Athens on 5 November 2003 as Cyta Hellas AE. On 2 January 2007, following a decision taken at an extraordinary general meeting of the shareholders, the company was renamed CytaGlobal Hellas AE 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 TI Sparkle Greece AE in Athens. The node is linked via a Cyta-owned undersea optical loop to similar telecommunications nodes in Nicosia and London owned by Cyta and its related company, Cyta UK Ltd respectively.

The company operates in collaboration with Cyta and its related company, Cyta UK Ltd, for the provision of international virtual leased connections 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.

The company has also become active in the Data Centre market in Thessaloniki and Attica, through its participation with experienced partners in the share capital of Synapsecom Telecoms A.E.

IRIS GATEWAY SATELLITE SERVICES LTD

Iris Gateway Satellite Services Ltd provides satellite turnaround of radio and television programmes to the international market from Cyta's Satellite Earth Stations.

In addition to satellite connections, Iris also offers services via optical 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 2015, Iris broadened its activities further, 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 satellite reception and cable transmission of TV programmes to Europe.



Network

In 2016, we conducted a number of studies on the implementation of pioneering innovative IoT (Internet of Things) services, which will be introduced in the near future. One of them concerns the provision of Smart Home services, which include home security, home automation, energy management and telecare.

With the adoption by all the technical departments of the NeTKT (Netrac Trouble Ticket) software system and the recording and monitoring of the life cycle of faults, we succeeded in diffusing know-how, improving methods and processes and fault repair times with an accompanying increase in personnel productivity and customer satisfaction.

In 2016, we signed an agreement with PCCW Global Ltd giving us access to the submarine Asia-Africa-Europe 1 (AAE-1) cable system which is under construction and which extends to important hubs in South-East Asia, the Arabian Gulf and the Mediterranean region. This system will add new channels to our existing international submarine cable network and enable us to access new markets as well as to cover the needs of the local market and other telecommunications providers in the broader Eastern Mediterranean region.

Finally, it worth noting that the population and geographical coverage of our GSM and 3G networks now exceeds 99,95% of the government-held area of Cyprus.

VALUE ADDED APPLICATIONS/SERVICE PROVISION PLATFORMS

Following the successful course of previous years for the continuous upgrading of the Cytavision customer experience, we proceeded with various infrastructural upgrades.

The project to upgrade the encoding systems of all television programmes to MPEG-4 technology brought a substantial improvement to picture quality. The next objective is to upgrade more channels from Standard Definition (SD) to High Definition (HD).

At the same time, we began to implement the ambitious Connected TV project for the technological upgrade of Cytavision. The aim is to make Cytavision content available on all our customers' connected devices such as TV, PC, tablet and smartphone at home and laptop, tablet and smartphone outside the home.

Furthermore, we upgraded the Live Streaming infrastructure, which will soon allow customers to watch Cytavision's sports programmes on their smartphones through a mobile app – as a transitional stage before Connected TV is fully operational.

We proceeded to redesign and improve the technical solution for the provision of Parental Control/Safe Internet on all devices (PC, smartphone, etc.). This will soon be offered as a Cloud service, without the need for client software to be installed on the devices.

In 2016, we conducted a number of studies on the implementation of pioneering innovative IoT (Internet of Things) services, which will be introduced in the near future. One of them concerns the provision of Smart Home services, which aims to introduce a range of service, including home security, home automation, energy management and telecare.

CORE NETWORKS

National Transmission Network

The National Transmission Network serves the needs of Cyta's networks and those of its external customers at speeds from 64kbps to 100Gbps, with the greatest possible degree of reliability.

In 2016 we continued to expand the DWDM (Dense Wavelength Division Multiplexing) network, which is the backbone of Cyta's networks, providing them with very high speed connections and, at the same time, serving corporate customers. With the aim of faster and better customer service, we also introduced the new modern DWDM/OTN network, which is more flexible while allowing the provision of connections of up to 100 Gbps.

We also continued to expand the new-generation SDH (Synchronous Digital Hierarchy) network for the provision of

circuits of various speeds and, in particular, EoSDH (Ethernet over SDH) connections.

The WDM and SDH networks operate via optical fibres in an arrangement that allows the uninterrupted provision of service, even when a fault occurs in an individual fibre.

International Transmission Network

In 2016 we proceeded to implement significant satellite and cable systems, reinforcing the role of Cyprus and our Organisation as a telecommunications hub in the broader Eastern Mediterranean region.

Our three Teleports (Makarios, Hermes and Pera) are important international satellite gateways providing geographical backup and broadband links to foreign Internet providers, with the parallel use of Cyta's undersea cable infrastructure. We also provide Satellite Tracking Telemetry & Command (TT&C) services as well as over the top (streaming) of television content.

In 2016, services were expanded at all three Teleports for companies specialising in the provision of fast Internet and TV turnaround services.

Additionally, in 2016 the Makarios Teleport achieved full Tier-3 certification from the World Teleport Association. Moreover, it has been included in Eutelsat's network of "Preferred Teleports".

As regards undersea cable connections, Cyprus is connected with the outside world for telephony, Internet and leased circuits through three cable landing stations with a total of nine submarine cable systems (SCS). Transit connections are offered at the same time from the countries of the Middle East to Europe and the rest of the world.

In 2016, work was intensified on the ALASIA submarine cable system for an additional connection between Cyprus and Syria, while the upgrading of the UGARIT SCS was completed with the installation of cutting-edge terminal equipment.

At the same time, efforts continued to reach a comprehensive agreement with the Lebanese Ministry of Telecommunications on the upgrading of the CADMOS SCS (Cyprus-Lebanon) and the implementation of the EUROPA SCS (Cyprus-Lebanon). A study was also completed on the validation of the architectural design and Protection of Submarine Cables and Cable Stations.

Packet Switched Networks

In 2016, we continued the upgrade of the IP/MPLS backbone network so as to support the constantly growing needs of our domestic and business customers for broadband services and those of other Cyta networks and services.

We also continued to upgrade the DSL access network and the Cytanet network's international connections so as to support

the increased Internet traffic, mainly to the global Internet and to provide better quality to our customers. At the same time, we focused on improving business continuity, network security and Cytanet services.

Finally, we upgraded the IP network that supports Cyta's Data Centres, so as to satisfy the needs of the Organisation's corporate IT systems and those of business customers whose systems and services are supported/hosted there.

NETWORK AND SERVICES OPERATION

Networks and Services Management

In the framework of improving monitoring activities and network and service faults management, in 2016 we redesigned our processes aim at maximising the availability of networks and services, the rapid repair of all faults and the provision of quality secondary support to all Cyta services. The improvement to processes, in combination with continuous staff training and the use of specialist tools are a basic factor for achieving the mission of our unit to secure the availability and functionality of Cyta's networks, infrastructures and services, while lowering operating costs.

With the adoption by all the technical departments of the NeTKT (Netrac Trouble Ticket) software system and the recording and monitoring of the life cycle of faults, we succeeded in diffusing know-how, improving methods and processes and fault repair times with an accompanying increase in personnel productivity and customer satisfaction.

Network and Services Security Management

Our new unit is organised on the basis of international practices and standards, so as to fully achieve Cyta's expectations regarding infrastructure protection and to develop and make available reliable high value network and security services. In the course of our first year of operations, we laid the foundations for the further development of Cyta in this sector with the formulation of new processes and the installation of key central management and security management systems, combined as always with continuous personnel training.

Electrical & Mechanical Services Management

In 2016, we continued to implement the islandwide Fire Protection System and speeded up installation work. Also, the Electrical & Mechanical Equipment Monitoring and Inspection System came into operation and is expected to bring substantial savings to the Organisation through energy management. The Telematic Vehicle Fleet Management system is in the process of being implemented and installation is expected to be completed next year.

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. A study was

conducted on the installation of photovoltaic systems in Cyta's buildings for autoproduction, with the aim of reducing electricity costs through the use of Renewable Energy Sources. We completed the installation of hybrid photovoltaic systems at two mobile telephony base stations and within the coming year we expect to complete such installations at other base stations.

We implemented new electromechanical installations and supply systems for major customers of Cyta and important projects such as the Class 5 Transformation (IMS) and SRAN.

Additionally, we proceeded to implement the Data Centre Upgrading project, which concerns the upgrading of electromechanical installations and buildings equipment so that they comply with international Tier III standards regarding the development and operation of Data Centres. In the framework of the project, electromechanical installations in buildings were redesigned, together with electrical and mechanical work, and the supply and installation of new electromechanical equipment.

To maintain the high quality operation of electrical and mechanical equipment, work has been reinforced through the purchase of services to repair faults on a 24-hour basis so as to secure the uninterrupted operation of our equipment and, by extension, of the services offered to customers.

FIXED AND MOBILE COMMUNICATIONS NETWORKS

Fixed Communications Network

In 2016, we expanded the capacity of the IMS network in response to our business customers' need for broadband telephony. At the same time, via the IMS network, we offered customers the "Telephony OntheGo" facility, an application for smartphones and tablets (Android or iOS and Windows), enabling them to use their fixed phone number from anywhere. We also upgraded the SSW network's hardware and its management system software. We continued with the rerouting of connections from traditional PSTN/ISDN technology to broadband telephony and increased the speed of the switch to the new technology.

Mobile Communications Core Network

In 2016 the Diameter signalling management system was brought into operation to enable international roaming for the 4G (LTE) service. We also upgraded the circuit-switched network (MSCs and MGWs) software to a new version, thereby enabling the provision of eCall and the network was prepared for the provision of High Definition Voice.

Real Time Rating (RTR) came into commercial operation for data services subscribers. In the framework of the introduction of RTR, the Mobile Internet Usage (MIU) portal was upgraded, while the use of nodes on the circuit-switched network was redesigned.

Changes were made to the prepaid telephony platform to support RTR and prepaid mobile telephony was introduced for Cyta Hellas, using a large amount of the prepaid service platform, thus considerably reducing the total cost of implementation.

Also in 2016, the mobile communications management system was upgraded, the tender was awarded for the installation of a system protecting our customers and our network from unwanted text messages and the Mobile Internet Gateway upgrade was completed, so as to improve our customers' experience when browsing the Internet and watching videos.

Wireless Access Network

In 2016, we completed the project to modernise the wireless mobile telephony access network with Single RAN equipment and, at the same time, continued the development of the 4th generation (LTE technology) network, covering 74,6% of the population in the government-held area of Cyprus.

We also extended the coverage of the 3G network to the whole of the Government-held area of Cyprus, making use of the 900MHz frequency range and enabling our customers to have mobile broadband everywhere. The population and geographical coverage of our GSM and 3G networks now exceeds 99,95% of the government-held area of Cyprus.

We continued the project to link base stations via optical cables 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 resulting in a significant reduction to operating costs arising from radio frequency charges.

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 24 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 279.

Wired Access Network

In 2016 we continued to develop and upgrade the broadband access network using Asymmetric Digital Subscriber Line (xDSL) technology.

Specifically, we continued to install in outdoor cabinets closer to customers' premises, VDSL2 broadband access equipment enabling customers to experience speeds of up to 70Mbps when they are located less than 1 kilometre from the cabinet.

By 31/12/2016, we had around 34.000 customers connected with VDSL2 technology experiencing speeds of up to 70Mbps.

Additionally, we procured terminal equipment using vectoring technology, thereby enabling all customers to connect to the broadband network at speeds that are almost double those supported by the present situation.

To achieve a drastic increase in access speeds, work is under way on the strategic Fibre to the Home (FTTH) project, with the aim of starting customer connections during 2017.

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 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 personal data protection, 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 ISO 27001:2013 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.

For certain units and activities, a project has been finished to develop a complete ISMS, which obtained ISO 27001:2013.

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 2016, we signed an agreement with PCCW Global Ltd giving us access to the submarine Asia-Africa-Europe 1 (AAE-1) cable system which is under construction and which extends to important hubs in South-East Asia, the Arabian Gulf and the Mediterranean region. This system will add new channels to our existing international submarine cable network and enable us to access new markets as well as to cover the needs of the local market and other telecommunications providers in the broader Eastern Mediterranean region.

There are currently eleven 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, (viii) ATHENA, (ix) KIMONAS, (x) ARIEL and (xi) POSEIDON.



Cyta's international systems include more than 35 main satellite earth stations providing access to major satellite systems such as Intelsat, Eutelsat, SES, Hylas, Thor, AsiaSat and Thuraya, which offer global connectivity. Satellite communications are growing and they 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 international cable and satellite services provided uninterrupted 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 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

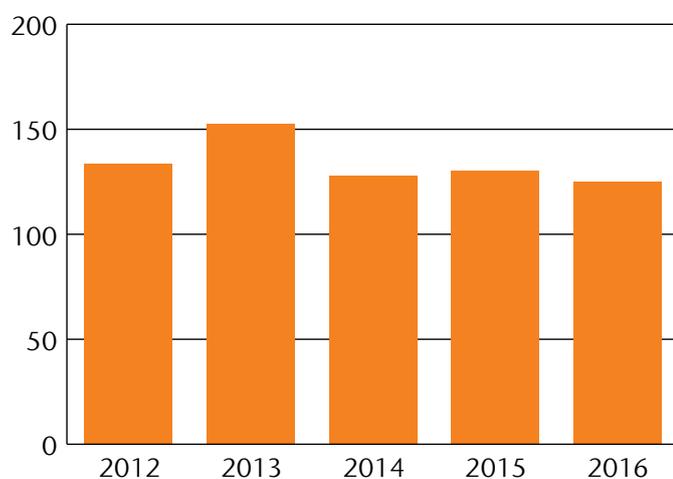
SUMMARY OF RESULTS

The Organisation's financial results for 2016 continue to reflect its financial robustness and are considered quite satisfactory, given the difficult economic and financial environment at a time when the objective of all is the recovery of the Cyprus economy following the events of 2013. A high level of profitability was maintained, with profit before losses from investment activities in 2016 amounting to €86,9 million compared to €89,6 million in 2015. In 2016, a dividend of €39,1 million was paid to the Government from the Organisation's 2015 profits. The accumulated dividend paid to the Republic of Cyprus amounts to €749 million.

Gross Profit for the year as a result of operating revenues and expenses remained high at €84,7 million for 2016, compared to €87,5 million in 2015. The rate at which operating revenues fell improved further from 8,7% and 6,1% in 2014 and 2015 respectively to just 2,7% in 2016.

For a fifth consecutive year, we succeeded in reducing operating expenses as a result of the strategic cost management project. Expenses fell by 2,6% (€7,3 million), maintaining a high EBITDA margin of 34,5% in 2016 compared with 35,1% in 2015.

Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) (€m)

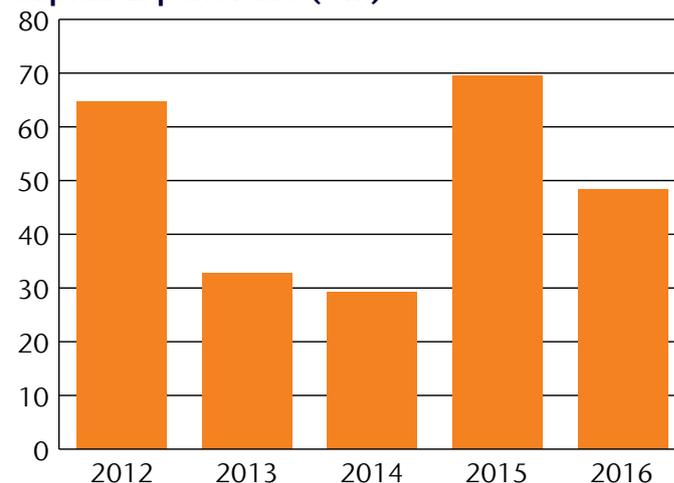


	2012	2013	2014	2015	2016
EBITDA (€m)	133,8	152,8	127,8	130,5	125,1
EBITDA margin	29,6%	35,2%	32,2%	35,1%	34,5%

CAPITAL EXPENDITURE

Capital expenditure amounted to €48,4 million, compared to €69,6 million in 2015 and was wholly financed by Cyta's own equity. Significant investments were made in strategic projects in the context of our Business Plan, including the complete upgrade and drastic modernisation of the networks, which continued in 2016, and the further development of international cable systems that strengthen the role of Cyprus and our Organisation as a telecommunications hub in the Eastern Mediterranean.

Capital Expenditure (€m)



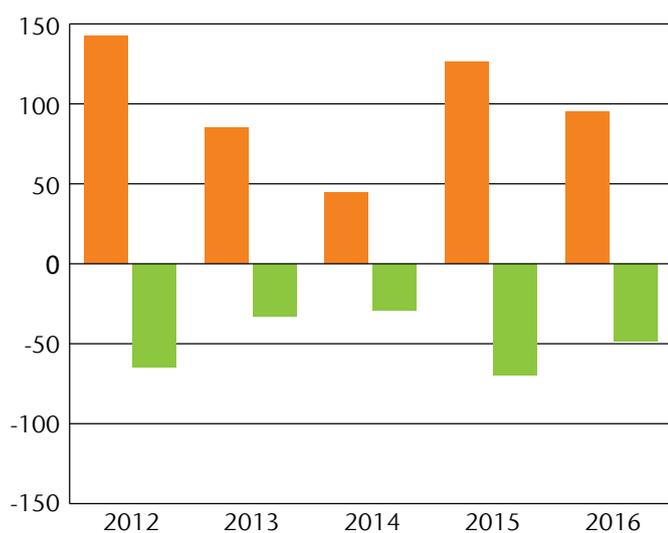
	2012	2013	2014	2015	2016
Capital Expenditure	64,7	32,7	29,3	69,6	48,4

CASH AND CASH EQUIVALENTS

Total cash deposits in banks amounted to €301,1 million (2015: €227,1 million). Additionally, an amount of €13,9 million (2015: €13,9 million) was placed in Eurobonds and €22,7 million in Government bonds (2015: Government bonds €14 million and Treasury Bills €41,4 million).

The significant cash flow during the year strengthened the Organisation's already high cash reserves, enabling the full funding of Cyta's development programme from its own equity.

Cash Flow (€m)



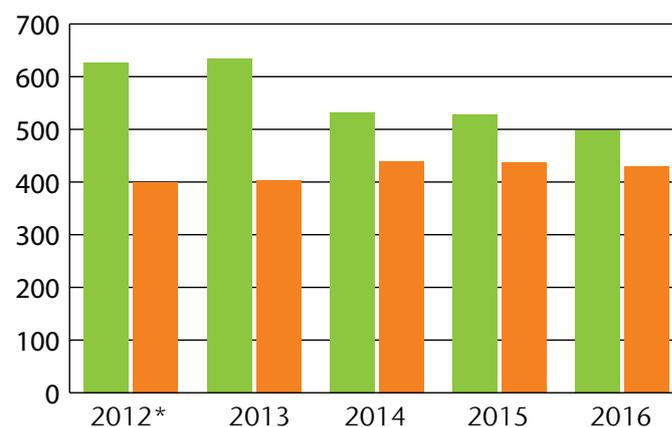
	2012	2013	2014	2015	2016
Cash flow from operating activities	142,7	85,1	44,4	126,5	95,4
Cash flow for capital expenditure	-64,7	-32,7	-29,3	-69,6	-48,4

INVESTMENTS

The Organisation's profit for the year was reduced significantly by €43,7 million due to the impairment of the value of investments in subsidiaries and, specifically, in Cyta Hellas. The impairment was due to the reappraisal of the company's Business Plan so as to take into account the company's past performance and the negative effects of the economic and financial environment in Greece. Moreover, a significant negative effect stemmed from the quite high discount rate applied on the basis of the country risk indicator on 31 December 2016. The corresponding impairment loss in 2015 was €16,2 million.

Additionally, an impairment was recognized to the value of shares worth €0,5 million (2015: €3,3 million) held in Cypriot banks.

Total Assets (€m)



	2012*	2013	2014	2015	2016
Non-current assets	626,8	633,8	532,0	527,6	498,0
Current assets	399,8	403,6	439,8	437,3	429,4

RESERVES AND DIVIDENDS

The reserves which constitute the Organisation's equity amounted to €542,5 million on 31 December 2016 (2015: €686,1 million), having been increased by the profit of the year amounting to €30,4 million but reduced significantly due to the actuarial deficit in Cyta's Pension Fund. The actuarial deficit, which was the result of the revision of the current value of obligations to the Fund, compared with the fair value of its assets as at 31 December 2016, amounted to €134,1 million and was mainly due to the severe drop in interest rates.

In 2016, an amount of €39,1 million was declared as a dividend payable to the Republic of Cyprus from the profits of 2015.

Five-Year Financial Summary (€m)					
	2012*	2013	2014	2015	2016
Operating Revenue	452	434	396	372	362
Gross Profit	66	94	82	88	85
Total Assets	1.027	1.037	972	965	927
Total Liabilities	114	100	303	279	385
Increase/(Decrease) in Reserves due to actuarial position of the Pension Fund	8	-9	-286	20	-134
Reserves	912	938	669	686	543
Cash Flow from Operating Activities	143	85	44	126	95
Net Cash Flow for Investment Activities	-84	-46	-8	-105	-15
Dividend paid to the Republic of Cyprus	-37	-	-31	-52	-50
Current Liquidity Ratio (times)	3,7	4,9	6,0	5,5	6,7

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

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- **Strovolos** - 14, Strovolou Avenue, Myrtiana Court
- **Lykavitos** - 5, Naxou Street
- **Egkomi** - 1, 28th October Avenue, "Engomi Business Centre"
- **Lakatameia** - 62, Arch. Makarios III Avenue
- **Latsia** - 18, Arch. Makarios III Avenue
- **The Mall of Cyprus** - 3, Verginas Street, "Shacolas Emporium Park"
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- **Linopetra** - 28, Kolonakiou Avenue
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- **My Mall Limassol** - 285, Franklin Roosevelt Avenue
- **Platres** - 8D, Olympou Street

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Tel: 22742055

Lefka*

Lefka
Tel: 22817459

* Not in operation due to the Turkish military occupation of the area.

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