Annual
Report

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cyta

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Cyta is the trade name of Cyprus Telecommunications Authority

Message from the Chairman

Telecommunications, with the rapid technological and structural changes that characterize it, is one of the fastest-growing sectors globally. Operating in this multi-dimensional field, our priorities remain to maximize the Organisation's value, optimize its productivity and continue making a responsible, crucial contribution to the growth of the economy and society.

A prerequisite for the achievement of Cyta's strategic goals is its technological superiority, which guarantees the reliability and quality of its services. In this context, the Organisation makes substantial and targeted investments in cutting-edge technologies, which reinforce its position as the country's leading provider of integrated electronic communications. By implementing its development strategy, Cyta remains in the international group of technologically pioneering organisations while, at the same time, making Cyprus one of a group of states characterized by very high quality and speed in their provision of telecommunications services. These investments, moreover, constitute the foundations for the creation of new generation products and alternative sources of revenue for the Organisation. And, of course, they have established Cyta as the main player and a catalyst in the digital transformation of Cyprus, a project that represents the biggest technological challenge that the country has ever faced and, at the same time, a main priority for the Organisation and a key aspect of its mission.

Strategic Direction with an Emphasis on Infrastructure Projects

The main drivers for achieving Cyta's strategic objectives include:

· 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, the Organisation focuses on the development of innovative digital services related to the Internet of Things and other innovative digital applications, thereby playing a crucial role in the development of the digital society.
· The expansion of targeted strategic partnerships, wherever needed, with the aim of achieving synergies that make the most of the Organisation's potential and human resources.
· The rationalisation of the methods adopted by the Organisation aiming at the continuous reduction of its operating costs and greater productivity per activity.
· An objective reassessment of the viability of the Organisation's activities in Cyprus and abroad.

In the context of the implementation of the Organisation's strategic direction, a major modernisation project is under way, in a joint effort by the Board, Management, the Unions and the Staff. We recognise that constant change is the only way forward and it needs to be a part of our nature if the Organisation is to continue to develop and make dynamic progress. It is only through a corporate culture of openness to change that we can keep Cyta on a course of growth and innovation, pillars that are an essential requirement for the Organisation to successfully respond to future challenges.

Important Investments for Cyprus' Digital Future

In 2017, the Organisation confirmed once more that it can deal effectively with the constant challenges arising in the sector and remain at the cutting edge of technological developments, despite the rapid changes that characterize this area of activity both locally and globally. Through its multi-dimensional business activity, Cyta continued to implement important projects that strengthen its position and create competitive advantages for it in priority sectors.

A recent telecommunications breakthrough is the fact that the Organisation proceeded, with its own funds, to develop the first and only islandwide Fiber-to-the-Home (FTTH) network. This is a strategically important project, both for Cyprus and the country and is the catalyst for

hastening and completing Cyprus' digital transformation. The total amount invested in this exceptionally important project is around €120 million over the next ten years and has been completely covered by Cyta's own funds. The goal of the project is to provide very fast speeds of up to 1GB to residential subscribers and up to 10GB to our business customers. With the pioneering applications of fiber optic technology and the new, innovative services that it will enable Cyta to provide, residential users will be able to substantially improve their standard of living and simplify their lives. At the same time, companies will be in a position to significantly increase their business strength and their productivity.

Moreover, Cyta is constantly upgrading its mobile telephony network with state-of-the-art technologies. In this context, it introduced 4.5G technology, thus expanding the potential of the superfast mobile broadband network. In this respect, Cyta's mobile telephony network is one of the most advanced not only in Cyprus but in Europe, based on objective measurement criteria including signal quality, breadth of coverage and speed. As a result of upgrades in these areas, in November 2017 the international organisation OOKLA certified and awarded Cyta's mobile telephony network as the fastest in Cyprus, while Cyta laid the foundations for the introduction of 5G mobile telephony to Cyprus, which is the major challenge for the future.

At the same time, Cyta continues to expand and upgrade the direct international undersea connections made through its submarine cable network, making Cyprus one of the most reliable regional centres in the Eastern Mediterranean. This network is the basis of our Organisation's strategic goal of becoming the most important international telecommunications services hub in the region, by exploiting Cyta's latest investments in fiber optic technology and its mobile telephony network. In this context, the Organisation has achieved full Tier 3 certification of the Makarios Teleport from the World Teleport Association, which has included Cyta in its list of the 20 best teleports in the world.

Such important international recognition reinforces the Organisation's strategic planning and confirms that the technological superiority of Cyta's network infrastructures serves to promote Cyprus and have it included in a small group of outstanding countries that can boast an essential level of digital connectivity.

The increased availability of broadband and the digitization

of services make Cypriot entrepreneurship and, more generally, the Cyprus economy more competitive and effective. At the same time, it offers Cypriot society dynamic prospects for making the most of the digital technologies of the future, even in the most isolated rural areas, to which Cyta is providing reliable coverage. This, after all, is what the Organisation's mission is all about, which we always carry out with prudence and a sense of responsibility towards the people of Cyprus.

Cyta Hellas
The agreement to sell the shares of Cyta Hellas to Vodafone, which was announced in January 2018, marked the end of a professional international tendering process, which began in 2017. The main concern of Cyta's Board of Directors was to ensure the transparency, integrity, objectivity and reliability of the process. In this framework, the services of respected international firms providing financial, legal and strategic advice were obtained.

As a result of the agreement with Vodafone, the Organisation's budgeted surpluses for the next two years will be strengthened since they will no longer be subject to impairments to Cyta's investments in Cyta Hellas.

Cyta is now firmly focused on the strategic developments of its telecommunications infrastructures in Cyprus, with the aim of providing integrated, reliable and innovative services to its customers and, where deemed appropriate, of strengthening targeted strategic partnerships.

Stable Growth and a Consistent Contribution to the Country
Cyta remains a robust, profitable organisation, with no loans and with investments covered by its own funds. It is an Organisation which, since its establishment has so far contributed a total dividend of more than €750 million to the state coffers for the benefit of the country and its people.

Cyta considers as a significant advantage the fact that it has an extremely high standard of human resources, with specialized knowledge in scientific and technical areas as well as in customer service. The contribution of the Organisation's people, combined with its excellent technological infrastructure, have led the creation of a long-term relationship of trust between Cyta and Cypriot society.

In this new era, Cyta has a duty to respond to the intense competitive challenges by acting with business logic while acknowledging its mission towards society, which entails dedication to the principles of corporate governance, transparency and the rule of law. On this stable course of growth and contribution to the country, we need to take those steps that will improve the Organisation's productivity and value; steps that reinforce Cyta's leading position in the telecommunications sector and, at the same time, contribute to economic growth and progress for the people of Cyprus.

Rena Rouvitha Panou
Chairman
November 2017

Message from the Deputy Chief Executive Officer

In the crucial area of telecommunications, Cyta has established its reputation within Cypriot society for its long-term contribution to the country's development and growth. Through its reliable services and flexible products, it responds to the needs of today's consumers, offering certainty and shaping developments in the sector. It maintains a stable course of constant growth, implementing all the essential changes that will guarantee long-term sustainable development.

Cyta takes Cyprus into the Gigabit era
Aspiring to bring universal broadband access to the whole market, in 2017 we began work on the final stage of the radical fixed network modernisation project, via which communication is becoming more flexible, more economical and, above all, open to personalisation. By exploiting cutting-edge technology, such as the IP multimedia subsystem (IMS), which enables simultaneous voice, image and data transmission on fixed and mobile devices, Cyta provides new, enhanced services that simplify our customers' daily routine and give them the type of communication that each one requires.

A large number of fixed telephony customers have already been transferred, free of charge, to the new, advanced broadband network and every customer is due to be transferred by the end of 2019.

Furthermore, recognising the needs of our customers for increasingly faster access speeds, during the year in review Cyta completed its planning for Fiber-to-the-Home (FTTH), which offers the potential for superfast connections. It should be noted that technological developments, especially in wireless communications, such as the coming 5G networks, require fiber networks.

For Cyta, our investment in the fiber network is a project of great value and strategic importance for the future of the country and the Organisation alike. The cost is expected to exceed €120 million, while Cyta is, in practical terms, the only organisation capable of carrying out a project of this size. FTTH is the most modern form of access and has the potential to provide theoretically unlimited superfast speeds to customers.

Cyta is proceeding to invest in the implementation of FTTH, with the aim of giving other providers the opportunity to purchase wholesale fiber optic connections. The project began on a trial basis at the end of 2017 while, at the same time, new technologies such as vectoring and bonding are being introduced to the Organisation's existing copper network and will offer customers across the island new services and even higher access speeds of up to 100Mbps.

Cytavision
Cyta's technologically advanced network also reinforces the added value of the Cytavision subscriber TV service, which is the most highly developed, integrated platform offering the ultimate in themed and sports content.

Recognising that its customers - especially sports fans - need quality content and easy access even when mobile, Cyta carried out a series of projects that enhance the range of content and customers' ability to watch sport on their smartphones (Cytavision on the Go). At the same time, we completed the design of a system which, through a complete upgrade to Cytavision's technological infrastructure, will enable simultaneous viewing on connected devices, both fixed and mobile.

Cytanet
With the aim of providing uninterrupted, fast Internet access to end users, Cyta is continuously upgrading internal connections on the Cytanet network to Ethernet 10Gbps connections. The total capacity of connections to the World Wide Web is now in excess of 100Gbps, with an emphasis on connections in strategic areas that constitute avenues of information with access to Internet gateways.

With the goal of bringing constant improvement to the user experience and responding to the increased needs of customers, Cyta announced significant changes to its Internet Home and Internet Office products, with substantially faster speeds and reduced charges.

Cloud Services

Aware of the current difficulties facing businesses wishing to strengthen their competitiveness, Cyta provides the market with modern Cloud-based services, which offer online solutions that can automate the productive areas of a business, according to its specific needs. In this way, what was once a high investment cost required for the purchase of technology has been transformed into a small monthly usage subscription charge. Enrichment of the Cloud services portfolio continued in 2017 with the addition of the Cloud Servers service, which offers businesses a modern IT infrastructure with flexible management and new options of professional standard tools for communication (Office 365) and productivity (Powersoft Pocket Pro), from anywhere on any device at any time.

Data Security and Protection

At the same time, Cyta gives particular importance to its customers' requirement for security and protection of their personal data. To this end, two of our biggest Tier III Data Centres, which provide geographical backup, have been certified to the extremely demanding ISO27001 international standard. These Data Centres already provide Cloud services and the prospects are being created for the viable development of a new ecosystem on a common architectural platform, based on cutting-edge technologies (SDN, NFV, virtualization) so as to secure future support for the digital economy and society.

Constant growth and development

Despite operating in a fiercely competitive environment over the last 15 years, Cyta has succeeded in maintaining its leading role, by constantly raising the bar. Its progress is guaranteed by the Organisation's long-term values that characterize every step it takes as it implements its business plans. A special place in these plans is held by the technological superiority of its infrastructures and networks, as a prerequisite for the reliability, innovation, quality and all-round customer service that accompanies every new service that Cyta brings to the market.

The implementation of its business strategy keeps Cyta in the group of those technologically pioneering organisations that are characterized by the high standard of telecommunications and digital services they provide. At the same time, it is substantially supporting the country's digital transformation and providing the Cyprus economy with the necessary infrastructure that will enable improvements to society and the economy and the achievement of high rates of growth.

For almost 60 years, Cyta has been a key strategic investor, a stakeholder and a shaper of Cyprus' economic and social developments and its future. Based on cutting-edge technologies and on the experience, talent and know-how of its people, Cyta is always ahead of the game and is now laying the foundations for a dynamic digital future!

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

Valentinos
Ioannou

Architect Engineer & Town Planner

By decision of the Council of Ministers, dated 22.11.2017 he was appointed as a Member of the Board for the remainder of its term, i.e. until 17.1.2019 as a replacement of Mrs Maria Ftellecha.

Members

Lenia
Matheou-Epiphaniou

Bank Employee

Yiannos
Stavrinides

Economist

Frangiskos
Frangou

Businessman

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*

Legal Advisers
Andreas C. Hadjioannou & Co

Auditors
KPMG
Auditor General of the Republic

Management Team (2017)

Deputy Chief Executive Officer
Michalis Achilleos
BSc, MSc, MBA

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Senior Management - Strategy

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

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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), MScIR & PMgt, MBA

Facilities Management
(by assignment)
Nicos Nicolaou (Manager)
BScEE, MBA

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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 Limnatitis (Manager)
Dipl. Eng NTUA, CEng, MBA

Aeromaritime Services
Costas Mantis (Manager)
BScEE, MScM

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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

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Internal Audit
(by assignment)*
Efy Christou-Pouri (Manager)
BScEcon (Hons), MScIR & PMgt, MBA

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Subsidiaries Supervision and Support
(by assignment)*
Ioannis Koulias (Senior Manager)
BSc (Hons), MSc, MIEEE, MIET, CEng

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General Director CytaHellas
Nicos Charalambous (Manager)
BScEE, MEngEE, MBA

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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 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 and the Personnel Committee. 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 CytaHellas.

RISK MANAGEMENT

Uncertainty in the telecommunications sector, politico-economic developments, changes in the behaviour of our customers and our competitors, as well as regulatory requirements, in conjunction with the broad range of products and services, have created a complex of risks that affect the decisions that we need to take on a daily basis. To this end, we regularly monitor and manage the extent of our exposure to various risks in a structured way.

We follow a decentralized methodology to identify and assess risks at Unit, activity, product or project level and then decide on how to manage each risk in a framework acceptable to us. At the same time, we examine strategic risks, so as to determine effective action to achieve our corporate goals.

For the rational management of the above, we ensure the provision of regular training of managers as well as those in

charge of various activities and projects, in order to be in a position to recognise any significant risks and threats to our objectives and to determine effective ways of managing them.

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.

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). At the same time, the IAD may also use external consultants for specialised audits and/or to extend the scope of an audit.

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 of the Organisation and its subsidiaries in order to carry out any 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 in 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 which contributes to the long-term sustainability and competitiveness of our Organisation while benefiting our stakeholders and society as a whole. For Cyta, Corporate Social Responsibility 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 provide 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 impact 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 fifth time in this 2017 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)
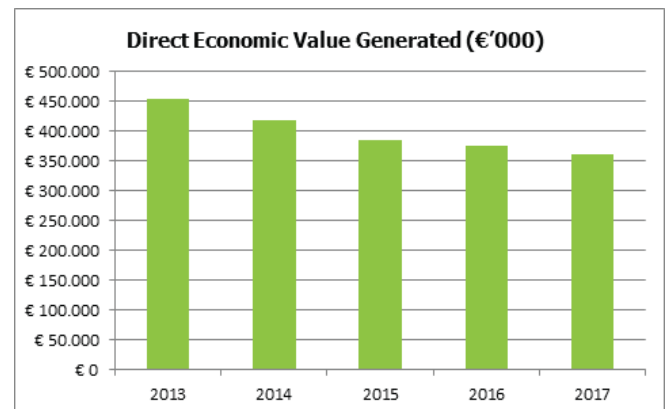
Distributed economic value

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.
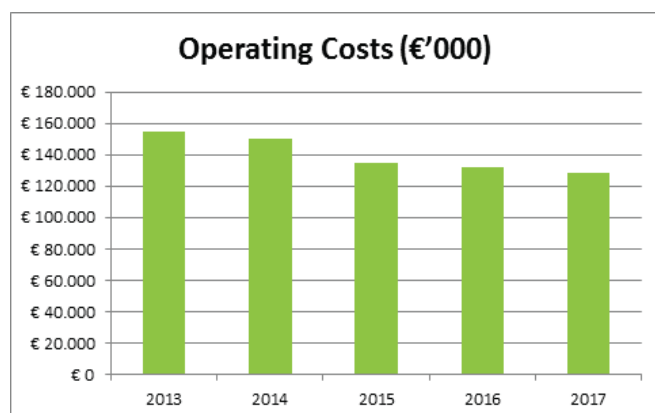

Employee Salaries and Benefits

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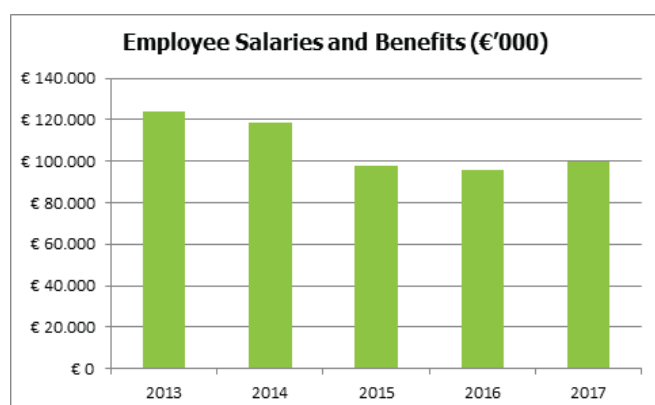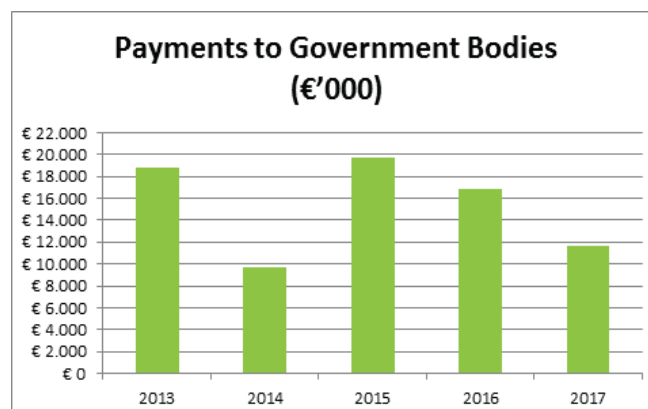

Dividend to the State

Cyta pays a dividend to the Republic of Cyprus, the amount of which is determined, according to the law, by the Council of Ministers.
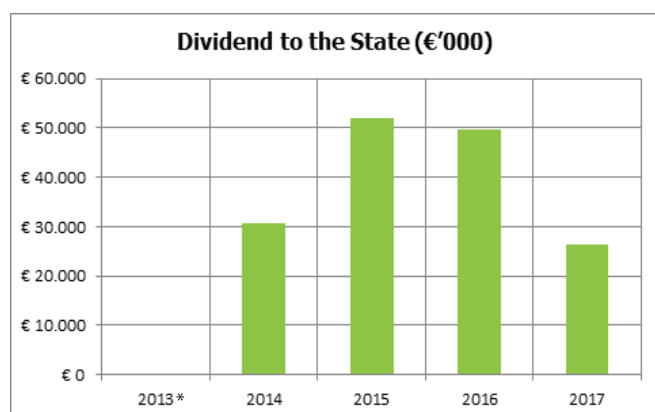
The dividend for 2013 had not been determined when this report was published.

Payments to Government Bodies

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

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 stakeholder, 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, Cytashops, 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 contemporary 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 of the 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 contact point service
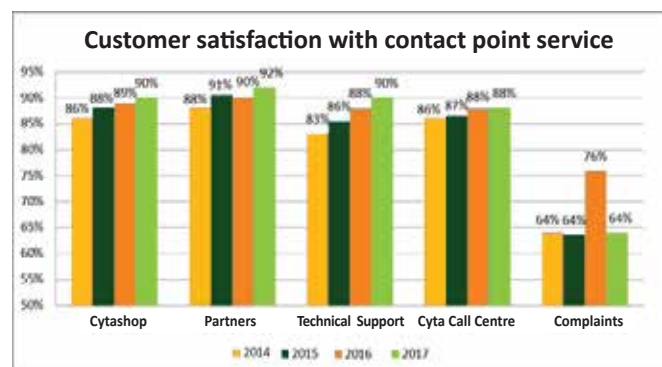
Overall customer satisfaction with services

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 customer satisfaction with services

Complaints average per service 2017
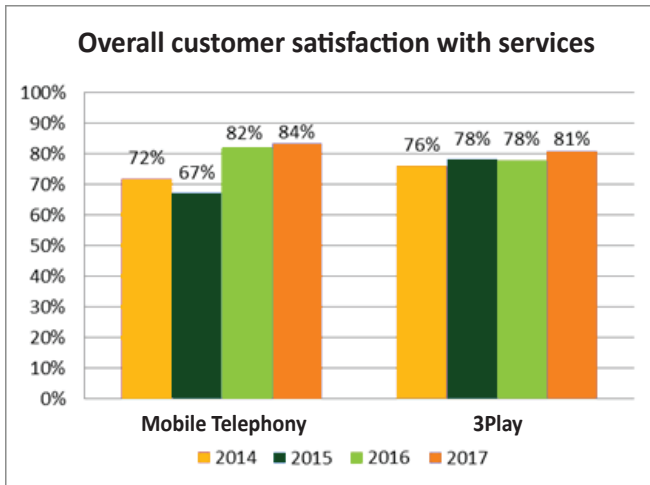
Net Promoter Score

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 four years.

The NPS for Cyta was 26% in 2017, 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
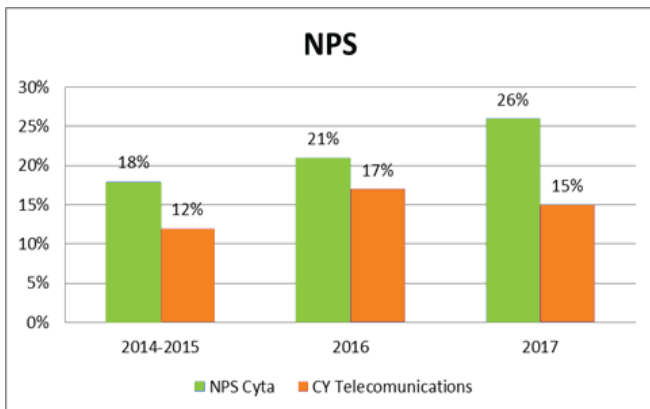
Complaints Average Per Service

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.
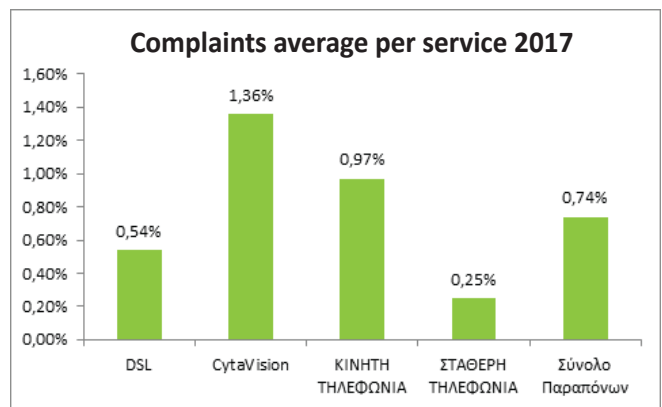
"Everyone has a right to communication!"

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 is taken by Cytamobile-Vodafone, for the needs of those with hearing impairment, which 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/safeMobile

Since 2001, Cytanet has been giving presentations in primary, secondary and technical schools, as well as in private schools, entitled "The Internet: A Tool for All". Through these presentations, pupils have a chance to get to know the main services available online and the advantages and weaknesses of the Internet, as well as to learn about new online applications in their daily lives. The main emphasis is placed on the dangers and pitfalls that pupils may encounter while browsing the

and technical school pupils, teachers, parents and other interested parties.

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.

At an event held in the amphitheatre at Cyta's Head Offices, in October 2017, Cytanet announced the names of the scouts chosen to be its young Safe Internet Ambassadors.

Internet and on practical ways of dealing with such dangers. During the 2016-2017 academic year, a total of 150 visits were made to schools throughout Cyprus and 17.328 pupils and teachers attended the Cytanet presentations. Since 2001, some 1.276 visits to schools have been made and more than 139.000 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, in the framework of the EU-funded CyberSafety programme, in which Cyta is a partner, a seminar was held entitled "Be the change: Unite for a better Internet", attended by over 900 primary, secondary

To prepare the Young Ambassadors, special training on safe Internet use was given in 2016-2017, in the context of Cyta's longstanding collaboration with the Cyprus Scouts Association (CSA). This collaboration aspires to using scouts as "ambassadors", starting with their own training on matters of proper online behaviour and continuing with the transference of this knowledge to fellow scouts and others. Through this scheme, Cytanet hopes to further spread knowledge about safe Internet use among younger children.

The event was attended by the Volunteer Commissioner, CSA officials, scouts and their parents, media representatives and senior managers of Cyta.

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 smart-phone. 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.
· 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" Mobile 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 mobile

app, "Beat Bullying", 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 Service
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-Voda-fone 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)
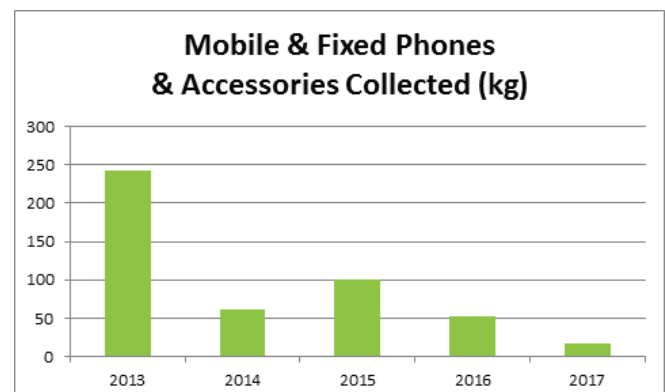
PERSONNEL

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 31/12/2017, broken down by employment and gender.
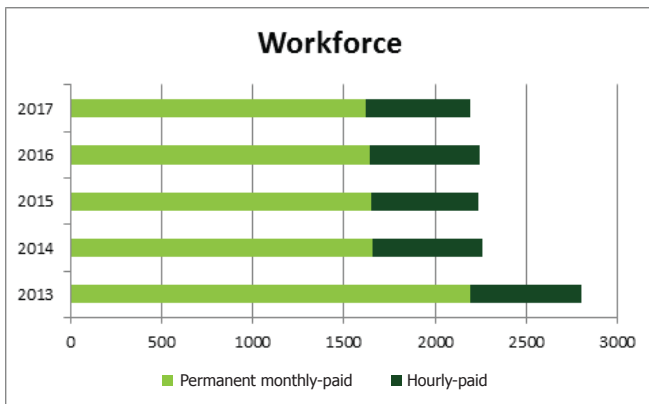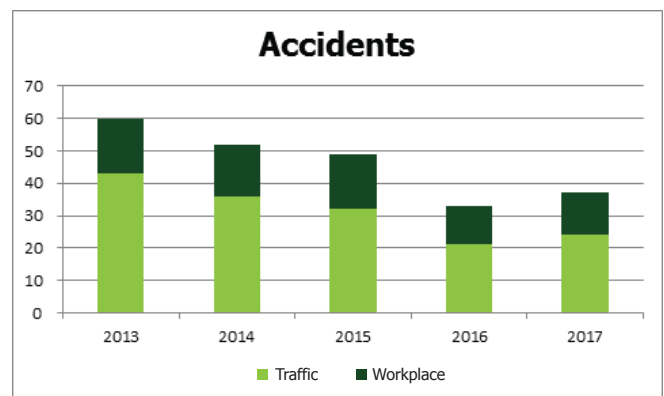

Workforce by Gender
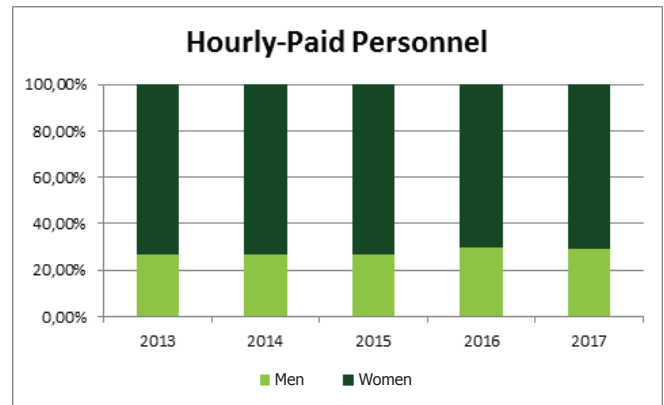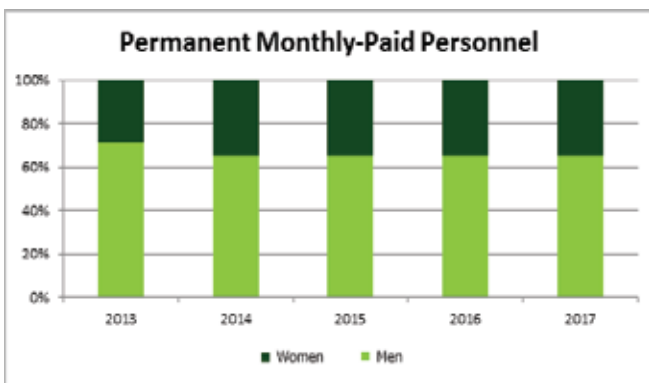
Health and Safety in the Workplace

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.

On the occasion of World Health Day, which is celebrated every year on April 7, the Personnel Services Department organised a seminar entitled "Prevention - Longevity - Quality of Life" in the amphitheatre and the foyer at Cyta's Head Offices in Nicosia.

The seminar included presentations by the President of the Cyprus Medical Association and the Head of the Paediatric Oncology-Haematology clinic at the Makarios Hospital, on the topics "Preventing Cardiovascular Diseases" and "How to have a long, healthy and happy life" respectively.

At the same time, information was provided on health-related issues, including nutrition, exercise, herbs, giving up smoking and managing stress, while measurements were taken for blood pressure, blood sugar, carbon monoxide and blood oxygen levels and body fat.

To mark World Mental Health Day (October 10), a very interesting lecture/discussion on "Mental Health at Work", organised in conjunction with the Cyprus Psychologists Association, took place in the amphitheatre of Cyta's Head Offices in Nicosia.

The lecture aimed at raising awareness of mental health issues among employees and the promotion of mental well-being in the workplace.

On the occasion of the annual World Day for Safety and Health at Work (April 28), Cyta announced a poster competition for the children of employees and a competition to improve activities relating to Health & Safety issues within the Organisation.

Personnel Training

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

Personnel Training

Training days per employee: 2013, 2014, 2015, 2016, 2017
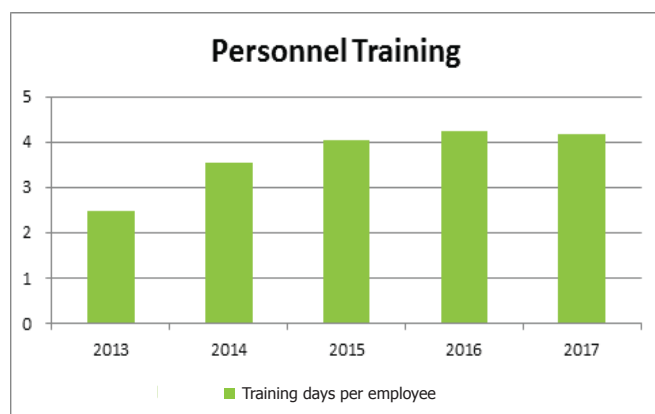
Industrial Relations

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 2017, preparations continued for the introduction of a new Performance Management System for permanent monthly-paid personnel.

In 2017, implementation continued of the Hourly-Paid Personnel Payroll System, which is 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 stakeholder 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 since 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 2017, there was a reduction in electricity consumption compared to 2013-2016, 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.
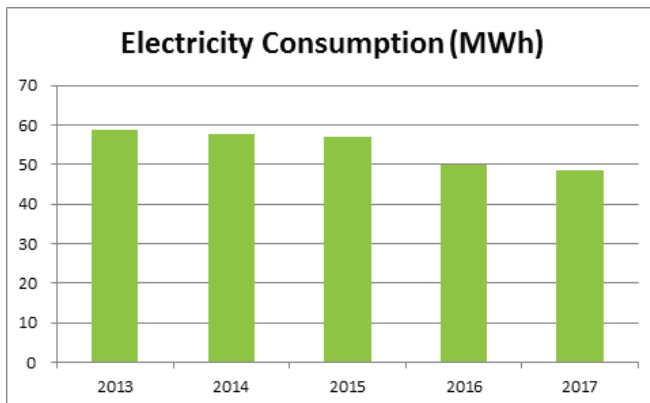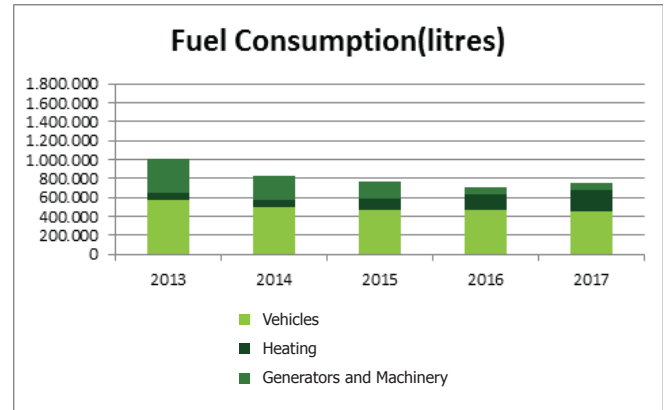

Fuel Consumption

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.

Paper Consumption: 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 2014, we saved some 1,9 tons of paper compared to 2013, while in 2015 we saved a further 7,9 tons. In 2016, we saved a further 3 tons of paper compared to 2015 and in 2017, 3 tons more than in 2016. A reduction of 3 tons was achieve for envelopes.
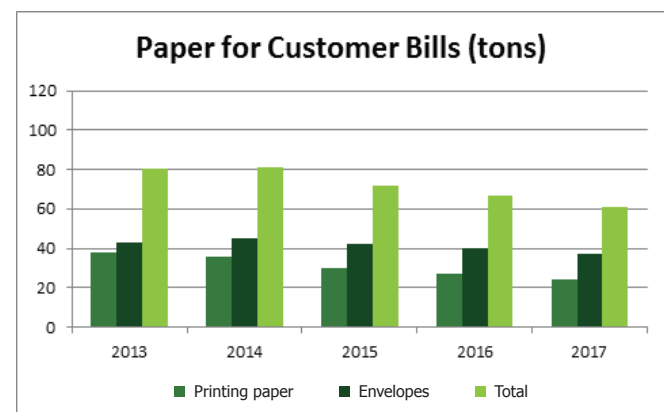
Use of Recycled Paper

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: 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 2017 we managed an 62% reduction (38 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)
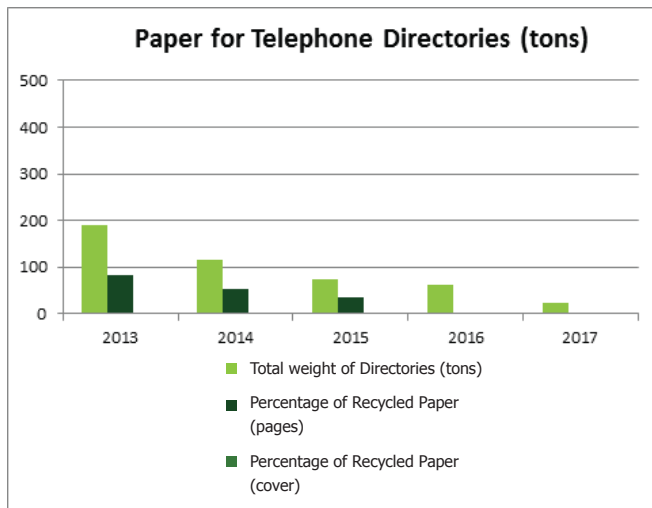
Water Consumption

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, etc.

Total Water Consumption (tons)
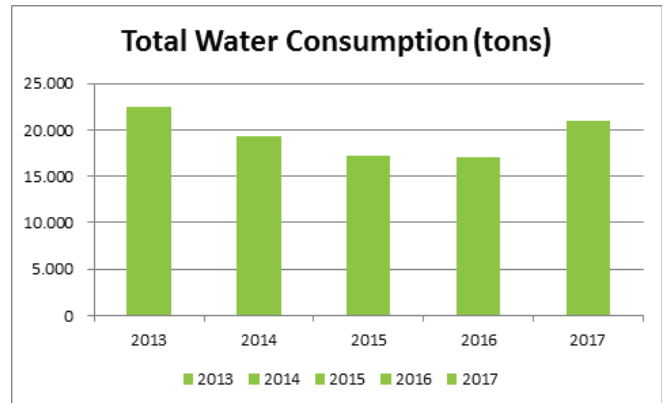
Carbon Dioxide Emissions

Carbon dioxide (CO_2) emissions are caused either directly, by the burning of fossil fuels by our fleet of vehicles, for heating our buildings, in generators and other equipment, or indirectly, through the use of fossil fuels on the part of the EAC to generate the electricity that we consume.

Carobon Dioxide Emissions (tons)
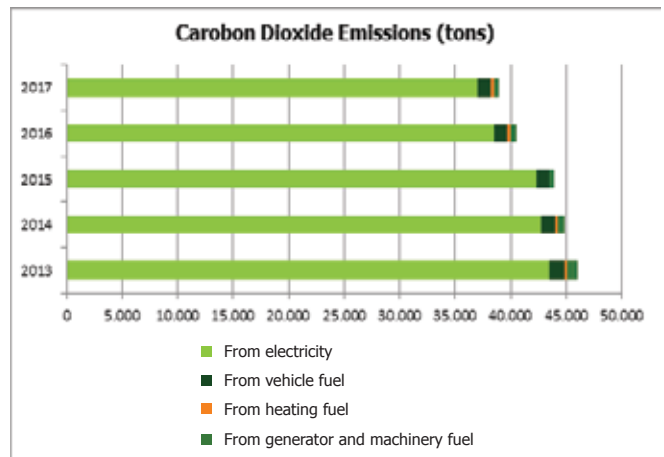
Waste Management

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 97% of the waste created by its activities and just 3% 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)
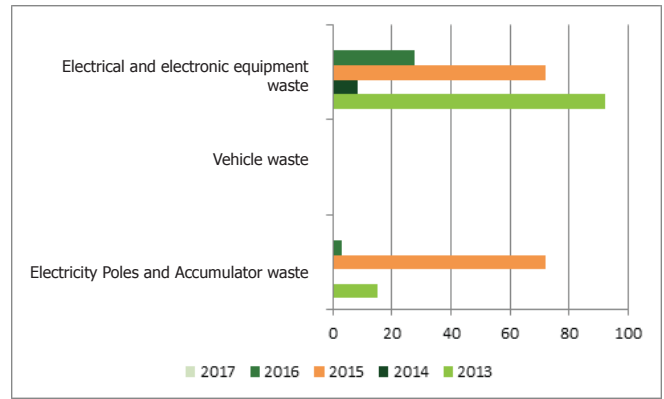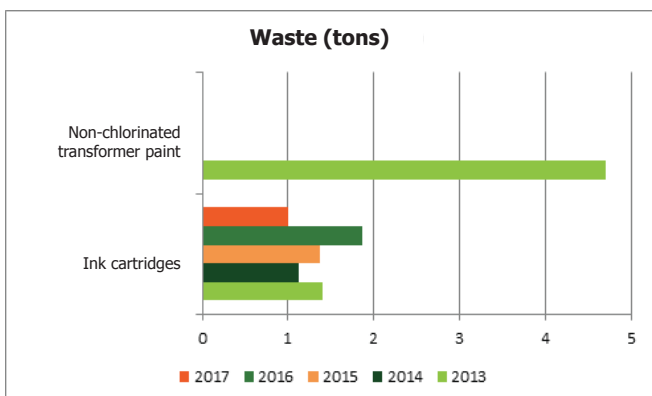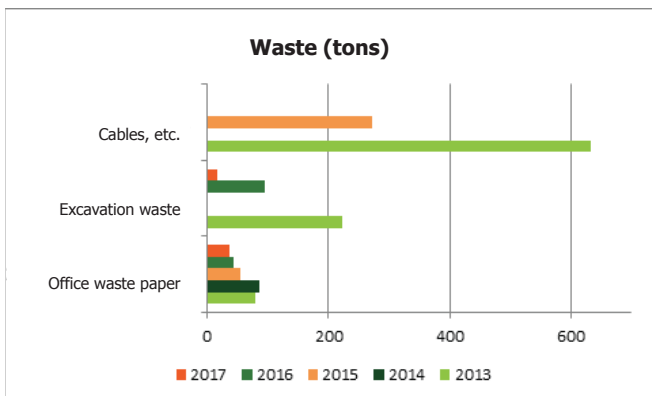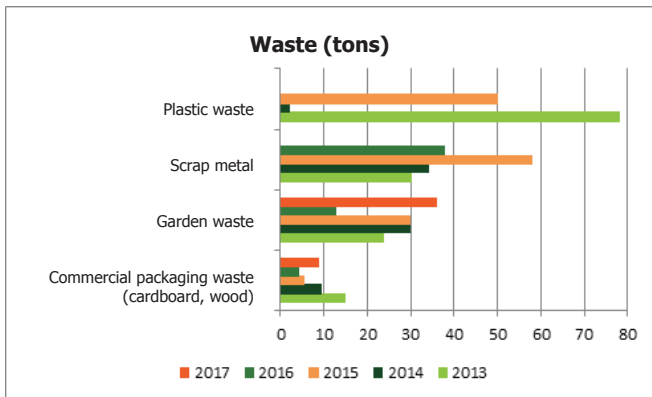
SOCIETY

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, 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 2017.

Health and Welfare

On the subject of health and, remaining true to its message that everyone has a right to communication, and especially to every child that comes into the world, Cyta announced at an event in Nicosia in November 2017 that this year's Christmas activities would once again aim at supporting the Neonatal Screening Programme of the Centre for Preventive Paediatrics.

Following a number of successful organisations of the Cyta Santa Run in various towns, Cyta decided that for 2017, the Santas would not run but, instead, would sing, design and create. It selected three well-known fashion designers, as well as children from the School for the Deaf and the Archangelos Greek Odeon to join the Santas. The designers, inspired by the charitable cause, created limited-edition sweatshirts in support of Cyta's initiative. All the proceeds from the sale of the sweatshirts were donated to the Neonatal Screening Programme.

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 2017.

Moreover, in 2014, 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 Cyprus Medical Association (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 carers/family.
2. **Location Tracking** - It sends information about the user's precise location at any given moment.

Regarding our own personnel's Health & Welfare, in 2017 the Occupational Health Centre continued to provide primary healthcare services and consultations for every interested employee. Furthermore, through the Centre, preventive medicine programmes were implemented, aimed at targeted groups or all personnel.

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

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. 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 2017, 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.

Education

Cyta and CIIM – The Cyprus International Institute of Management, in the framework of their commitment to excellence and with the aim of strengthening entrepreneurship, offered 18 scholarships for various postgraduate programmes.

This gave students and professionals an opportunity to extend their knowledge and skills, which are essential for a successful professional career. Moreover, Cyta and CIIM have contributed to the development of professional training and entrepreneurship.

In July 2017, the prizegiving for the islandwide Children's Painting Competition took place in the amphitheatre at Cyta's Head offices. This year's competition, on the theme "Cyprus - Europe. Building Bridges of Culture with Telly", was organised by Cyta in conjunction with the Ministry of Education & Culture and the European Parliament Office in Cyprus for the 2016-2017 school year.

The competition was launched at the start of the school year in the pages of the Drawing Book, which Cyta, in conjunction with the Ministry of Education & Culture, designed, printed and distributed free to all pre-primary and primary school pupils in Cyprus.

Cyta received a total of 780 entries, from which 22 pictures were selected for prizes in two different ways: A panel of judges with Fine Arts knowledge and experience, chosen from the Ministry of Education & Culture, the European Parliament Office in Cyprus and Cyta selected two entries in each age group, while the general public also had the chance to vote for one entry in each age group on the Cyta website and Facebook page.

The prizegiving was attended by the Minister of Education & Culture, the Head of the European Parliament Office in Cyprus, the families of the prizewinning children, teachers and media representatives.

All 780 entries, including the 22 prize winners, were put on display in outdoor exhibitions all over Cyprus.

Cyta, which has been a partner in Junior Achievement Cyprus since 2014, organised through its Innovation and Idea Development Centre a seminar entitled "The Power of Social Media: How to best use Social Media to boost your Company". It was held in February in the amphitheatre at Cyta's Head Offices and aimed at all "student entrepreneurs" from all over Cyprus who were taking part in the 2017 "Student Business of the Year" competition and their teachers.

The main part of the event was devoted to Social Media training by a special consultant with enormous experience in online marketing. The training included the history and development of social networks and how the communication media have changed as they have spread. The consultant also spoke about which social media are considered the most important for promoting products and explained how a basic promotional strategy is devised, thereby enabling the students' companies to use them in order to promote their products more effectively.

At the end of the training, the student entrepreneurs were given the chance to pitch their product/service to the consultant, who offered practical advice on how to promote it on social media.

In October 2017, in the grounds of the Cyprus International (State) Fair, Cyta presented the interactive environmental exhibition "Your Planet Needs You", which was officially opened by the Minister of Education & Culture.

The exhibition was held in Cyprus for the first time, under the auspices of the Ministry of Education & Culture, the Ministry of Agriculture, Rural Development & Environment and the Cyprus Tourism Organisation, with the support of the Commissioner for the Environment and the Commissioner for Volunteerism and NGOs. This especially innovative exhibition, aimed at pre-primary, primary and secondary school pupils, was designed by London's Science Museum and has travelled to many countries where it has been seen by around 1.5 million visitors.

The aim of the exhibition was to give students as well as teachers and ordinary citizens, the chance to study climate change and the limited availability of the plant's natural resources through interactive means and educational programmes.

The exhibition also provided Cyta with the opportunity to publicise the fact that it had become the first organisation in Cyprus to achieve "Zero Waste to Landfill", as well as the regular tree plantings that it organises to reduce its carbon footprint and the significant support it gives to the reforestation of the Argaka and Solea areas destroyed by fire.

As part of its support for the organisation of the exhibition, Cyta provided 11.000 free admission tickets to needy students.

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" clean-up 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.

In May 2017, Cyta became the first organisation to be certified to YEP (Youth Environmental Power) standards and obtained the relevant certificate from the newly formed eponymous company of young Cypriot entrepreneurs, which has developed standards for environmental management and upgrading by companies.

YEP, which operates under the auspices of the Commissioner for the Environment, aims to minimize environmental pollution by local businesses, through specialised environmental criteria that were developed according to the needs of Cypriot commerce.

Through a total of 23 standards, businesses are called upon to operate in accordance with particular parameters, depending on their area of activity, in order to be considered eco-friendly. The certification process covers various parameters, including waste, the consumption of paper, electricity and water, as well as the steps that a particular business intends to take to mitigate the environmental impact of its activities.

The certificate was presented at the Organisation's head offices by the Minister of Agriculture, Rural Development and Environment.

Cyta also obtained "Green Offices" environmental quality certification for its Head Offices in Nicosia from the Commissioner for the Environment at an event held in its amphitheatre.

"Green Offices" is a pilot environmental quality label for buildings and offices. Its acquisition requires the implementation and enforcement of strict criteria related to energy and water

consumption, waste management, the use of environmentally friendly personal cleanliness and detergents, the quality of food and beverages, the conversion of free spaces into green spaces and environmental education. The programme is managed by the Cyprus Marine Environment Protection Association (CYMEPA) under the auspices of the Commissioner for the Environment.

The event included a presentation on Cyta's Corporate Social Responsibility activities, particularly those related to its environmental policy.

Additionally, in December 2017, the managers of all Cytashops across the island, were presented with "Green Offices" certificates for the quality of environmental management and operation of their stores by the Commissioner for the Environment at a special event at Cyta's Head Offices in Nicosia.

During the event, the Commissioner for the Environment inaugurated the "Environmental Corner" that has been created in a special outside area at the Organisation's Head Offices, which will be used by Cyta employees for the recycling of various materials.

In March 2017, Cyta planted 200 olive trees at its Ormidhia Telephone Exchange, on the initiative of the Larnaca district staff. Children from the Iliaktida Zois Foundation and pupils from the 1st Primary School at Ormidhia took part in the tree planting, which was carried out under the auspices of the Commissioner for the Environment.

Another tree planting event took place in November 2017 in Paphos, opposite the "Paphos 2017" building. The choice of Paphos and the particular location for tree planting was made to continue Cyta's support as Official Telecommunications Provider to Paphos, European Capital of Culture 2017.

Pupils from the schools in Paphos that took part in the event, accompanied by their teachers, planted a total of 525 trees. They included various species proposed by the Municipality of Paphos and the ground was prepared using a special method to increase the trees' chances of survival and also to save significant quantities of water, compared to conventional tree planting methods.

The event, which took place under the auspices of the Commissioner for the Environment, was attended and addressed by the Mayor of Paphos and by a Representative of the Office of the Commissioner for the Environment.

These tree plantings were carried out in the context of the goals set by the Organisation in the framework of its Corporate Social Responsibility Programme and its efforts to reduce its carbon footprint out of respect for the environment. These specific activities were linked to a decision to plant trees to represent 10% of the new subscriptions to Cytavision: one tree for every 10 new subscribers.

Other activities that show how Cyta recognises its responsibility to society and the environment included the organisation with FBRH Consultants of a conference entitled "CSR – The Strategic Importance of Sustainability with Responsibility".

The conference took place in February at Cyta's amphitheatre in Nicosia and was attended by professionals from the business world of Cyprus, Cyta management team members and representatives of other bodies.

Delegates heard about studies by respected institutes such as Harvard University, MIT/BCG, Nielsen and Oxford University on issues pertaining to Corporate Social Responsibility (CSR), and about the reporting of CSR issues, while several case studies were presented on how major organisations manage their own CSR issues.

The conference also included a presentation on the importance of social networks for the correct communication of CSR issues and how they can have a positive or a negative effect on a company's reputation.

Also, in May, in conjunction with CSR Cyprus and Gameplan Cyprus, Cyta organised a seminar on "Corporate Social Responsibility in Sport".

The seminar, held under the auspices of the Ministry of Education & Culture at Cyta's amphitheatre in Nicosia, was attended by, among others, the Chairman of the Cyprus Sports Organisation, professionals from the sporting and business world of Cyprus, media representatives, Cyta officials and others.

The goal of the seminar was to promote the concept of Corporate Social Responsibility and to develop ways of utilizing and promoting it, especially by sports organisations and bodies, both for their own benefit and for that of society as a whole.

In this framework, ideas and proposals were presented, regarding how sport can be used as a "vehicle" by the Cypriot business community to promote their own CSR programmes, through the organization of events and other activities. Delegates also had the opportunity to learn about various successful CSR practices, developed on the basis of the ISO

26000 quality standard, as well as empirical data from FTSE-100 companies listed on the London Stock Exchange. There was also a presentation of CSR best practice models in European club football, with examples concerning how to deal with racism, hooliganism, losing with dignity, and rejecting corruption, drugs and violence.

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

It fulfills my expectations

It is the most reliable company

It inspires confidence

0,68   0,7   0,72   0,74   0,76   0,78   0,8   0,82   0,84   0,86

■ Summer 2017   ■ Autumn 2016   ■ Autumn 2015
■ Autumn 2014   ■ Autumn 2013
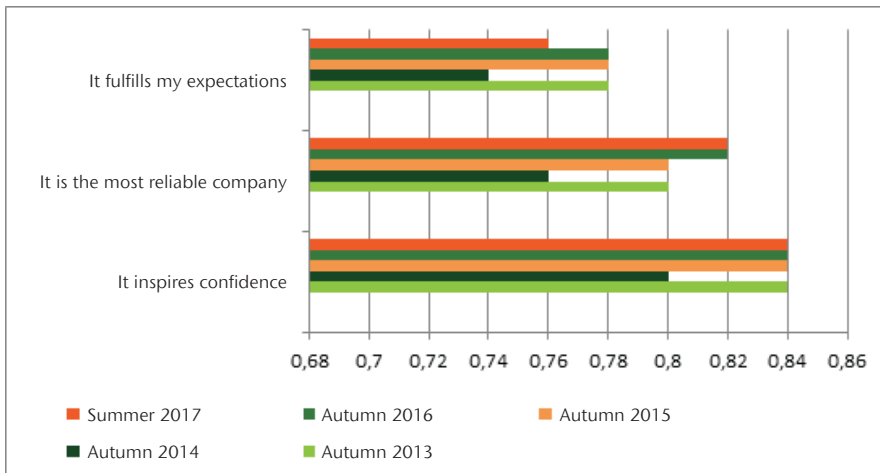
Contribution to the Country, Society and the Economy

It has contributed a lot to the country

It contributes the maximum to society and the public good

It is the most important organisation for the Cyprus economy

0   0,1   0,2   0,3   0,4   0,5   0,6   0,7   0,8   0,9   1

■ Summer 2017   ■ Autumn 2016   ■ Autumn 2015
■ Autumn 2014   ■ Autumn 2013

Quality of Products and Services and Respect for Customers

It offers services and products of excellent quality

It respects its customers

It is the company with the highest quality

0,75 0,76 0,77 0,78 0,79 0,8 0,81 0,82 0,83 0,84 0,85

■ Summer 2017   ■ Autumn 2016   ■ Autumn 2015
■ Autumn 2014   ■ Autumn 2013

As an Employer, Caring for its Personnel and the Environment

It is the best employer

It cares about its personnel

It cares about the environment

0,7   0,72   0,74   0,76   0,78   0,8   0,82   0,84

■ Summer 2017   ■ Autumn 2016   ■ Autumn 2015
■ Autumn 2014   ■ Autumn 2013
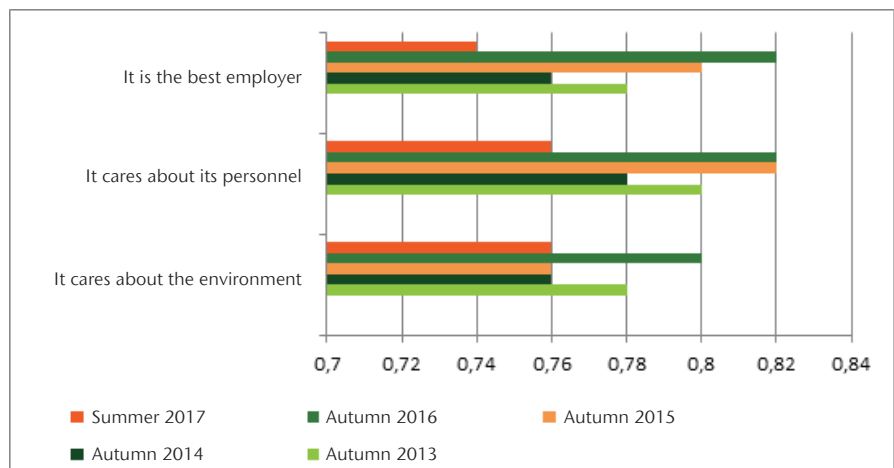
Management

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, as regards their personal competences, knowledge and skills.

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.

We also expanded and equipped the two new modern high availability Data Centres, 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 2017, we awarded the tender for the provision and eight-year maintenance of specialised vehicles with the aim of replacing a large number of old ones with new, more economical and environmentally friendly models.

HUMAN RESOURCES
Personnel Health & Welfare

Cyta's interest in the welfare of its personnel continued in 2017 through the successful institutions of Workplace Doctor and Social Worker, the provision of support to employees facing problems and the organisation of events.

The institution of the Workplace Doctor continued in 2017 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. A seminar entitled "Prevention – Longevity – Quality of Life" was organised for members of staff with great success on the occasion of World Health Day 2017. The seminar included presentations on medical matters by respected professionals, while representatives of health-related associations gave attendees information and literature concerning their area of specialisation and conducted various tests.

In the context of Cyta's Psychosocial Risks and Work-related Stress Management Project, a series of targeted personnel trainings was held on issues relating to strengthening mental resilience.

We also continued our social work through the provision of psychosocial support services by our associate who is a social worker. Furthermore, we 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, we incorporated Knowledge Management into our strategy as a key component of continuous improvement.

In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2017 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 65% of staff participated in training schemes in 2017 and the corporate index of training days per employee was 4,18, while human resource development as a percentage of payroll was 2,16%. 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" and performance management skills, with particular emphasis on feedback and on software supporting the Performance Management System, which is due to be implemented on a trial basis in 2018 and officially in 2019.

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.

In 2017, Cyta's Human Resource Development Centre (HRDC) was evaluated on the basis of the provisions of the System of Evaluation and Certification of Training Providers of the Human Resource Development Authority of Cyprus and was certified as a Vocational Training Centre (VTC). This enables us to fund in-house training programmes that are carried out on the premises of the HRDC. Furthermore, it allows us to offer the certified premises to third parties for rent or other benefit.

Our focus is on the achievement of the Organisation's targets through a multifaceted approach, based on the systematic and conscious recognition, 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 2017, no vacancies were announced at Cyta in view of the freezing of recruitment in the public and broader related sector. A letter was sent to the Minister of Finance requesting the unfreezing of a minimum number of specialist positions that are considered essential for the Organisation's smooth operation in the framework of renewing the personnel. 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.

At the same time, a vacancy notice was published, in accordance with the process, which was redesigned in order to cover the present demands of the various services but also in the context of reducing the cost of the process. The notice concerned the drawing up of new lists of successful candidates for hourly-paid staff in the positions of Call Centre Assistants, Cytashop Assistants and Technical Assistants. In the meantime, the Minister of Finance approved a request to take on 35 additional hourly-paid employees in response to urgent needs, from the 90 additional vacancies included in all budgets since 2015. Moreover, a letter was sent to the Minister of Finance with a detailed breakdown of the reasons why the remaining 55 hourly-paid positions need to be filled.

Hourly-paid Staff

In 2017, in view of the latest recruitment to fill new posts as well as replace those vacated due to resignations, we reviewed the system of allocating hourly-paid staff by service/unit and category/role. The aim of this review was to make the most of the hourly-paid employees according to the real needs of the Organisation, as determined by taking into account the fact that the demands of the various services are constantly changing.

Finally, in recognition of the hourly-paid staff's contribution and dedication to the Organisation, in 2017 we continued to implement the emoluments scheme, according to which 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.

Voluntary Retirement

In the framework of its General Staff Regulations, Cyta implemented the Voluntary Retirement Scheme a long time ago, thereby achieving a gradual renewal of its personnel and recruiting people with new knowledge and skills, as required by a modern organisation active in the rapidly developing telecommunications sector. It should be noted that during the 13-year period 2000-2012, 402 took voluntary retirement. In 2017, 10 members of staff retired in this way.

COMMUNICATION POLICY

As the leading organisation in the provision of electronic communications in Cyprus, since our establishment, we have been connecting Cypriots with one another and with the outside world. We have worked systematically to make the country an important international communications hub.

We created the first unified telephone network in Cyprus and, ever since, we have placed the most advanced technology in the most reliable manner at the service of Cypriot society. This is why we are proceeding to develop and offer Integrated Electronic Communication through cutting-edge technology.

Our vision and mission underly our communication policy.

Vision
To provide modern electronic communication solutions that give people the freedom to discover and communicate with the world.

Mission
To provide integrated and reliable electronic communication solutions in a simple, smart and secure way and to improve our customers' way of life and level of productivity.

Constant progress and innovation are long-term objectives of the Organisation and we wish to inspire our personnel and, of course, our customers with the same goals.

In 2017, through a systematic programme of activities and projects, we reinforced the position and image of Cyta in the market.

Focusing our attention on the provision of integrated solutions, we implemented a single, unified 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 the aim of improving the Organisation's internal communication, we conduct qualitative research to measure and monitor our personnel's views on Cyta, as well as to identify issues of concern to them.

At the same time, 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.

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 2017 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.

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 ebill 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, cytamobile and soeasy
· Twitter: @cytasupport και @cytacyprus
· Instagram: cytamobile_vodafone
· LinkedIn: cyta
· Youtube: cytacyprus, cytamobile, cytasupport & 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+**: to be always in contact with Cyta, with immediate access to information and service.
- **selfCare:** to manage their accounts and services easily and quickly from their smartphone.
- **personalCloud:** to easily and securely store contacts, photos, videos, music and other files in their personal Cloud space. At the same time, they have immediate access to all these from all their devices wherever they happen to be.
- **liveSports:** to have highlights of the Cyprus Football League, the UEFA Champions League and Europa League matches on their smartphones.
- **safeMobile:** to manage the way in which their children use their smartphones, offering them a secure online environment and protecting them from dangers on the Internet and from other apps.

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. At the same time, we publish Cyta's 100% digital magazine for current and retired members of staff entitled "Let's Talk".

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 (ISO9001 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, 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 2017, 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 Broadband Forum and the TeleManagement Forum.

INFORMATION SECURITY AND TELECOMMUNICATIONS FRAUD MANAGEMENT
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.

Among other things, 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 ISO27001:2013 and ISO27002:2013 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.

In the context of the ISMS, information security policies are implemented at a corporate level for many issues such as cybersecurity and the security of applications, personnel, networks, services, etc.

For certain units and activities, a project has been finished to develop a complete ISMS, which obtained ISO27001:2013.

Telecommunications Fraud Management
We take measures to prevent and stamp out telecommunications fraud, a phenomenon that is assuming increasingly

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 2017, implementation and management began on 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

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 to protect its customers from malicious acts.

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

We expanded and equipped the two new modern high availability Data Centres, 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 2017, we maintained the quality certification of the two new Data Centres with Data Security ISO27001, which sets out the requirements that an Organisation must comply with if it is to

provision of new, innovative products and services and the introduction of new technologies and facilities. We are speeding up the replacing of 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 upgrading the Customer Relationship Management (CRM) infrastructure and building new, modern customer service monitoring and support systems.

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. We are upgrading the Organisation's Intranet Portal, through the use of technologies that lay the foundations for the creation of a digital workplace, offering new ways of 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, thus 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 2017, 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

The objective of the Subsidiaries Support 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.

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

The tender documents were prepared for the maintenance of vehicle shades and their replacement at the Nicosia district buildings, with a view to publishing the relevant tender and completing the project in 2018.

In 2017 and to a very tight schedule, new Cytashops were set up and brought into operation at My Mall in Limassol, the Mall of Cyprus in Nicosia and at Kakopetria. Furthermore, the first Support Centre was established in Nicosia.

We continued to provide support services for the development of the Mobile Telephony Network, through construction work on new and existing base stations and by preparing and submitting applications for both Planning and Building Permission.

For a second year we made use of the two contracts signed with Fixed Period Contractors which ensure the provision of services across Cyprus and were used mainly for construction work and building maintenance.

We continued the interior and exterior redesign of the Pentaschinos Cable Station and the Makarios Teleport for improved operations, carried out installation work for new antennas for external customers at the Makarios Teleport, conducted extensive building maintenance work on the Pera

station as well as infrastructure work for the new radar base at Paphos Airport and upgrading of the Lara surveillance radar system.

We also continued to provide support services for the Data Centre project, including the design and implementation of work at the Platy and Amathus buildings.

In 2017 we continued to provide high-quality islandwide cleaning and hygiene services to all our buildings, making use of the long-term contracts signed for the "Provision, Installation, Operation and Service of Hygiene and Cleaning Devices".

We also responded successfully to requests regarding office equipment (ergonomic furniture) and carried out all the necessary transfers of members of staff according to the approved appointments and transfers.

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 replacement of old vehicles with new ones and the reallocation of vehicles depending on their use (based on distance covered), with some being withdrawn from service and through the creation of additional groups of Common Use Vehicles at manned buildings.

In 2017, work was completed on the installation of the new telematic vehicle fleet management system in all the Organisation's vehicles and it is in full operation today. At the same time, we completed the distribution of electronic key (FOB).

In 2017, we maintained high levels of preventive and corrective vehicle maintenance in all districts. We issued and/or awarded tenders for the supply of tyres and batteries and for preventive and corrective vehicle maintenance.

Furthermore, we awarded the tender for an eight-year specialized vehicle maintenance contract, with the aim of replacing a large number of old vehicles with new, more economical and environmentally friendly ones.

In November 2017, we renewed the contract for the supply of petroleum products for another year.

INFRASTRUCTURE AND BUILDINGS SECURITY MANAGEMENT

In 2017, 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. Studies were conducted on the upgrading and strengthening of security measures, particularly regarding Terminal Equipment at all Cytashops across the island. Work on implementing these measures was completed at some Cytashops and is ongoing at

the rest. In 2017, we completed an extensive study of new generation systems, which will enable the upgrading of existing security systems, proving greater value to the Organisation.

At the same time, we initiated a series of contacts with various organisations and state services (University of Cyprus, Nicosia Parents Association, EAC etc.) about providing physical security services. Our long experience and the existence of the 24-hour Monitoring & Security Management Centre are advantages that the Organisation can exploit and offer services that provide alternative sources of revenue.

We renewed our money transfer agreements and extended the contract to cover three additional Cytashops. We also renewed the contracts for the provision of guarding security services for Cyta buildings around the island.

In 2017, we carried out 87% of the planned annual preparedness exercises in Cyta's Civil Defence Emergency Response Plan with highly satisfactory results.

PROCUREMENT & STOCKS MANAGEMENT

The Department remains the spearhead of the Organisation when it comes to obtaining tangible financial benefit through the optimisation of the purchasing process. In this context, it coordinates the other departments regarding purchasing matters, while the objective remains of the reorganisation and decentralization of the entire process in order to obtain the relevant economies of scale.

The goal of gaining financial benefit by reducing operating costs is behind another key activity of the Department: the Organisation's stores and inventory management. The use of modern methods, equipment and software and efforts aimed at continuous improvement remain top priorities for the responsible section.

Products and Customer Service

In 2017 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 (4 & 4.5G/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.

Cytanet customers enjoyed the experience of faster speeds with their Internet products. At the same time, the steady increase in internal connections to the Cytanet network continued, with multiple Ethernet 10Gbps connections. The total capacity of our connections to the World Wide Web exceeded 120Gbps.

With the aim of satisfying subscribers who are also sports fans, we further enhanced the liveStreaming service by Cytanet with additional sports content.

PORTFOLIO OF SERVICES
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 2017 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 2017, customers benefited from special offers such as the free installation of Fixed Telephony (June-September and December 2017).

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.

Since 2017, Cyta has provided the most technologically advanced network in Cyprus, upgrading it with 4.5G speeds. It began the major project of completely upgrading and modernising the mobile telephony network, showing once more that it was and will be the leader and pioneer in the development of communications. With its new generation

networks, Cyta leads the way, bringing tomorrow's communications today.

Progress is a constant for Cyta, which is why it continues to invest more and more in solutions that make its networks an important platform for innovation and growth and, above all, transform and broaden communication among people. Cyta acts to respond to the trends that keep it in step with the needs of its customers, who demand that flexibility, ease and speed be incorporated into the uninterrupted link between their natural and digital worlds.

With geographical coverage of the 3G network exceeding 99.5% and population coverage of 4G reaching 96% of the population, Cyta's customers can enjoy the benefits of the fastest and most technologically advanced mobile telephony network in Cyprus. Thanks to the great increase in speeds, productivity rises and all one's personal smart devices are directly linked within a unified ecosystem.

The new 4.5G network has brought practical changes to our customers' daily lives and routine since it enables them to experience fast browsing speeds, immediate downloads of music and videos, rapid uploading to social media, high-quality online viewing and more. An essential requirement for total enjoyment of the 4.5G experience is a smartphone supporting the technology.

Monthly Plans

Cyta's 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 April 2017, Cytamobile-Vodafone introduced a new plan to fully satisfy a family's communications needs. **RED Family** is for families and it offers them carefree and economical communication through a joint plan. The whole family has unlimited texting and can share 10GB of Mobile Internet among the members.

Also, every member of the RED Family Plan is given 10GB of Personal Cloud space and 2GB per month for use at the 170 CytaVoda Wi-Fi hotspots all over Cyprus.

The potential offered by today's technology is increasing all the time, as are our communication needs. To satisfy our customers' needs, we introduced on November 1, 2017, two new very competitive plans, RED plus and BLACK.

The new RED plus plan offers unlimited talk time, unlimited texting and a choice of 1GB, 3GB and 5GB of Mobile Internet, while the innovative new BLACK plan is aimed at customers with particularly great communication needs. It offers unlimited talk time, unlimited texting, 20MB of Mobile Internet, 100 minutes for international calls to EU countries and a new smartphone every 12 months.

For customers who prefer prepaid mobile telephony, in 2017 the soeasy pay as you go 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.
· Choose new top-up amounts (€1 & €3).
· Choose new mobile internet plans with more MB.
· Opt for the new soeasy Plus plan, so as benefit from more talk time, text messaging and Mobile Internet with every top-up of €10, €20 or €35, so as to make full use of the capabilities of the 4G & 4.5G network.
· 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
· 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.

Finally, on June 1st 2017, Cytamobile-Vodafone fully adopted the provisions of the European Regulation on International Roaming and implemented "Roaming Like At Home", enabling monthly paid and prepaid soeasy customers to use their plans with no additional charges when travelling within the European Union.

CYTANET INTERNET SERVICE
Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2017, 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.

Specifically, in September 2017, we increased the speeds of our Internet products and, at the same time, introduced new options for faster speeds.

We continued to upgrade the Cytanet network's local connections with 10Gbps Ethernet connections. The total capacity of our connections to the World Wide Web is now in excess of 120Gbps 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 2017, we provided broadband coverage wherever there was a developed copper network, in both urban and rural areas. At the same time, we started using the Bonding technology in order to provide higher speeds.

Other projects:

· **Expansion of the Cytanet Wireless Zone's Wi-Fi network**
  In 2017 there were over 200 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 Presentations**
  During the 2016-2017 academic year, a total of 150 presentations were given in all districts, attended by17.328 pupils and teachers. Since 2001, a total of 1.276 schools have been visited and more than 139.000 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 2017, we enriched the sports content with matches from other football leagues.

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.

The service continues to offer three packages, designed to satisfy the different needs of our subscribers.

Super Pack with all Cytavision's sports and themed content features more than 90 TV channels, including seven exclusive Cytavision Sports channels and Cytavision Sports HD.

Variety Pack features a large variety of entertainment with more than 75 popular channels from all viewing categories.

Value Pack features quality entertainment at an extremely reasonable price including more than 50 popular channels from all viewing categories.

Περιεχόμενο και υπηρεσίες που περιλαμβάνονται και στα τρία πακέτα:

· 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 installing a 2nd set top box
· Access to adult channels for an additional monthly subscription

Cytavision also offers packages to businesses wishing to provide upgraded entertainment to their customers:

Hotel Pack with the fullest entertainment package for hotels, with more than 30 channels from all the main categories.

Public Pack for businesses like restaurants and betting shops. It includes, among others, seven (7) exclusive Cytavision Sports channels and Cytavision Sports HD, for live football and other matches, five (5) Novasports channels, as well as NBA TV, Eurosport and Eurosport 2.

Cytavision is one of the most important services of Cyta's Triple and Quadruple Play proposition (Fixed Telephony, Internet, Television, Mobile Telephony), contributing decisively to the value proposition for customers.

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

This is why, in 2017, we went ahead with a number of projects that serve our strategy and enriched our content with popular channels in various thematic categories at no extra charge:

· **More HD channels**
  The bouquet of HD channels was reinforced through the addition of seven (7) channels: Novacinema HD, Novacinema2 HD, FOX HD, FOX Life HD, Novasports1 HD, Novasports2 HD and Movies Best HD.

· **More thematic channels**
  As well as additional HD channels, content was also upgraded through the addition of Smile TV, Fashion TV, Channel One Russia and Euronews in Greek and Russian.

· **More sports content**
  Sports content was upgraded by obtaining the TV rights to show teams playing in the Greek Basketball Championship, the French Cup and the Portuguese Championship as well as horse racing from Nicosia. Furthermore, in 2017 we renewed our TV rights to F1, WRC, MotoGP and Wimbledon. As in the previous year, highlights included matches of the UEFA Champions League and UEFA Europa League, the Cyta Championship and the qualifying matches by Cypriot teams

in those competitions, as well as the the Cyprus Coca-Cola Cup and international matches

· **Cytavision on the Go**
  With the new Cytavision on the Go service, which was launched in April 2017, Super Pack subscribers can watch matches for which Cytavision has the TV rights, free and live on their smartphone or tablet wherever they happen to be.

  The service is available through Cytamobile-Vodafone's livesports app and Super Pack subscribers also have free access to all the content on the liveSports app (goals and highlights from the Cyta Championship, English Premier League and UEFA Champions League, as well as news, other live broadcasts, etc).

· **Attractive Special Offers**
  During the course of the year, we offered free installation of the 1st and 2nd set top box to both new and existing customers.

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, with integrated solutions that respond to multiple business needs in all sectors of the economy. Our proposition is enhanced with excellent technical support as well as the security and reliability of our infrastructures and data centres in Cyprus.

NATIONAL LEASED CIRCUITS

In 2017, 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 them 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

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 their security, higher connection speeds and lower cost. 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.

INNOVATION AND SERVICES DEVELOPMENT

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 2017 we continued to examine our activities in the vertical growth areas of e-Health, e-Government and Real Estate, 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 (CAPEX), with companies and suppliers with ready integrated solutions.

In the area of e-Health, we drew up the Organisation's strategy and various implementation models are being considered. In 2017, we began implementing the Health Insurance Organisation software project in the context of our collaboration with NCR.

In the context of e-Government, we examined government projects that promote it and prepared a tender for e-Justice.

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.

The long-term goals of Cyta's Centre for Innovation and Idea Development are:
· To strengthen Cyta's corporate image
· To develop intrapreneurship programmes
· To develop an innovation and entrepreneurship culture
· To evaluate investment opportunities (start-ups)
· To maximize Cyta's value.

In 2017, the main objective of the Center of Innovation and Idea Development (CIID) was to implement programmes and practices with the potential of educating and inspiring the management of the Organisation so that they may positively affect Cyta's innovation and entrepreneurship culture and contribute to the creation of new approaches to the work of each manager and, wherever possible, to the introduction of new services and products that can bring alternative sources of revenue.

We also continued to work on the development of a successful innovation and entrepreneurship ecosystem in Cyprus. Through collaborations with other organisations in both the private and public sector, we aimed at helping young professionals to develop their ideas and gain access to investment funds so that they may be commercially exploited by start-ups.

The main initiatives that we undertook in 2017 were the following:
· Organisation of 10 entrepreneurship workshops with the participation of over 300 Cyta employees.
· Organisation of 8 seminars (May-December 2017) entitled "Shots of Inspiration", on innovation, entrepreneurship and personal development with the participation of over 800 employees from Cyta and other private companies.
· Holding two seminars on Intrapreneurship (May & October 2017) in conjunction with the Microsoft Innovation Center.
· Presentation of Cyta's intrapreneurship programme to companies, organisations and individuals with the aim of promoting intrapreneurship in Cyprus.
· Presentation of the work of the Centre for Innovation and Idea Development to the Organisation's new recruits.
· Implementation of three suggestions/ideas arising from the 2016 intrapreneurship programme.
· Continued 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.
· Offering, in conjunction with CIIM - The Cyprus International Institute of Management - 18 scholarships for postgraduate studies in the context of our commitment to excellence and the goal of reinforcing entrepreneurship.
· Strategic partnership with the KIOS Research and Innovation Centre of Excellence, University of Cyprus.

· Strategic partnership and implementation of the three-day Cyta Smart City Hackathon.
· Support to various initiatives and events related to innovation and entrepreneurship (BoC Hackathon, Lean Start, Start-Up Chile, Space Apps, etc.).
· 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.
· Holding a seminar on Intrapreneurship in conjunction with the Microsoft Innovation Center, of which Cyta has been a Strategic Partner since 2015.
· Continuation of the collaboration with the Cyprus Business Angels Network (CYBAN).

CUSTOMER SERVICE

Our customers are our top priority. Through our efficient and reliable islandwide service network, comprising stores, the biggest Call Centre in Cyprus, Business Consultants, social media, online services and a strong network of partners, we aim to stand by our customers in every way and to offer each one the modern electronic communication solutions that serve their particular needs.

On our islandwide numbers **132**, **80008080** and others, we receive thousands of calls daily, which are answered quickly and reliably, with special emphasis on quality service. Customers can obtain information about our broad range of Products and Services, submit orders for new services or upgrades to existing ones, as well as request and receive technical support for any problems that may arise with their Cyta services. We also place special emphasis on the use of automated service applications, accessible day and night, whereby customers can obtain instant and accurate service at any time they choose

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, who have a number to call 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**.

Because, for us in Cyta, the quality and speed of our customer services is a parameter of utmost importance, in 2017 we continued to improve our Customer Technical Assistance (CTA) through the further development of our human resources, the introduction of new technology and service monitoring tools and we upgraded our management systems. In the context of the same objective, we reviewed processes, improved our quality monitoring systems and mechanisms and made changes to the Organisation and manning of our teams. Our long-term goal is the provision of excellent service, something which in 2017 was confirmed by our customers through market surveys giving us the strength and passion to continue our efforts for continuous improvement over the coming year.

Committed to provide the optimum customer experience, during the year under review we helped a significant number of customers to switch to new and upgraded communication services and interconnections, we upgraded their services and offered preventive/routine maintenance of their network to enable the smooth of future transfer to more advanced technologies and services. Examples include the upgrading of a significant number of customers' internal wiring, the transfer of customers to Voice Over IP telephony and preparations for the introduction of Fiber to the Home technology at the start of next year.

Residential Customer Service
We aspire to make every visit to our Cytashops an enjoyable, special experience. In the design and layout of our Cytashops, we place emphasis on the ease of navigation through the store and on the provision of excellent service. Continuing to upgrade our in-store service and with the aim of making stores more user-friendly and functional for customers, in 2017 we

moved the Cytashops in the Mall of Cyprus (Nicosia) and My Mall (Limassol) to new, bigger areas of the two malls. During the year, we also renovated the Cytashop inside Kings Avenue Mall in Paphos and upgraded the large Lycavitos (Nicosia) and Linopetra (Limassol) stores with the goal of improving the customer experience during their journey through them. Customers are free to choose from a broad range of services and products and a large selection of accessories which is constantly being enhanced, to cover their telecommunication needs.

In December, we also trialled the first Cyta Support Centre in Nicosia, where customers can receive upgraded service, with the support and guidance of our specialised staff, in order to deal with any problem that they may have with their devices. We are currently looking into the idea of expanding this type of specialised technical support to customers in other districts.

Our broad and efficient network of partnership stores serves our customers well, offering the full range of Cyta products and services. At the same time, our distributors make soeasy pay as you go products available through an extensive network of points of sale throughout Cyprus.

Business Customer Service
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 specialised network of Telecommunications Consultants provides advice and an upgraded personal service to large companies and SMEs. Furthermore, customers who are interested in Cyta's business offerings can call 150 or e-mail **www.cyta.com.cy/send-email** and be assisted by our specially trained personnel.

In addition to the above channels, customers can purchase and manage services online, via the websites:
· My Cyta: **www.cyta.com.cy/my-cyta**
· Cloud MarketPlace: **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, experienced and well-trained personnel visit customers at their premises with the required equipment and every assistance to familiarize themselves with the functions of the services.

Directory Services
2017 was a milestone for the Yellow Pages, marking its transfer to the new digital era in response to the increased needs of the business community.

In 2017, the print version of the Yellow Pages was published for the last time, containing all the latest data for businesses and professionals. At the same time, we proceeded rapidly to take all necessary steps to set up the online Yellow Pages.

We also completed the first stage of upgrading **www.cytayellowpages.com.cy**, the website that is an easy-to-use and reliable search tool, which is at the same time used by businesses and professionals as effective means of promoting their products and services. The content on the site is updated daily, providing access to the Yellow Pages, Government Telephone Numbers and the Telephone Directory.

NATIONAL & INTERNATIONAL WHOLESALE MARKET
In 2017 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. In 2017, harmonising fully with the relevant European regulation, we adopted Roaming Like at Home, which lets foreign visitors from countries in the European Economic Area to use their local mobile telephony package when roaming, at no additional charge.

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). Today, one MVNO is using Cyta's network.

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-BR A 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.

In 2017, we proceeded to develop wholesale Virtual Access products (VULA, Virtual Unbundling), which will be offered via Cyta's Next Generation Access (NGA) Network, consisting of the Fiber Network and Vectoring technology on the Copper Access Network.

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 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 either to the Main Distribution Frames or the Cabinets of Cyta's Access Network for the purpose of Local Loop Unbundling or the Optical Cable Distribution Frames for the provision of wholesale Virtual Access products.

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 as half-circuits or full circuits via submarine fibre optic cables at speeds ranging from 64kb/s to 10Gbps based on SDH technology or Ethernet-over-SDH (EoSDH). The extensive international cable network and the multiple landing stations of Cyta and its partners 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.

Through the Cytamobile-Vodafone network, we also provide International Wholesale 2G, 3G and 4G Roaming to more than 470 mobile telephony networks, enabling visitors to Cyprus to use their mobile devices for phone calls, text messages and Mobile Internet when roaming.

Fully harmonised with the relevant European Regulation since 1st July 2017, we adopted Roaming Like at Home, serving foreign visitors from countries in the European Economic Area as well as Cytamobile-Vodafone customers.
In 2017, harmonising fully with the relevant European regulation, we adopted Roaming Like at Home, which lets foreign visitors from countries in the European Economic Area to use their local mobile telephony package when roaming, at no additional charge.

Value-Added 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.

SERVICES TO THIRD PARTIES
AEROMARITIME SERVICES
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.

The crowning achievement of the Organisation's longstanding contribution to air navigation and proof of the goal of excellence that Cyta has always served faithfully and tirelessly was its certification as a **Communication, Navigation, Surveillance (CNS) Provider**, in accordance with the provisions of EU regulation 1035/2011. After a demanding and lengthy process, Cyta became the first organisation in Cyprus to be awarded the specific certification by the National Supervisory Authority.

In the framework of harmonisation with the programmes of the European Civil Aviation Organisation EUROCONTROL and the Single European Sky, we proceeded to install two radar systems, at Paphos International Airport and the Lara Station respectively, the first of which has already come into service.

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).

Subsidiaries

DIGIMED COMMUNICATIONS LTD

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

In collaboration with the responsible department within Cyta, the alignment of the subsidiaries with the Organisation's

strategic and business objectives remains Digimed's high priority. To this end, Digimed and the subsidiaries support Cyta's strategic direction, which is firmly focused on technological development and being a leader in telecommunications infrastructure, and providing integrated, reliable and innovative services to its customers. At the same time, Digimed and the subsidiaries support the goal of creating international strategic partnerships to maximise the Organisation's value.

CYTA HELLAS SA

As a consequence of the Organisation's strategic direction and the future of Cyta Hellas, the shareholders (Cyprus Telecommunications Authority and Digimed Communications Ltd):

(a) examined at the possibility of investor interest in Cyta Hellas
(b) announced an international competition
(c) signed an agreement to sell 100% of the shares of Cyta Hellas to the Preferred Bidder, Vodafone - Panafone Hellenic Telecommunications SA.

Completion of the sale of 100% of the shares in Cyta Hellas rests with the issuing of the required approvals by the competent authorities in Greece.

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 SA, respectively.

The company is active, in conjunction with Cyta and its related company, Cytaglobal Hellas SA, in the provision of international virtual leased connections to providers and corporate customers in the UK and elsewhere while it also offers, on a resale/leasing basis, 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 interconnection, voice, signalling and Internet 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 respectively 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

In2017, 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 SA

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

The company has its own high-tech telecommunications node, based on the MPLS protocol and using new generation SDH equipment, housed on the premises of TI Sparkle Greece SA 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 interconnec-

tions 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 SA.

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 2017, Iris broadened its activities further, with the provision of new services to new and existing customers. The extension of its occasional satellite television programmes was an important development, as was the satellite reception and cable transmission of TV programmes to Europe.

Network

In 2017, a technical study was conducted on the implementation of pioneering innovative projects concerning the provision of Smart Home services, which aim at introducing a range of services such as home security, home automation, energy management and telecare.

In 2017, we continued to expand the DWDM (Dense Wavelength Division Multiplexing) network, which is the backbone of Cyta's networks, enabling superfast connections and, at the same time, serving major corporate customers.

We also completed the project to upgrade the wireless mobile telephony access network to 4.5G technology, enabling a maximum theoretical speed of 700Mbps in the main urban centres and tourist areas.

It is worth noting that 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.

SERVICE PROVISION PLATFORMS

Aspiring to the continuous improvement of the customer experience regarding Cytavision, we completed the evaluation of tenders for 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 – TV, PC, tablet and smartphone at home and laptop, tablet and smartphone outside the home.

Additionally, the upgrading of more channels to High Definition (HD) has brought substantial improvements to picture quality, making Cytavision more attractive.

Furthermore, we upgraded the Live Streaming infrastructure, enabling customers to watch Cytavision's sports programmes on their smartphones through a mobile app – as an upgrade to the present Live Streaming service before Connected TV is fully operational.

The evolution of the technical solution for the provision of Parental Monitoring/Safe Internet on all devices (PC, smart-

phone, etc.) will soon make it available as a Cloud service without the need for installing software on clients' devices.

In 2017, a technical study was conducted on the implementation of pioneering innovative projects concerning the provision of Smart Home services, which aim at introducing a range of services such as home security, home automation, energy management and telecare.

We also studied new IoT (Internet of Things) applications, which will be introduced in the near future. Some of these relate to the monitoring of pets and valuable items, the use of smart meters for remote telemetry and the management of electricity and water meters and more.

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 2017 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 further developed the new modern DWDM/OTN network, which is more flexible while allowing the provision of connections of up to 100Gbps.

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 2017 we proceeded to upgrade and expand significant satellite and cable systems, reinforcing the role of our Organisation and Cyprus more generally 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 2017, services were expanded at all three Teleports for companies specialising in the provision of fast Internet and TV turnaround services.

Cyta's teleports have all obtained full Tier-3 certification from the World Teleport Association. Moreover, Additionally, the Makarios Teleport 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 2017, work was intensified on the ALASIA submarine cable system for an additional connection between Cyprus and Syria and cutting-edge terminal equipment was installed.

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).

IP Core Networks

In 2017, 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. The upgrade included the introduction of 100Gbps connections on the network for the first time.

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 World Wide Web and to provide better quality to our customers. At the same time, we focused on improving business continuity, network security and Cytanet services. We installed a pioneering system to deal with cyber attacks such as DDoS (Distributed Denial of Service) to protect our network and the services provided to our customers.

Finally, we continued with the upgrade to the IP network that support's 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 supported/hosted there.

NETWORKS AND SERVICES OPERATION

Networks and Services Management

In the framework of improving Maintenance, Monitoring and Network and Service Faults Management, in 2017 we continued to work on improving our processes, with the main aims of maximising the availability of the Organisation's networks and services while reducing operating costs.

Our efforts focused on the study and redefinition of preventive maintenance tools and mechanisms, the detection and repair of faults in Cyta's network equipment and on the provision of quality secondary services support to external and internal customers. Particular emphasis was placed on the training of those responsible in new technologies and the use of specialist systems and tools for active and preventive faults detection.

Networks and Services Security Management

With the aim of protecting Cyta's infrastructure and the development of reliable, high-value services, we implement international best practices and standards. 2017 was a year full of challenges as regards cybersecurity issues. Mass attacks such as WannaCry, Petya and Bad Rabbit caused enormous

problems to many companies and systems around the world and became headline news. All these challenges were dealt with in a methodical way, with the necessary seriousness and sense of responsibility for the security of our customers' data.

At the same time, in 2017 we implemented many projects aiming at the further strengthening of Cyta's security and introduced the DDoS Network Protection service, which protects online businesses from malicious large-scale attack that can put online services and businesses out of action.

Electrical & Mechanical Services Management

In 2017, we continued to implement the islandwide Fire Protection System, with new installations in Cytashops and at Paphos Airport. We also connected 90% of Cyta's buildings to the Electromechanical Equipment Monitoring System and improved support with separate contracts for the monitoring software and the installations. Moreover, the Vehicle Fleet Telematics Management System was completed and is fully functional, thus improving Cyta's fleet management.

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 more 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 of the Organisation.

Additionally, we completed 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 Data Centre Upgrading project, we completed the design and installation of new electromechanical equipment for the development and operation of the Data Centres.

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 Networks

In 2017 we upgraded the IMS network software and equipment, thus modernising the network and expanded its capacity. We also intensified the transfer of traditional PSTN/ISDN connections to new broadband telephony based on the IMS network. Furthermore, we signed agreements for the provision of IP terminal equipment to serve the particular needs of Fixed Telephony business customers.

Mobile Communications Core Network

In 2017, we introduced two new EOG nodes to the network in the context of software upgrading with the aim of modernising

it and supporting 4.5G technology. At the same time, we increased the capacity of the packet switched network to cover the constantly increasing volume of data traffic. We also successfully implemented the EU "Roaming Like at Home" Directive and introduced new RED Family Plans for our customers.

In 2017, we also introduced the High Definition Voice service and implemented the SMS Firewall system to protect our customers and network from spam.

work of fulfilling the conditions under which licences are issued for the operation of mobile telephony networks. So far, we have completed 26 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 islandwide total to 288.

We published a tender for the supply of a network and services monitoring system in order to upgrade the customer experience and began work on a project to upgrade the mobile communications database.

Wireless Access Network

In 2017, we completed the project to upgrade the wireless mobile telephony access network to 4.5G technology, enabling a maximum theoretical speed of 700Mbps in the main urban centres and tourist areas. At the same time, we continued the development of the 4th generation (LTE technology) network, making use of the 800MHz frequency range covering 96% 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 we upgrade the network, providing High Definition Voice service.

During the year, we again carried out two series of electro-magnetic field tests at every Cyta base station in the frame-

Wired Access Network

In 2017 we continued to develop and upgrade the broadband access network using Asymmetric Digital Subscriber Line (xDSL) technology.

By 31/12/2017, we had connected 50.201 customers with VDSL2 technology and 2,200 with Bonding technology, who are able to enjoy speeds of up to 80Mbps.

In the framework of the significant upgrade to the capability of the copper broadband network to support speeds of around 100Mbps, we began replacing equipment based on old technology in isolated units of active equipment with new versions that support Vectoring and Bonding equipment.

To achieve a drastic increase in access speeds, work is under way on the strategic Fibre to the Home (FTTH) project. The energetic equipment has been received and checked while all the necessary measures are being taken for implementing customer connections on a large scale in 2018.

INTERNATIONAL CABLE AND SATELLITE NETWORK

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) ALEXAN-DROS, (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 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.

In 2017, we achieved the full Tier 3 certification of the Makarios Teleport, in accordance with the Certification Programme of the World Teleport Association (WTA).

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 Mediterra-nean, 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 2017 continue to reflect its financial robustness, despite the extremely competitive environment in which it operates. A high level of profitability was maintained, with earnings before tax amounting to €50,7 million in 2017, compared to €42,7 million in 2016. In 2017, a dividend of €26,4 million was paid to the Republic from the Organisation's 2016 profits, increasing the accumulated dividend to €775,4 million.

The rate at which operating revenue fell was 3% (2016: 2,7%), another clear improvement over previous years, when the greatest reductions were recorded (2014: 8,7%, 2015: 6,1%), as a result of the financial crisis and the events of 2013.

The Organisation's earnings decreased significantly by €23,7 million due to the impairment to the value of investments in subsidiaries and, specifically, in Cyta Hellas. Following the sale of the investment in 2018, the Organisation's results after tax are expected to be strengthened in the future.

By continuing to implement the strategic cost management project, a high EBITDA margin of 33,7% was maintained то 2017, compared to 34,5% in 2016.

## Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) (€m)
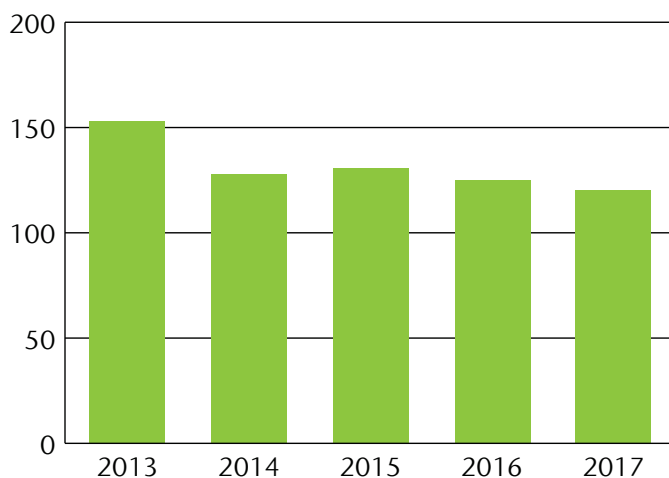
	2013	2014	2015	2016	2017
EBITDA (€m)	152,8	127,8	130,5	125,1	118,3
EBITDA margin	35,2%	32,2%	35,1%	34,5%	33,7%

CAPITAL EXPENDITURE

Capital expenditure amounted to €38,3 million, compared to €48,4 million in 2016 and was wholly financed by Cyta's own funds. 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 2017 and the further development of international

cable systems, which strengthen the role of Cyprus and our Organisation as a regional telecommunications hub in the Eastern Mediterranean.
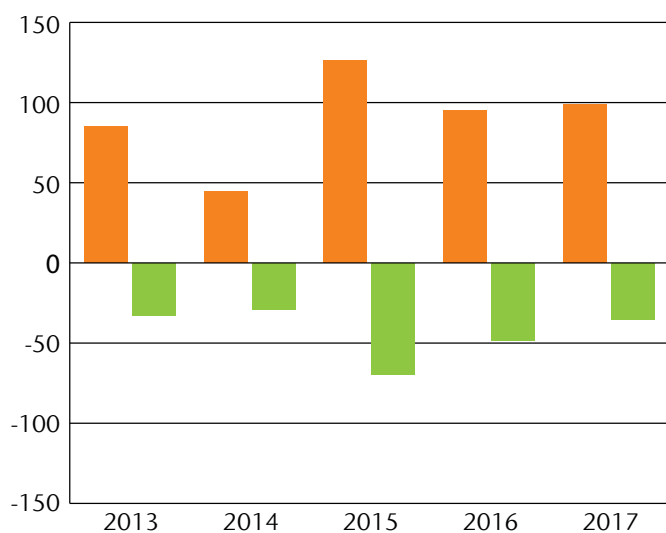
Capital Expenditure (€m)
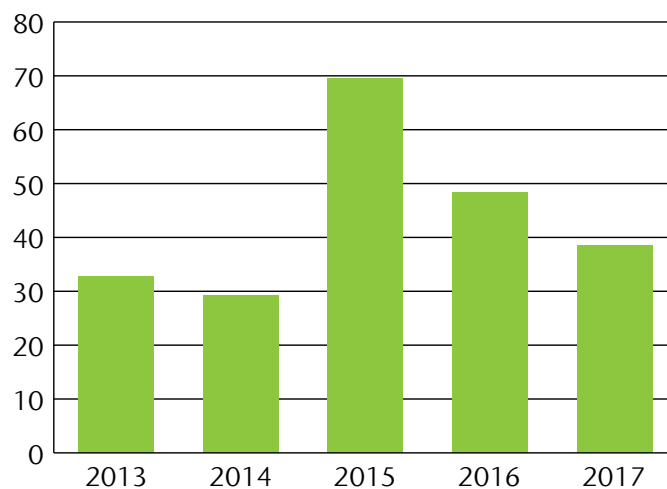
	2013	2014	2015	2016	2017
Capital Expenditure	32,7	29,3	69,6	48,4	38,3

CASH AND CASH EQUIVALENTS

Total cash deposits in banks, Government Bonds, Eurobonds and Treasury Bills amounted to €362,9 million (2016: €341,1 million).

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

Cash Flow (€m)

	2013	2014	2015	2016	2017
Cash Flow from Operating Activities	85,1	44,4	126,5	96,8	99,6
Cash flow for capital expenditure	-32,7	-29,3	-69,6	-44,4	-35,4

INVESTMENTS

The Organisation's profit for the year was reduced significantly by €23,7 million due to the impairment to the value of investments in subsidies and, specifically, in Cyta Hellas as a result of the agreement to sell Cyta Hellas and recognition of the investment as "available for sale". The evaluation on 31 December 2017 was based on the fair value of Cyta Hellas, on the share price less sales expenses. The sale was completed on 10 July 2018 with the transfer of 100% of the company's shares to Vodafone Greece.

Additionally, an impairment was recognised to the value of shares worth €0,5 million (2016: €0,5 million) held in Cypriot banks.

Total Assets (€m)
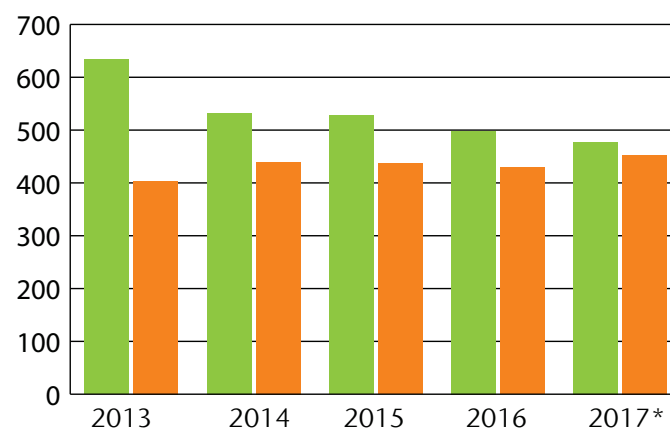
	2013	2014	2015	2016	2017*
Non-current assets	633,8	532,0	527,6	498,0	478,1
Current assets	403,6	439,8	437,3	429,4	454,4

RESERVES AND DIVIDENDS

The reserves which constitute the Organisation's equity amounted to €545 million on 31 December 2017 (2016: €542,5 million), having been increased by the profit of the year amounting to €43.6 million but reduced 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 2017, amounted to €11,7 million.

In 2017, an amount of €26,4 million was approved and paid as a dividend to the Republic of Cyprus from the profits of 2016.

Five-Year Financial Summary (€m)					
	2013	2014	2015	2016	2017
Operating Revenue	434	396	372	362	351
Gross Profit	94	82	88	85	75
Total Assets	1.037	972	965	927	937
Total Liabilities	100	303	279	385	392
Increase/(Decrease) in Reserves due to actuarial position of the Pension Fund	-9	-286	20	-134	-12
Reserves	938	669	686	543	545
Cash Flow from Operating Activities	85	44	127	97	100
Net Cash Flow for Investment Activities	-46	-8	-105	-17	-71
Dividend paid to the Republic of Cyprus	-	-31	-52	-50	-26
Current Liquidity Ratio (times)	4,9	6,0	5,5	6,7	6,2

* Current assets include "Assets classified as held for sale"

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Call Centre: 132

Lefkosia

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Tel: + 357 22702020

Cytashop

- **Onasagorou** - 26 & 28 Onasagorou Street
- **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"
- **Nicosia Mall** - 2 Madritis Street
- **Kakopetria** - 28, Costa Christodoulou Street

Lemesos

89, Athinon Street, P.O.Box 50147, CY-3601 Lemesos
Tel: 25705050

Cytashop

- **Main** - 89, Athinon Street
- **Omonoia** - 7, Vasileos Pavlou Street
- **Linopetra** - 28, Kolonakiou Avenue
- **Agias Fylaxeos** - 232, Agias Fylaxeos Street
- **My Mall Limassol** - 285, Franklin Roosevelt Avenue
- **Platres** - 8D, Olympou Street

Larnaka

7, Z. Pierides Street, P.O.Box 40102, CY-6301 Larnaka
Tel: 24704040

Cytashop

- **Main** - 7, Z. Pierides Street
- **Agioi Anargyroi** - 4, Alex. Panagouli Avenue
- **Faneromenis** - 178, Faneromenis Avenue

Pafos

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Tel: 26706060

Cytashop

- **Main** - 11, Grivas Dighenis Avenue
- **Kings Avenue Mall** - 2, Apostle Paul & Tomb of the Kings Corner
- **Polis Chrysochous** - 16, Archbishop Makarios III Avenue

Ammochostos

Edison Street *
Tel: 23862500
Temporarily
124, Eleftherias Avenue, Deryneia, P.O.Box 33355, CY-5313 Paralimni
Tel: 23703030

Cytashop

- **Main** - 124 Eleftherias Avenue, Deryneia

Keryneia*

5A, 28th October Avenue
Tel: 27452438

Morfou*

18, 25th March Street
Tel: 22742055

Lefka*

Lefka
Tel: 22817459

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