

Cyprus Annual Review 2015

Doing the right thing
for our clients, our
people and our society.

September 2015



pwc

Key performance indicators

Our clients:

PwC Cyprus remains as in previous years the leading brand among professional services firms in Cyprus

8,65 Likelihood to recommend PwC to peers and colleagues

8,47 Overall satisfaction average

out of a possible score of 10

**Based on 64 independent, blind interviews with buyers of professional services in Cyprus carried out in May 2015*

Awards & Accreditations:

- Investors in People (IIP) Champion



- Investors in People (IIP) Gold



- ACCA Approved Platinum Employer



Trainee Development - Platinum

- Gender Equality in the Working Environment

Financial Performance:

€79,5m revenues compared to €77,3m in FY14

€29,8 Total contribution to government revenues
Including, corporation tax, special contribution for defence, PAYE, VAT, social insurance and special contribution

Corporate Responsibility:

€54.091 worth of pro-bono and discounted services donated to community organisations and charitable institutions

€63.000 donated to non-profit organisations to support charitable causes

317 people from our organisation volunteered spending 1260 hours for some of our activities

Our people:

Over **900** people including
384 qualified accountants and
768 University Graduates

242 Promotions

77% People Engagement Index score¹

More than **170** new recruits

52 newly qualified ACA and ACCA accountants

15 international secondments in other PwC firms around the world

3 worldwide awards in the Institute of Chartered Accountants in England and Wales (ICAEW) professional examinations

4 Pancyprrian awards in the Association of Chartered Certified Accountants (ACCA) professional examinations

¹ Employee feedback obtained through our Global People Survey

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Evgenios C Evgeniou
CEO
PwC Cyprus

CEO message

The financial year 2015 finds PwC Cyprus leading the professional services sector's path to growth, having taken all the necessary action to ensure a stable course and laid solid foundations for the future.

Our 2015 Annual Review, which I am proud to be presenting to you, confirms that we have been able to develop the appropriate strategic framework for the uncertain economic environment so as to successfully meet our objectives. This will serve as a springboard for the future allowing us to move forward with confidence as we continue to grow responsibly while increasing our positive impact on society.

Economic conditions

Although challenges still lie ahead, primarily in relation to the level of private debt and non-performing loans, the Cyprus economy is out of recession and close to exiting the international lenders supervision. To foster growth and job creation it is important to continue on the path of reforms making the economy

more competitive, easier to do business and attractive to foreign investments with a robust and transparent regulatory framework.

Our financial performance

Revenues totalled €79,5 million, recording growth of 2,9%, demonstrating once again our organisation's position as a market leader. Our overall contribution to state revenues stood at €29,8 million an increase of €4,6 million compared to the previous year. These results reflect the trust of our clients and the market in our services and the quality and commitment of our people.

Delivering the PwC experience

In the annual Client Experience Survey, out of a possible top score of 10, our clients give us a score of 8,65 as to the likelihood to recommend PwC to their peers and colleagues and 8,47 as to their overall satisfaction. According to an independent market survey we remain the leading brand amongst professional services firms. These results confirm our commitment to delivering value by helping clients find solutions on the basis of our knowledge and expertise and on building relations based on integrity and trust. Continuously improving in this regard is a primary focus of all of us in PwC. Ultimately delivering value to our clients is based on the quality and engagement of our people.

Doing the right thing for our people

We continue to be one of the few organisations worldwide to hold the Investors in People (IIP) GOLD accreditation in Human Capital management but our job does not end there. We continuously invest in the professional development of our people, for them to reach the maximum of their potential, and we strive to offer an exciting work environment. We get feedback and measure people engagement through the annual people survey and people focus groups. This year's people engagement index peaked at 77% compared to 72% last year. Our ICAEW trainees continue to make us proud, since beyond the very high exam pass rates, three of them won international prizes. The beginning of FY16 marks the completion of PwC's brand new premises in Nicosia; the incubator where our people can utilize their talents, seek advancement and collaborate so as to offer the quality services expected by our clients.

Responsible business, quality business

As the leading professional services organisation we recognise our responsibility in building trust. We aim to continue integrating corporate responsibility in the way we deliver our services focusing on integrity, quality and trust. Through the

implementation of a targeted Corporate Responsibility programme, we are particularly proud to contribute to the overall effort for economic recovery. We are convinced that the road to growth passes through entrepreneurship, which is why we have decided to support bodies which aim to foster it, by providing free consulting services, volunteer mentoring and technical and other support.

Our impact

Being a responsible business, we believe that creating value entails measuring and effectively managing our economic, tax, social and environmental impact. To make this possible, we have for the first time used a methodology that enabled us not only to quantify and monetise our impact but also to plan specific actions that will enhance our contribution to the economy and the society in general. During FY15, our Sustainability & Climate Change experts from PwC UK and PwC Cyprus employed the Total Impact Measurement & Management (TIMM) framework that enabled us to look beyond financial results and understand our footprint. As result, our business decisions are driven by an in depth understanding of our overall impact on the economy, the society and the environment as well as on our stakeholders.

Looking ahead

Looking ahead, all of us at PwC commit to continue to use our expertise and strong connectivity to our international network to drive progress and to contribute to the economic development of our country. In this challenging mission our clients are our best partners for which I express my utmost gratitude. Reciprocating the trust they show to us we will remain focused on delivering quality services with integrity, adding value and advocating for responsible business. Lastly but most importantly, I express my appreciation to our people for their commitment, determination and hard work in delivering the PwC experience. Working together we make a difference.



Evgenios C Evgeniou
CEO

September 2015

Our strategy

Our purpose

To build trust in society and solve important problems

Our claim

We have staked our claim to be the pre-eminent professional services firm led by our Purpose. We aim to achieve this by building strategic capabilities, building quality businesses, maximizing market opportunities, delivering the PwC Experience and transforming our business model.



Our services

Message from the Head of Assurance & Advisory



Liakos M Theodorou
Head of Assurance & Advisory

FY15 has been another challenging year for all businesses due to the continuing difficult economic conditions and the struggle to manage finance and liquidity issues. Adaptation to the difficult market conditions has been slow but Cyprus' economy is on the road to recovery and is now recording positive growth. The banks are working hard to deal with the non-performing loans following the enactment of the insolvency and foreclosure laws and to address the many European and other regulatory requirements.

We have again managed to capitalise on many opportunities which have arisen during the year and succeeded to win major assignments. Key factors for our success have been the professionalism, expertise and capabilities of our teams, the strength of our international network and the proactive engagement with the Government, regulators and the market.

We continue to focus on quality, independence and objectivity in our work, leveraging on our technical and industry expertise which are central to delivering value to our clients and confidence to other stakeholders.

Our Purpose is to help build trust and to help solve important problems for our clients and for the society in which we live and work.

We aim to work together with all our PwC colleagues to bring the benefits of all of our services and expertise to our clients. It is the combination of our services, industry knowledge and our competencies in our global network which offers us the potential to be distinctive in our markets, and which gives us the potential to do so in a manner which is consistent with our Purpose.

Our integrated Assurance and Advisory practice with 20 Partners, 15 Directors and 375 staff, services local and international clients, public and private companies, bringing together a diverse team of experts that work together to meet the increasingly complex needs of clients .

Assurance Services

We have a strong Assurance practice that works with many companies listed in Cyprus and abroad and hundreds of private and family businesses with both local and international presence.

We are proud of our audit heritage and we continuously work so as to deliver our expertise and offer added value to our clients while safeguarding quality. We subject a very large number of engagements to internal and external quality reviews for the proper application of risk management procedures, audit methodology and application of the International Financial Reporting Standards. We share the results of our reviews and take initiatives to ensure continuous improvement. Through the use of tools deployed globally we ensure the standardisation of audit procedures and alignment of quality with the rest of the PwC network.

At PwC, we are driving audit innovation, with technology at its heart. We have therefore invested heavily in order to have the ability to merge market-leading technology with the skills of our people and a robust audit approach is now central to our global audit strategy and delivery. It is the fusion of these three elements that

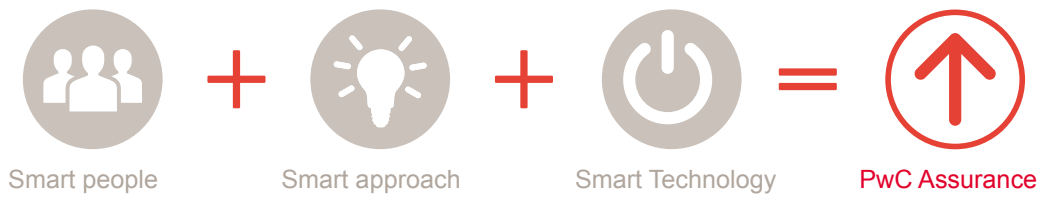
defines our value and drives the audit. The result is quality, efficiency and insight, delivered in equal measure, to the highest standard.

We believe that this transformation will enhance the flow of information and the transparency of the audit process. We make the transformation available to our people and clients. Our transformation changes the look and feel of our interactions with clients and deliver our customer satisfaction promise, the PwC Experience.

We believe in industry specialisation and expertise. We believe that value adding and relevant audits come from a deep understanding of the subject matter and of the relevant challenges and prospects that each industry is facing. Our scale gives as the benefit of being able to attain specialisation. We maintain strong ties with our network and collaborate seamlessly. Our local expertise and the global reach provide our clients with unique access to specialised technical skills and the ability to provide assurance on businesses operating in all geographies and industries.

In our audits we regularly use local experts in areas beyond accounting and auditing such as, valuations, manual and automated processes and controls, tax and VAT. This puts us in a unique position to provide those charged with governance with valuable insights on potential business risks and opportunities.

We continue to recruit and develop the best talent. We provide opportunities for professional growth and experience through robust assurance trainings, and opportunities to be involved in challenging assurance engagements and secondments to other PwC Member Firms globally. We are focused on providing the skills and qualifications that future assurance professionals will need to operate in the changing assurance environment.



Deals

Our Deals provides advisory services on:

- Mergers and acquisitions
- Valuations
- Feasibility studies
- Business restructuring and turnaround
- Crisis Management
- Due Diligence
- Capital markets advisory services
- Other financial advisory services

Our team offers complete and effective solutions to companies of the private and public sector. The specialized advice and continuous support we offer to our clients has the ultimate aim of enhancing shareholder value.

During FY15, we have been providing continuous support to all the large banking institutions of the island on a wide variety of issues, particularly in relation to their SSM (Single Supervisory Mechanism of the European Central Bank) readiness and other aspects in relation to risk management, modelling, stress-testing etc. We keep monitoring developments in the banking industry and we are ready, in cooperation with our Network specialists, to add value to our clients in this fast-changing sector.

We have been appointed as Accounting Advisors to the Privatisations Unit for the Privatisation of CYTA. In this respect, we are working along with other reputable advisors (financial, technical/commercial and legal) in a very complex process which requires significant expertise. We are also monitoring developments in other large Government projects, such as the Limassol Port transaction (launched in June 2015), the Integrated Casino Resort project and others.

We facilitate transactions taking place in Cyprus by offering valuation services to our clients, supporting them with the negotiations and assisting them in the structuring of deals. During FY15, we have been involved in several deals, some of them in the real estate sector where clients combine an investment in Cyprus with the provision of a Cyprus passport.

As regards transaction support, during FY15, we have been involved in a number of due diligence assignments as regards companies in different sectors of the economy including Financial Services, Hospitality and Leisure, Construction and other sectors.

Cyprus has been over the past few years a leading jurisdiction for Russian and CIS IPOs on the London Stock Exchange. PwC Cyprus acted as reporting accountant for the majority of such transactions. Despite

the challenges faced, Cyprus remains an attractive listing jurisdiction for cross-border capital markets deals.

We also see interest for listings on the Emerging Companies Market, which is an Exchange-regulated market of the Cyprus Stock Exchange, and offers some comparative advantages for listing. PwC Cyprus is a registered Nominated Advisor and can assist interested parties in the process to a successful listing.

A very topical and pressing need for local clients in Cyprus is the restructuring of their loans with their banks - this is a universal need and touches both the largest corporates all the way to the smallest companies. Our expertise, unbiased approach and credibility is adding value to the process and we have been very successful in helping clients reach an agreement with their banks.

We offer corporate turnaround services by designing and implementing appropriate strategies for each business based on:

- Diagnostic review and assessment of the troubled businesses
- Short-term corrective measures to restore liquidity
- Long-term corrective measures to restore viability and profitability

Following the recent approval of the Insolvency Framework by the Cyprus Parliament, a number of senior colleagues from our Deals practice and other Departments of our Firm have been officially licensed as Insolvency Practitioners, and we stand ready to help our clients reach a mutually-agreeable understanding with their lenders.

In conclusion, at Deals we can tailor or enhance our service offerings responding to the needs of our clients and we are prepared to work with them under difficult circumstances and strict deadlines in order for them to achieve the desired outcome. We continuously help our clients in dealing with the ongoing challenges they are faced with and the impact of new developments that take place in the Cypriot economy.





Consulting

Our Consulting provides advisory services in the following areas:

- Regulatory Compliance
- Capital and Liquidity Management in the banking sector
- Risk management
- Internal Audit
- Forensics
- IT Consulting
- Strategy and Operational Effectiveness
- Immigration and Mobility
- Management Training and Building Capabilities
- Recruitment
- Performance and Reward Management
- Sustainability
- Project Management

Our Consulting Team comprises of professionals from diverse backgrounds with solid technical expertise, offering tailor-made, value-adding solutions to local and international clients across a wide range of industries.

Our long-standing presence in the Cypriot market is based on the trust and satisfaction of our clients. Within FY15, we worked extensively with the public sector, local banks, local family-businesses, shipping companies and other private-sector clients, helping them steer through these volatile times and transform their current organisational model into one that embraces sustainability and growth.

We offer solutions and work with our clients to help them protect and strengthen every aspect of their business from people to performance, systems to strategy, business plans to business resilience. We can add significant value to clients who want to:

- Manage their processes efficiently, while mitigating inherent business risks and strengthening internal controls
- Obtain the required licenses to offer regulated services in Cyprus (e.g. Banking, Investment, Insurance, Fiduciary services)
- Set up and operate an Alternative Investment Fund (AIF) or UCITS in Cyprus
- Manage Capital and Liquidity efficiently while adhering to regulatory requirements
- Proactively address the requirements of regulators (European Central Bank, Central Bank of Cyprus, Cyprus Securities and Exchange Commission (CySEC), Superintendent of Insurance)
- Achieve compliance with FATCA
- Increase the Board's effectiveness and strengthen the Corporate Governance of the organisation
- Enhance and strengthen the Internal Audit department's capabilities
- Have in place a framework which effectively addresses fraud prevention and detection
- Have insights on the integrity and background of new business partners and prospective employees
- Gain competitive advantage by leveraging Information Technology for the benefit of their organisation

During the year we have also been working closely with government, providing assistance in preparing the Reform Plan for the Public Sector Reform on specific issues related to the management and development of Human Resources in the Public Service in Cyprus.

We continued providing support to Public Sector Managers through the implementation of a series of learning interventions on issues relating to strategy, leadership and management. Through the design and delivery of an innovative Management Development Programme, on-site support, as well as one-to-one executive coaching support, our expert advisors worked hand-in-hand with 2,500 Public Sector Managers, assisting them in the design and implementation of strategic plans for their organisation.

Following the substantial changes to the International Tax Landscape and the need for the creation of substance, our Immigration and Mobility Services team is assisting international companies to create substance as well as to relocate their personnel. Our services include relocation assistance, issue of work permits and personal pathfinder services to High Net Wealth Individuals. We are specialised in Cyprus Citizenship applications for foreign investors and within the year we set ourselves in a leadership position in the market with a 100% success rate in citizenship applications.

We have retained and strengthened our position in providing recruitment services to a number of financial services organisations, by handling middle to top management specialised positions.

The issues of sustainability and climate change are gradually becoming equally important for the continuous growth of any organisation. During the year, we have completed a number of high profile assignments in the areas of tourism sustainability, energy management as well as corporate responsibility strategy development and reporting according to the GRI Guidelines. We also continued to support the PwC Sustainability and Climate Change network on a number of international sustainability tenders and assignments.

The past few difficult years have helped us to anticipate change and adapt to new market opportunities by offering flexible, tailored, cost-efficient solutions. Our local teams, partnered with the support of our Global network, continue to work alongside our clients and deliver transformational solutions based on their specific circumstances, ultimately offering them the value they expect from PwC.



Events

The 13th Management & Human Capital Conference

The 13th Management & Human Capital Conference organised by IMH in cooperation with PwC took place on Wednesday, 22 October at Hilton Park hotel, in Nicosia. Our Partner in charge of Human Capital, Philippos Soseilos was the Chairman of the Conference.

The Conference was held under the general title Change Management, 'Engaging the People, Changing the Process'. The main speaker of the event was Roger Flynn, worldwide expert in organisational change. Flynn having been the CEO/Director leading transformational change in five global companies, analysed in two interactive sessions 'How to inspire and motivate personnel in these difficult times' and 'how to transform your business for a brighter future'.

Flynn also talked about the human aspects of change in difficult circumstances and what is required to inspire and motivate staff, even when it isn't clear that their jobs are safe. He drew on his experiences of leading thousands of staff through difficult times and exciting them about the future; Based on his experiences, Roger Flynn focused on how people are really feeling in the middle of change, how leaders need to think and behave to truly connect with employees.

After the session participants were challenged to think differently about how to inspire and motivate their employees and at the same time to learn practical tools from some of the World's best known businesses.

Our services

Message from the Head of Tax & Legal



Costas L Mavrocordatos
Head of Tax & Legal

The financial year that ended on 30 June 2015, presented its own opportunities and challenges. On the home front, the economy showed clear signs of recovery. Cyprus recorded a positive GDP growth of 1.6% in the first quarter of 2015 which was the biggest in the Eurozone. The EUR 1bn seven-year bonds issued by the Cypriot Government in April 2015 were nearly twice oversubscribed and Cyprus' credit rating was upgraded by S&P from B- to B. In April all restrictive measures on domestic and international capital movements were lifted. All banks were successfully recapitalised and Fitch upgraded two major local banks. All the above helped to reinforce the positive outlook of the Cyprus economy and restore investor confidence.

Internationally, developments in Russia (economy, rouble, deoffshorisation, sanctions) and globally (BEPS, beneficial ownership, state aid, harmful tax practices) continue to present new challenges for our industry and are altering the international business model of Cyprus as we know it. So far Cyprus is emerging as a net beneficiary from these

developments. We are already witnessing increased presence of corporations in Cyprus in terms of both operations and people with a positive impact on our industry and the Cyprus economy as a whole.

Against this background, our Tax and Legal business had a successful performance achieving total revenue of €48,7m representing a growth of 2%.

Congratulations go to our 400 strong team of Tax & Legal Partners, Directors and staff who have achieved this through sheer hard work and dedication.

We remain positive on our growth prospects in the years ahead.

Corporate Compliance Services (CCS)

Our Corporate Compliance Services (“CCS”) comprise the whole spectrum of tax compliance, corporate statutory compliance and company administration services which include bookkeeping, accounting, entity governance and compliance, payroll and company secretarial services. Also covered are specialised services such as wealth management services, advice on establishment of local and international business companies, AIFs, UCITS, investment firms and trusts. Clients are serviced by dedicated intergraded teams using a holistic approach covering all areas including tax, VAT and legal.

In the current year CCS responded well to clients’ needs in bringing their corporate compliance work up to date and in providing additional support in areas such as helping clients to set up and operate in Cyprus and in establishing substance and proper corporate governance. Areas with increased demand for our services also included wealth management, family office services and fund creation. CCS also stayed at the forefront of our business development activities. This included daily communications, updates, as well as regular visits to our clients, our PwC network and other contacts. In addition, presentations were made in key markets including Russia, USA, UK and China, demonstrating our capabilities and discussing opportunities. Significant new wins resulted from these efforts.

Tax Advisory Services

Our Tax Advisory specialist teams offer expert advice on all areas of taxation including Corporate Tax Advisory, International Tax Structuring, Private Clients, Tax Investigations and Tax Accounting. In addition to servicing our clients and spearheading business development activities in Cyprus and abroad, Tax Advisory remained active in providing support to the Ministries of Finance and Commerce and the Department of Taxation. Our contribution on various matters was found to be very helpful and was greatly appreciated by the Government. Tax Advisory has remained on top of all tax developments internationally, stayed close to and kept our clients informed and enhanced its interaction with our network through joint seminars, meetings and consultations. These efforts translated into maintaining our existing client base and further enhancing it through some major new wins.

Indirect Tax Services

Our Indirect Tax Services offer expert advice on all areas of indirect tax including VAT advisory services, VAT recovery, VAT investigations and disputes and compliance matters.

Our Indirect Tax Services have had a very successful year. Key contributing factors included:

- Advisory and compliance services to the financial services sector and specifically to banking instructions, Forex Trading companies and funds.
- Substantial assignments which were won from industries engaged in online trading in connection with changes in EU VAT provisions as from 1 January 2015.
- Significant work won following the creation of new specialisations offering services relating to the importation of aircrafts and yachts and the handlings of works of art and luxury items.

Company Administration (CAS)

Our Company Administration Services (CAS) provides a wide range of outsourcing, insourcing and advisory services concentrating on helping companies remain compliant in the areas of accounting, payroll, tax compliance covering income, capital gains, property and indirect taxes and in corporate secretarial matters. It also provides advice on the design and implementation of internal controls, reports, analyses, costings, budgeting, cash flows and other. The CAS portfolio of clients includes all kinds of companies based in Cyprus from foreign to locally owned, from multinationals to national, regional and start-up companies and from foundations and provident funds to private entrepreneurs.

Our CAS team has been further strengthened in order to become the service provider of choice for international companies with physical presence in Cyprus. In addition, it has developed services addressing the compliance and administration needs of specific industries such as Oil and Gas, Tourism, Medical and Commerce.

CAS performance has been very successful, showing a double digit growth and notable new wins.

Legal Firm

The legal firm, full member of the PwC international network, offers legal services that cover the whole spectrum of corporate and business law, including advising and representing clients in M&A transactions, re-organisations, European Union law and Competition law, due diligence, setting up of private companies, joint ventures, trusts, funds and other forms of businesses.

Legal has had a very successful year, enriched its work force with highly skilled and experienced lawyers and managed to achieve a double digit growth and significant new wins.

Private Wealth Cyprus Conference

PwC Cyprus was the Platinum sponsor of the Private Wealth Cyprus Conference organised by IIR Ltd on 22&23 March 2015 at the Four Seasons Hotel in Limassol.

During the first day of the conference, Phryni Yiakoumetti, Director, Immigration & Wealth Management Services addressed the conference with her presentation entitled "The road to Global Citizenship - Choosing the Cyprus route". Our Tax Advisory Partner Cleo Papadopoulou also addressed the conference with her presentation on Tax Planning for Wealth Preservation.

On the second day of the conference, PwC was represented by a panel discussion with title "Wealth Structuring Solutions for today's HNWIs" which was moderated by Petros Maroudias, Partner, Wealth Management Services.



Clients and markets

International Business



Theo C Parperis

In charge of International
Business

FY15 was definitely one of the most challenging years for our international business. Cyprus still working its way out of the banking crisis, markets such as Russia and Ukraine suffering from political instability and economic recession, issues with double tax treaties, capital market activity worldwide and EU regulatory issues, such as Base Erosion Profit Shifting (BEPS) and State Aid, painted a very challenging environment.

As a firm, however, we have responded well to all these challenges and overall our international business has grown during FY15.

We achieved this by staying very close to our international clients and providing them with expert solutions and support helping them respond to their challenges.

In particular, during the year, we have met all of our international clients with Russian operations and, working jointly with our Russian colleagues, we have provided bespoke solutions in order to assist them comply with the newly introduced CFC rules, in an efficient and effective way.

This was a major exercise involving many competencies and we have demonstrated strong cooperation amongst our expert teams and PwC Moscow. As a result of the Russian CFC rules and OECD stricter guidance, many of our international clients continue to enhance their substance in Cyprus, making use of our successful and comprehensive Pathfinder services. There was also increased interest by other international clients to invest or set up their base in Cyprus and hence increased need for the full range of our expert services.

During FY15 we have also continued to develop our specialised services to High Net Worth Individuals (HNWIs) such as Wealth Management and Immigration Services. We had more than 50 assignments for existing and new HNWIs which created significant revenues and opportunities for x-selling additional services such as Assurance, Advisory and Tax, for their corporate businesses.

Despite the continued recovery of the Cyprus economy and the positive reviews by Troika on Cyprus' adherence of the refinancing memorandum, we have recognised the need for Cyprus to reform

its service offering to international businesses and as a result we have invested significant time and effort to assist the Government in introducing new tax and legal amendments in order to ensure that Cyprus remains up to date with international regulatory and business developments.

The business outlook for FY16 remains full of challenges due to the continued instability of the world economy and the ever changing international business environment because of stricter regulations. The new provisions of the Cyprus legislation, however, such as Non Doms and Notional Interest Deduction (NID), as well as the continued trend for more substance present us with a unique opportunity to grow further our international business during FY16.

US

During the year it was decided to repatriate our full-time tax desk in New York and continue our presence through PwC US colleagues.

Our FY'15 efforts included visits to the US for meetings with both existing and prospective clients and PwC US client servicing teams, mainly those offering International Tax Services (ITS). In addition we participated and presented at the annual Tax Leadership Convention of the US firm, a US outbound targeted workshop here in Cyprus and have provided technical assistance to our Ministry of Finance in connection with the efforts for a new double tax treaty with the US. Finally our Partner, Stelios A Violaris, in his capacity as board member of the American Chamber in Cyprus, took the lead to organise, participate and present at the CCCI/CIPA event in New York last March.

In FY'16 we are aiming to drive awareness efforts afresh in various ways given the introduction of our new tax law provisions and other products. Beyond that, we aim at expanding marketing efforts towards this big market by exploring existing and new opportunities through promotion of Cyprus as a solid international business centre for US entities.



Russia

The Russian market went through a challenging year as a result of geopolitical uncertainty, slow economic growth and intensive regulatory reform at a time when Cyprus began its steady course towards economic recovery through financial, fiscal and structural reforms.

In this demanding environment, our cooperation with PwC Russia continued to grow stronger towards providing solutions and support to our common clients and guiding them through the major business and other challenges that they have been facing up to.

In response to our clients' decision to maintain and enhance their presence in Cyprus, we sponsored, attended and spoke at various conferences and economic summits in Moscow together with colleagues from PwC Russia. All events were successful and well attended by businessmen and high ranking officials including our Minister of Finance.

In the second half of the year, the "de-offshorisation" discussions dominated our clients' agenda. Together with PwC Russia we have kept clients fully

informed of developments on this very important area, explained how it may affect their international business and explored solutions towards complying with forthcoming rules in a transparent and efficient manner.

Our annual Senior Partner Reviews of major clients were successfully carried out and, in addition to the invaluable feedback that was obtained and taken forward with the respective engagement teams, these meetings offered an opportunity to demonstrate yet again how close we remain to our client base in Russia and how committed we are in supporting and advising them.

Overall, our business from the Russian market continued to grow during the year, despite the challenges.

The outlook of the Russian market remains challenging, however, we are well placed to help our clients to deal with their challenges.

Ukraine

Our business development efforts in Ukraine continued to be constrained by the adverse political developments and as a result not many events were organised. The war in Eastern Ukraine continued sporadically and the country has moved over the year into deeper economic recession.

There was also calls from Ukraine to amend or even cancel the Double Tax Treaty with Cyprus. With concentrated efforts from the both the Cypriot Government and the private sector this was averted and negotiations started in February 2015 for possible amendments in to the current treaty.

We nevertheless remained close to our clients and colleagues in Ukraine, overall retaining our FY 15 gross revenue at the same levels as in previous years.

For FY 16 , we will continue to monitor closely the developments in Ukraine and be close to our clients.

Middle East

Despite the fall in the oil prices, the intensification of regional conflicts and continuing uncertainty of the post-Arab Spring transitions, the Middle East has experienced a modest recovery which is expected to continue. A possible easing of the economic sanctions imposed on Iran may also bring further economic stimulus.

FY15 has been a successful year which saw a significant growth in revenues across all service lines of the firm from the Middle East market, including new clients setting up operations in Cyprus, evidencing the development of Cyprus as a desirable business center for Middle East investors.

In the past year we have kept close contact with PwC Middle East, as well as other contacts and professionals in the region, promoting Cyprus as an investment destination.

Partners of the firm have also attended international conferences held in the



UAE and delivered presentations on Wealth Management (including Citizenship) services and on Cyprus Alternative Investment Funds.

Business opportunities in Cyprus may also be created out of the double tax treaty network currently in place with Middle East countries which include Egypt, Kuwait, Lebanon, Qatar and the United Arab Emirates. A new treaty with Bahrain has also been concluded recently and it will come into effect soon. The former tax treaty with Kuwait is to be replaced soon and there are negotiations currently taking place for signing new treaties with other Middle East countries.

We actively participate in several of the business associations of the Cyprus Chamber of Commerce & Industry (between Cyprus and Middle East countries) providing support in the effort to promote business relationships with these countries and to attract investment interest for Cyprus.

The business outlook for FY 16, for Middle East business remains positive.

Intax Expo Conference Middle East

Intax Group organised on 16 - 17 March 2015 the Intax Expo - Middle East conference and exhibition. PwC Cyprus was the main sponsor of the event which took place at the Conrad Hotel in Dubai. Our Partner Theo Parperis, addressed the conference with his presentation entitled "Cyprus Citizenship by Investment and Wealth Management", while our Partner Chris Odysseos, also delivered a presentation entitled "Cyprus Alternative Investment Funds".

China

During the year we have relaunched our business development plan to penetrate the Chinese market. In April 2015 we made a strategically important trip to the three most important business centres, Hong Kong, Shanghai and Beijing and had meetings with colleagues and third party providers. Our main aims are:

- To capitalise on the renewed interest shown for Cyprus citizenships by High Net Worth Individuals (HNWIs).
- To actively promote specific key investment projects in Cyprus for Chinese State Owned and Private Enterprises.
- To act as intermediaries for forthcoming investments by the Chinese entities into the Russian market.
- To promote the use of Cyprus as the regional headquarters of Chinese investors for investments in EU, Eastern Europe, Middle East and Africa.

To this effect, within FY16 we plan to:

- Organise 4 client events in October 2015 in the three key business centres of China organised with our office and a third service provider as well as have one to one meetings with HNWIs alongside these events.
- Enter into collaboration agreements with third party service providers (migration offices, lawyers).
- Create a Cyprus Desk in China, manned by a tax manager from our office there.
- Actively pursue the negotiation of a Double Tax Treaty with Hong Kong and the renegotiation of the Double Tax Treaty with China.

UK

New business from UK has grown during the year.

We stayed connected with our Tax & Legal colleagues in London - emphasis was placed on our Wealth Management and Immigration practices and we capitalised further on our successful cooperation. The flow of new business continued during FY15, resulting in a total of 25 citizenship projects performed jointly with PwC UK in the last 18 months, with fees for PwC Cyprus of around €1.2m. PwC UK's support has helped us in penetrating new target markets - for example, we won a number of projects in Israel and the Middle East/ Saudi Arabia. Importantly, in many cases we were successful in converting citizenship work to ongoing wealth management work (mainly asset protection and family office support services).

During FY15 we hosted a Cyprus-UK tax technical workshop in Nicosia, involving the participation of 5 leading PwC UK International Tax Structuring Partners & Directors as well as Cypriot counterparts, discussing international

restructuring solutions, Base Erosion and Profit Shifting (BEPS), etc. At this workshop the importance of Cyprus developing new solutions/ products to enhance its attractiveness was confirmed, including the need to improve the treaty with the UK. Several coordination meetings and calls also took place, aimed at connecting with various Cypriot transferees and secondees currently with PwC UK and this effort will continue and grow during FY16.

During FY16 the focus will be on continuing to generate Corporate and Wealth Management and Immigration work, converting these to ongoing engagements wherever possible, and importantly educate our colleagues and potential clients in respect of the new provisions relating to non-domiciles, Notional Interest Deduction (NID) financing, the new IP box, etc, as well as the yacht and private jet schemes and private funds. We shall also monitor regulatory change in UK and work with our colleagues there to develop and promote new joint products (e.g. family office support, pensions, asset protection, etc).

Clients & Markets



Stelios C Constantinou

In charge of Financial Services & Banking Team

Financial Services

During FY15, the Cyprus Financial Services industry proved its resilience under very challenging conditions and whilst in the midst of regulatory reform.

In our integrated Financial Services group led by Stelios Constantinou, Banking Industry Leader, our professionals assist our clients with some of the most complex and challenging issues in every segment of the Financial Services industry.

The challenges faced by our clients during FY15 created many new opportunities for our Financial Services group.

We expanded further our comprehensive industry expertise in advisory, audit and tax practices and continued to work closely with our international network to tackle local and global client issues.

We believe in having and sharing a point of view in all areas that concern our clients. During FY15, we set and met specific objectives of producing and sharing topical issue publications, organised and participated in conferences and contributed to external industry magazines on a broad range of subjects.

Looking ahead, we expect that the industry landscape will continue to evolve. Building on our past successes we will be ready to provide the insights, advice and support to help our clients respond to the challenges ahead enabling them to remain relevant and competitive.

Banking

Stelios Constantinou

Insurance

Androulla Pittas

Other CySec regulated entities

George Lambrou

Forex industry

Vassilios Vrachimis

Funds

Chris Odysseos

Real estate

Tasos Nolas

Banking industry

Despite the recent contraction, Banking continues to be the principal sector within the Cyprus Financial Services industry.

During FY15, the four Cypriot systemic banks transitioned under the Single Supervisory Mechanism (SSM) of the European Central Bank successfully raising combined capital from external investors in excess of EUR1bln. The SSM's requirements on bank's risk management frameworks and processes are extensive and require significant investment on behalf of the systemic banks in order to ensure compliance.

At the same time, the banking sector continued to make progress against the additional requirements emanating from the Memorandum of Understanding agreed with the Troika with a principal focus on dealing with management of non-performing loans and demonstrating compliance with globally accepted anti-money laundering requirements.

In FY15 we continued to work very closely with all major banks in Cyprus but also with the Central Bank, in various advisory and assurance roles. In doing so we demonstrated our ability to deploy extensive teams of local specialist resources supported by the expertise of our international network. By contributing value to our clients we were able to further increase our market share and revenues from this sector.

In FY16 we aim to continue to leverage our excellent relationships within the Banking Industry and also the expertise that enables us to deliver the solutions that add value to our clients in this ever evolving and changing sector.



Events

2nd Cyprus Banking Forum

The future of the banking sector in Cyprus and Europe was presented at the 2nd Cyprus Banking Forum, which was held on Thursday, 4 December, 2014 at the Hilton Park Hotel, in Nicosia. PwC was one of the main sponsors of the event while our Partner, Financial Services and Banking Industry Leader, Stelios Constantinou was the Chairman of the Forum.



«SOLVENCY II: ORSA/FLAOR» seminar

PwC Cyprus sponsored the «SOLVENCY II: ORSA/FLAOR» seminar organised by the Cyprus Insurance Association that took place on Thursday, 2 April 2015 at the Filoxenia Conference Centre. The event was addressed by Stefi Drakou, General Manager of the Cyprus Insurance Association. Mrs Amalia Mofori, Senior Manager of PwC Greece was among the distinguished speakers at the seminar.



10th Real Estate & Construction Conference

The 10th Real Estate & Construction Conference took place on Thursday, 25 September at Hilton Park, in Nicosia. The event was organised by IMH and PwC was one of the main sponsors. Constantinos Savvides, Manager in our Deals Department, delivered a presentation on the European Trends in Commercial Real Estate and on the bests bets for investments across Europe in 2015.



Clients & Markets



Constantinos Taliotis

In charge of Industries & Energy Team

Industries

PwC Cyprus, has developed multi-disciplined teams, aiming to work with our clients in facing the specific challenges of their industry. We are analysing the changes that our clients are facing at global and regional levels and develop a deep understanding of how they will impact their business and how we can best help them prepare and manage these changes.

At the same time we take pride in our quality services which help to improve transparency, trust and consistency of business offering.

In this year's issue of the Annual Review we are sharing examples of the contribution of our firm's specialist teams in the fields of Hospitality & Leisure and Government & Public Sector.

Our industries:

Energy, Utilities & Mining

Constantinos Taliotis

Hospitality & Leisure

Petros C Petrakis

Transportation & Logistics

Yiangos A Kaponides

Government & Public Sector

Philippos C Soseilos

Retail & Consumer

Andreas Constantinides,

Communications & Technology

Nicos A Theodoulou

Engineering & Construction

Petros C Petrakis

Hospitality & Leisure

Tourism is considered a global economic and social phenomenon offering socio economic progress, employment benefits, positive economic impact, and cultural benefits like the development of mutual sympathy and understanding.

In recent years, travel and tourism has been growing with faster rates than both the wider global economy and other significant sectors such as automotive, financial services and health care. In 2014, tourists arrivals globally reached 1,14 billion.

The Hospitality & Leisure (H&L) industry sectors is highly sensitive to economic and competitive market conditions and are capital management, marketing, personnel, energy, maintenance and technology intensive.

In the current industry demanding and at the same time promising environment, a collective effort is needed to preserve and promote the comparative advantages of Cypriot tourism and offer immediate solutions which will help the future growth for this vital sector of the Cypriot economy and society.

Cyprus

Un-doubtfully, tourism is one of the main pillars of the Cyprus economy. According to World Travel and Tourism Council, the direct contribution of tourism to the Cyprus GDP for 2014 was 7%, which is forecasted to increase to 7,4% in 2015. In terms of employment the direct contribution to the economy for 2014 was 28.000 jobs, which is around 7,7% of total employment, while in indirect terms the total contribution is much higher.

Total tourist arrivals for 2014 were 2.441k and total revenues €2.023,4 mln. Expectations for 2015 indicate increase in arrivals, despite the negative impact from the Russian market mainly due to the devaluation of the Russian rouble. This is evident from the first 6 months of 2015 statistics for which the increase in arrivals compared to 2014 amounts to 5,7%. The key challenges for the industry in Cyprus are the seasonality issue, the competition from other neighbouring destinations which have a lower cost base, and the high borrowing, energy and maintenance costs of the sector in Cyprus. On the other hand, efforts are being made to promote Cyprus as a tourist destination, enrich the tourism product and improve infrastructure and quality.



The latest developments the industry has seen, relate to the passing of the Law providing for the setting up of casino operations in Cyprus, which is expected to enrich the Cyprus tourism product and increase tourist flows to the country. Furthermore, improved connectivity through the addition of new direct flights to and from Cyprus is expected to positively impact tourist arrivals in the future.

Our Expertise

A multi-competence team of PwC professionals offer specialised expertise to the H&L sector having an in depth understanding of the changing market forces that are affecting the industry. Indicative services offered to the sector in the recent past were in the areas of:

- Feasibility studies
- Hotel costing and calculation of key performance indicators
- Mergers and acquisitions
- Restructuring plans
- Valuations
- Tax planning
- VAT health checks and identification of VAT savings opportunities
- Financial audit
- Sustainability and regulatory compliance
- Destination management

Our commitment is to continue to proactively engage with the tourism industry on issues that will prove to be important leveraging our local and global expertise and to use innovative tools that would help the industry succeed.

Business Development

Special Engagements

Our H&L professionals have been engaged in some high value adding projects, both in Cyprus and abroad, an indicative list of which is as follows:

- The minimising of the adverse impact of the all-inclusive packages through raising awareness of the destination amongst tourists as well as improving the tourist product with the use of a local label scheme
- Assessment of the impact of TUI Travel operations in Cyprus by quantifying the economic, tax, social and environmental impacts using the PwC's Total Impact Measurement and Management methodology
- Managing the social and environmental impacts by developing a comprehensive Corporate Responsibility Strategy
- The structured reporting of corporate responsibility at hospitality group level according to the Global Reporting Initiative reporting standard
- The development of a comprehensive tourism product strategy for the reduction of seasonality for the main destinations in Crete, focusing on the off-peak months



Thought leadership initiatives

PwC Cyprus has been actively supporting various tourism related institutions and associations, sponsoring studies and surveys, organising educational workshops and actively attending various H&L related events. PwC is also the official sponsor of the Cyprus Hotel Association annual conference.

Summary of initiatives/activities undertaken in the past:

- **Opening the vault of tourism in Cyprus:** a study on competitiveness and prospects of tourism in Cyprus. The survey was conducted in cooperation with the University of Nicosia and covered the entire spectrum of tourism activity in Cyprus. The objective of the study was to capture in detail and record views, perceptions and messages of tourists and local professionals for tourism in Cyprus.

- **Seasonality and Winter Tourism: a study on the seasonality issue** – collection and analysis of views of tourists visiting Cyprus in the winter months. The survey was conducted in cooperation with the University of Nicosia. The findings of the study, which attracted a lot of interest from the tourism industry, were presented at two widely attended events; one held in Nicosia and the other one in Paphos.



- **Tourism Safety and Security** Speech delivered by Petros C Petrakis, Partner, In charge of the H&L Group, at an event organised by the British High Commission on Tourism Safety and Security.
- Delivering of a free seminar targeting specifically the H&L industry covering direct and indirect tax matters which are frequently affecting the industry, hotel buildings valuations and sustainability strategy development issues.

PwC Director George A Ioannou, a member of the PwC Hospitality and Leisure team, sits on the board of the Cyprus Health Services Promotion Board (Medical tourism).

Attendance of PwC professionals at the Cyprus Hotel Association annual conference and participation of Petros Petrakis, Partner in charge of the H&L Group, at a panel discussion with the key speakers of the conference, in a moderator role.



- Providing articles to the media: “Nicosia can also be a tourism destination” by Panayiotis Moiras, “Tourism industry bad debts – VAT considerations” by Stavri Zenonos, “Condo hotels: do we know enough?” by Ioanna M Ioannou.
- Maintaining an H&L Industry database which includes operational indices of hotels in Cyprus for comparison and benchmarking purposes.
- Followed closely the developments regarding the drafting and passing of the casino legislation and kept the Global PwC network of Hospitality, Leisure and Gaming experts alerted of the opportunities arising.



PwC Cyprus Hospitality and Leisure

From left to right: Stavroulla Zenonos, George A Ioannou, Panagiotis Moiras, Ioanna M Ioannou, George Shiammoudis, Petros Petrakis

Publications

Industry qualification statement

This booklet summarises our relevant experiences and competencies in the tourism industry and presents a brief profile background of the H&L team.



Opening the vault of tourism in Cyprus

This publication presents the findings of the study regarding the problems of Cyprus tourism, its comparative advantages, prospects and challenges.

Seasonality and winter tourism survey

The study outlines the profile of tourists visiting Cyprus in winter and evaluates through their eyes and experiences the Cyprus winter tourist product, with view to addressing the seasonality issue.



Government & Public Sector

There is a world-wide need for Government and Public Sector to adjust to the new reality of “doing more with less” and focus on the outcomes society needs. This new reality is even more profound in Cyprus where, as a result of commitments undertaken under the Memorandum of Understanding, there is a need to implement in a short space of time structural reforms that would otherwise have taken a great number of years.

The main pillars of administrative reform include public administration reform, growth strategy, smart regulation, entrepreneurship and investment and eGovernment. The vision of the sector focuses on concepts like citizen- centricity, value for money, results orientation, accountability, transparency, efficiency, agility.

Our focus

Central Government / Ministries

In facing up to the great challenge of reform, we focus in supporting Central Government implement public administration reforms including the redesign of systems and procedures.

Local Authorities / Municipalities

With increasing constraints on funding combined with ever-increasing citizen demands and pressures on the delivery of public services, challenges for Local Authorities are becoming increasingly important. In PwC we recognise that Municipalities are a key engine of sustainable growth and therefore we are actively involved in various projects aiming at enhancing their operational effectiveness and securing their sustainability.

Privatisations

Privatisations is a dominant feature in the local economic debate and will have significant short and long term consequences on the financial landscape of Cyprus. In PwC we are combining our experience from our global network with our local expertise in order to facilitate the optimisation of benefits for the Cyprus government and the economy at large.



Private Public Partnerships (PPPs)

We stand ready to provide services to the Government and local authorities in potential PPPs projects, as soon as the relevant regulatory framework is approved. We are in a position to offer high standard services drawn from our experience in landmark PPP projects such as the Larnaca and Paphos airports and the Limassol marina and a number of smaller projects.

EU Funds

EU funds are currently one of the most important sources of funding for Cyprus. In PwC we are working closely with the relevant authorities assisting in maximising the absorption of EU funds in the Cyprus economy.

Our specialisations

In order to support the Public Sector in its current challenges we are mobilising a multi disciplinary team combining the following competencies:

- Restructuring and reorganisation
- Transformation
- Operational effectiveness
- Corporate Finance
- Process re-engineering
- People management (including performance appraisal and reward systems)
- Project management
- Sustainability

Our recent projects

The skills and capabilities of our team can be demonstrated through the various projects we are undertaking. Below is a list of some of the key projects in FY15:

- Public Administration and Personnel Department: We provided consulting support in the following areas: reform of the Wage Bill, enhance the assessment for promotion process, design a new Performance Appraisal system and enhance Mobility within the Public Sector.
- Cyta: We have been appointed as Accounting Advisors to the Privatisations Unit for the Privatisation of CYTA. In this respect, we are working along with other reputable advisors (financial, technical/ commercial and legal) in a very complex process which requires significant expertise.
- Cyprus Academy of Public Administration (CAPA): We are leading a consortium named “Igetikos Palmos” (The Pulse of Leadership) to deliver training programmes with the aim to enhance Strategy, Leadership and Management Development skills in the Cyprus Public Service. The project covers 2.500 managers who attend classroom training and implement work based projects on strategic planning in their organisations.
- Municipalities of Nicosia: Reorganisation of the garbage collection process in order to identify synergies and achieve maximum efficiency and savings for the Municipalities
- Cyprus Athletic Organisation: Internal Audit Services for the organisation and provision of advisory services for the federations subsidised by the organisation
- Cyprus Ports Authority: Internal Audit Services European Patent Office (EPO): PwC Cyprus in cooperation with PwC Northern Ireland is delivering a 5 –year Management Development Programme for the population of Aspiring and First Time Managers in 4 different locations (Munich, The Hague, Vienna and Berlin).

People



Philippos C Soseilos
Head of Human Capital

Our people are our biggest asset.

At PwC we create an exciting business environment, where talented people are motivated to give their best and reach their full potential.

Being a step ahead

The market's volatility, as well as the demand for new services during FY15, meant that we had to portray great agility in adapting around our Lines of Services' needs by moving, developing and recruiting people efficiently.

Despite the difficult economic conditions, we continued to invest in the professional development of our people by taking a long-term view of our business.

This section gives an outline of how our performance, talent, development and transformation activities have sparked professional and personal growth.

Performance

Engaging our people

In FY15, we asked our people's views on what it is like to work at PwC through a number of ways, such as holding our annual "Global People Survey (GPS)" and organising people meetings with our CEO.

Our people's engagement was at the centre of our strategy and we demonstrated commitment to take all necessary action to sustain it. To this end, we rolled out workshops to communicate our FY15 strategic goals and transparently discuss our GPS results with all colleagues, in an effort to further improve the quality of our people management practices.

Providing opportunities to engage with leadership, has helped our people feel better informed and even more involved with the direction our firm is taking. As a result, our People Engagement Index score increased to 77%, compared to 72% achieved in FY14.

Furthermore, in FY15 we continued to administer a confidential and anonymous upward feedback programme for all our Partners, in order to help them in their personal development journey.

Additionally, all our Assistant Managers, Managers, Senior Managers and Directors received confidential and anonymous feedback from their colleagues, to help them develop their managerial and leadership style.

Managing Performance

Objectivity is at the heart of our performance management system, and our aim has been to continuously build a culture, where people progress and are rewarded based on their job performance.

In FY15, our people were rewarded with bonuses on the basis of the firm's FY15 financial results and their individual performance.

In addition, we made 155 promotions as of 1 July 2014, 87 promotions as of 1 January 2015, and an additional 121 promotions as of 1 July 2015.

Our promotions are a demonstration of our commitment to continue investing for the future and offering tremendous career opportunities, even under difficult market conditions.



New Partners

Appointment of 3 new Partners as of 1 July 2015



Varnavas N Nicolaou
Indirect Tax



Varnavas graduated with the degree in Chemical Engineering from Imperial College London. He joined PwC in London in 2000. In 2003 he joined the PwC Cyprus team and became a Member of the Institute of Chartered Accountants in England and Wales (ICAEW). He specialises in indirect taxation and advisory services, mainly for multinational companies that are active in financial services, real estate, investment and capital management, international transactions and cross-border projects.

Christos S Charalambides
Tax Advisory



Christos graduated from the University of California after having completed his studies in Economics. He joined PwC Cyprus in 1999 and has been a Member of the Institute of Chartered Accountants in England and Wales (ICAEW) since 2002. He specialises in domestic and international tax planning for companies active in Cyprus, as well as for multinational companies active in financial services, energy, raw materials, real estate and retail trade.

Vassilios G Vrachimis
Assurance & Advisory



Vassilios graduated from the University of Manchester and joined PwC in 1998, serving in a number of posts both in Cyprus and the United Kingdom. He is a CFA® Charterholder and Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He specialises in delivering Assurance and Advisory Services to the banking and financial services sectors.

New Directors

*We focus on developing our people to become the next generation leaders.
9 of our Senior Managers were promoted to Director as of 1 July 2015.*



Marios Charalambides
Assurance & Advisory, Nicosia



Andri Hadjikkou
Assurance & Advisory, Nicosia



Lisa-Anne Ioannou
Assurance & Advisory, Nicosia



Michalis Stephanou
Assurance & Advisory, Nicosia



Joanne Theodorides
Tax & Legal, Nicosia



Zacharias Clerides
Tax & Legal, Nicosia



George Ioannou
Assurance & Advisory, Nicosia



Olga Menelaou
Assurance & Advisory, Limassol



Michalis Stavrides
Tax & Legal, Limassol

Talent

Promoting talent

Our strategic priority continues to be focused around talent management, and on making sure that everyone in PwC has the opportunity to reach their full potential.

In FY15, we continued to implement a series of Talent Management activities for our Managers, Senior Managers and Directors, such as designing and running “Career Development Centres (CDCs)”, and the “Orion” talent development programme, in collaboration with PwC Central Cluster’s Executive Coaching Centre of Excellence.

Additionally, a series of individual career development conversations were carried out. In preparation for these meetings, our people were asked to self-assess based on the feedback received from their CDC, and this input was used as a starting point for setting a “Career Development Action Plan”. The relevant plan decided for each individual was then linked to various developmental options.



The best place to build your career

In FY15, we continued to invest for the long-term by recruiting high calibre people.

More specifically, we received a total of 1600 applications for employment, out of which we recruited more than 170 people, including 70 recent university graduates who embarked on our 2014 ACA and ACCA professional accounting training schemes.

In addition, we made 90 offers to university students for our 2015 ACA and ACCA professional accounting training schemes.

To achieve these numbers, our Human Capital professionals carried out a series of recruitment activities, specifically aimed at high calibre professionals and university students.

As more and more university students are starting their search for a graduate job before their final year at university, we continued to offer a “Summer Internship Programme” so as to boost the students’ employability and help them make better informed career decisions.



During the summer of 2014, 20 high-calibre university students secured a place in our competitive “Summer Internship Programme” and took part in a range of activities, such as attending interesting workshops and shadowing PwC professionals.

Upon graduation, 17 of these students secured a position in our 2014 and 2015 trainee intakes, and 5 of them achieved worldwide awards in the Institute of Chartered Accountants in England and Wales (ICAEW) professional examinations.

In addition, out of a pool of 400 university students who applied for our 2015 “Summer Internship Programme”, 33 were given the opportunity to join this programme.



A diversity of experience

The variety of backgrounds from which our people come is very wide. In FY15, 57% of our people were female and 43% were male. In addition, our people came from 19 different nationalities, with different backgrounds, language skills and qualifications.

Having people with a broad and diverse range of skills and experiences means that we are in a better position to understand the industry sectors we work in. Moreover, by bringing different views and different experiences to our clients and to the workplace, we add more value to our business.

Being a diverse and inclusive employer helps us build better relationships with our clients and gives us a competitive edge.

Attracting the brightest and best from the widest pool of talent, helps us service our diverse and international clients better.

A mobile environment

While many people think of mobility as moving across geographies, this is only one aspect of it, as there is a wide range of opportunities and business needs which require our people to be mobile.

During FY15, 15 of our people were successful in securing an international secondment in other PwC firms around the world through our “Global Mobility Programme”. Such territories included the USA, UK, Middle East, Russia, Ukraine and Luxembourg. In addition, 14 colleagues from Russia, Ukraine, Malta and Lebanon came to PwC Cyprus on secondment.

Moreover, 32 of our people were transferred to a different Line of Service within the firm, in order to meet our client needs and get a diverse work experience.

Development

A place to learn and grow

Developing our professionals, so as to reach their full potential is of key importance to the success of our business, as well as a source of engagement and motivation for our people.

Over and above to received leading-edge technical training, all our people are also expected to build on their leadership, relationships, business and global acumen skills.

Our approach to learning and development is based on the 70:20:10 model, where 70% of job-related learning takes place at work, 20% through coaching and mentoring and 10% through formal learning. This model provides a platform where our people learn quickly, continuously and efficiently.

Through “iGrow”, our management development framework which is aligned to the “PwC Professional”, we continuously enrich our learning interventions, by using blended learning solutions, such as case studies, videos, e-learns, self-awareness tools, role plays and group exercises, so as to enhance our people’s learning experience.

During FY15, we introduced “iLearn”, an electronic platform that supports and manages our “iGrow” learning activities, and allows our people to take even more ownership of their own development, as well as their teams’ learning.

In FY15, more than 700 of our people attended at least one business skills programme, over 85% of our people attended at least one technical skills programme, and a total of 31,500 training hours were offered.

In addition, 4 Senior Managers participated in the international PwC Key Talent Program “My Way”, which aims to develop Senior Managers into our future leaders, through high-impact developmental interventions, personal coaching and connecting with colleagues from a number of other PwC territories.



Partner and Director Development

During FY15, our Partners and Directors went through engaging learning experiences, which were designed to be personal, flexible and relevant to the business.

Apart from receiving technical training, our Partners and Directors participated in a strategic workshop, in collaboration with “The London Business School”, which focused on unleashing the potential of the firm.

Moreover, in FY15, 4 of our Partners attended international Partner programmes, in the areas of “Understanding the Client Strategic Agenda”, “Being a transformation leader” and “Leading the business unit”.

The Academy

During FY15, the Academy continued to provide tuition and support to our trainee accountants under both the Institute of Chartered Accountants in England and Wales (ICAEW) and the Association of Chartered Certified Accountants (ACCA) schemes.

Our trainees’ professional examination results in FY15 were outstanding, with pass rates well above the international averages, achieving 100% in some papers.

In addition, 3 of our ACA trainees received worldwide awards in the ICAEW examinations.

More specifically, 2 of our ACA trainees received an award for achieving 1st place in the “Financial Accounting & Reporting” and “Audit & Assurance” Professional Stage examinations, respectively, and 1 ACA trainee received an award for achieving 1st place in the Advanced Stage “Business Reporting” examination.

The prizes were presented to our Trainees in May 2015, during a special award ceremony organized by the ICAEW in London.

Moreover, 4 of our ACCA Trainees achieved 1st Pancyprian place in the ACCA professional examinations of “Corporate Reporting”, “Advanced Financial Management”, “Advanced Financial Performance Management” and “Financial Reporting”.

During FY15, tutors of The Academy delivered 5 ACA revision courses in Mauritius, as well as 3 ACCA courses in Dubai, 1 ACCA course in Qatar and IFRS courses in Greece.

During FY15, the Academy also delivered 19 Continuous Professional Development (CPD) courses, approved by the ICAEW and ACCA, to a total of 396 participants.

In addition, 7 in-house seminars were delivered to local organisations with 279 participants and 2 in-house seminars to organisations abroad.

Professional examination award winners



Sotiriou Konstantina

*Worldwide First Place and the Spicer & Pegler Prize
Financial Accounting & Reporting paper,
ICAEW examinations*



Chubinidze Aleksandre

*First Place in Cyprus,
Corporate Reporting paper,
ACCA examinations*



Neophytou Nicoletta

*Worldwide First Place and the Quilter Prize
Business Reporting paper,
ICAEW examinations*



Yakhontova Svetlana

*First Place in Cyprus,
Advanced Financial Management paper,
ACCA examinations*



Kyriacou Irene

*Worldwide First Place and the Watts Prize
Audit & Assurance paper,
ICAEW examinations*



Olymbiou Demetra

*First Place in Cyprus,
Financial Reporting paper,
ACCA examinations*



Spiridonov Kirill

*First Place in Cyprus,
Advance Performance Management paper,
ACCA examinations*

Transformation

An exceptional place to work

One of the most exceptional things PwC offers is the chance to work with many of the world's leading companies and organisations. This gives our people a great opportunity to develop their business skills through on-the-job learning.

Additionally, we are continuously investing in new ways of improving our workplace, providing our people with flexibility and recognising their contribution at all levels. These are long-term commitments, reflecting awareness that our people make their greatest contribution when their quality of life is well-balanced with their professional obligations.

In FY15, we have maintained the following benefits for our people:

- Flexible hours for all
- Reduced hours for working parents
- Bonus entitlement
- Compassionate leave
- Unpaid leave
- Additional annual leave for long serving staff members
- Life insurance scheme
- Medical insurance scheme
- Provident fund
- Free parking
- Friday afternoon off
- Casual Fridays

Awards and Accreditations

In FY15, following a rigorous assessment, which included lengthy interviews with colleagues from all grades across the organization, assessing us against 174 requirements, we successfully renewed our **Investors in People GOLD Accreditation** and continued to be one of the elite top organisations across the world to hold this highly prestigious accreditation in Human Capital management.

Our IIP GOLD and IIP CHAMPION accreditations reflect the quality of our people management practices, the strength of our culture and our commitment to continuous improvement.



During FY15, we were also awarded with the “**Gender Equality in the Working Environment**” Accreditation by the Cyprus Ministry of Labour, Welfare and Social Insurance, for implementing good practices aimed at promoting equality in the working environment.

More specifically, we were awarded with the “Gender Equality Employer” accreditation within the framework of the Cyprus Certification Business Model, established to recognise companies promoting gender equality in the workplace, for implementing policies that promote equal opportunities in professional advancement and work-life balance, while fully respecting and implementing equal pay between men and women for equal work or work of equivalent value.



Firm

Legal and organisational structure



Ownership of PwC Cyprus

PricewaterhouseCoopers Limited (PwC Cyprus) is a private company with limited liability by shares under registration number 143594, having its registered office in Cyprus office at Julia House, 3 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.

PwC Cyprus is wholly owned by professional practitioners working with the firm who are all members of the board of directors of the company and are commonly referred to as 'Partners'.

Subsidiary undertakings

The principal subsidiary undertakings of PwC Cyprus as at 30 June 2015 are:

Subsidiary undertaking	Principal activity
PricewaterhouseCoopers (Marketing and Communications) Limited	Professional services
PricewaterhouseCoopers Associates Limited	Professional services
PricewaterhouseCoopers Professional Training Limited	Professional training programmes

These entities are all member firms of the PwC network by being members of the PricewaterhouseCoopers International Limited (PwCIL).

Other PwC network member firms in Cyprus

S. A. Evangelou & Co LLC is a member firm of PricewaterhouseCoopers International Limited (PwCIL) and part of the PwC's Tax and Legal Services Network providing Legal Services in Cyprus. It is a private company with limited liability by shares having its registered office at 3 Themistocles Dervis Str, Julia House Annex, 1st Floor CY-1066 Nicosia, Cyprus and it was registered in Cyprus as a Lawyers' Limited Company under registration number 23348.

S.A. Evangelou & Co LLC and its wholly owned subsidiary undertaking, namely PricewaterhouseCoopers Corporate Secretarial Services Limited, are wholly owned by Spyros Evangelou who is also the Head of Practice.

The PwC network

Legal structure of the network

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) - an English registered private company limited by guarantee - operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively. The PwC network is not a global partnership, a single firm, or a multinational corporation. PwC member firms are not legal partners with each other and do not share financial interest.

Key features of the network

The PwC network has a set of standards and policies with which all PwC member firms agree to comply. Focusing on key areas such as strategy, brand, and risk & quality, the Network Leadership Team and Board of PwCIL develop and implement policies and initiatives to achieve a common and coordinated approach among individual firms where appropriate. Member firms of PwCIL can draw on the resources and methodologies of the PwC network. Membership in the PwC network depends on a member firm's implementation of common standards.



Governance

Board of Directors

The Board of Directors is responsible for undertaking certain statutory duties of the firm. The CEO is also the Chairman of the Board of Directors.

Management Board

The CEO who is elected by the firm's Partners, appoints Partners to form the firm's Management Board. The Management Board is responsible for assisting the CEO in the formulation and implementation of strategic priorities and business plans, compliance with all PwC Network obligations and the design, maintenance and operation of an effective quality control system.

Oversight Board

The Oversight Board, which is independent of the Management Board, is elected by the firm's Partners every three years. The Oversight Board is made up of five members all of whom are partners and elects its own Chairman. The Oversight Board is responsible to oversee the activities of the Management Board to hold management accountable to partners, to monitor its decisions and actions and where necessary advise the CEO and the Management Board.



The members of the *Management Board* who served throughout FY15.
First row from left:

Liakos M Theodorou, Evgenios C Evgeniou – CEO, Costas L Mavrocordatos.

Second row from left:

Philippos C Soseilos, Theo C Parperis, Christos M Themistocleous.

The governance structure of PwC Cyprus is made up of three main bodies: the Board of Directors, the Management Board and the Oversight Board.

The members of the *Oversight Board*, who served during FY15. First row from left: Andreas T Constantinides (Chairman), Androulla S Pittas, Constantinos H Constantinou. Second row from left: Chrysilios K Pelekanos, and George C Lambrou.





Christos M Themistocleous

Head of Risk & Quality

PwC network member firms' quality control system for the Assurance practice is based on the International Standard on Quality Control 1 (ISQC1) 'Quality control for firms that perform audits and reviews of historical financial information and other assurance and related services engagements, issued by the International Auditing and Assurance Standard Board (IASSB) of the International Federation of Accountants (IFAC).

ISQC1 applies to firms of professional accountants that perform audits of financial statements and provide other assurance and related services.

Risk & Quality

Internal Quality Control System

The objective of ISQC1 is for the firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- the firm and its personnel comply with professional standards and applicable legal and regulatory requirements
- the reports issued by the firm/ engagement leaders are appropriate in the circumstances.

Elements of our internal quality control system

Our internal control system is based on the six elements of quality control set out in ISQC1, which are:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements (including Independence)
- Acceptance and continuance of client relationships and specific engagements
- Human resources:
 - Recruitment and hiring
 - Learning and education and career development
 - Performance evaluation and compensation
 - Assignment of teams and resourcing engagements

- **Engagement performance:**
 - Consistency in quality of engagement performance
 - Consultation
 - Engagement Quality Control Review
 - Resolving differences of opinion
 - Engagement Documentation
- **Monitoring**

Statement on the effectiveness of the firm's internal quality control system

The effectiveness of our firm's system of internal quality control is evaluated by internal reviews, by independent reviewers from the PwC network and it is also subject to review by the profession's regulator the Institute of Certified Public Accountants of Cyprus (ICPAC). On the basis of these reviews, the Management Board is satisfied that PwC Cyprus' internal quality control system for Assurance is operating effectively. Any matters identified through the various review processes are actioned and changes implemented as appropriate.

Ethics & Independence

Ethical requirements

All partners and members of staff are required to comply with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (“IESBA”), an independent standard-setting body within the International Federation of Accountants (IFAC), that has been endorsed by the profession’s local regulator. Additionally, our firm is required to comply with the relevant PwC network standards on data protection and privacy, anti-trust and anti-bribery and the obligations arising from the relevant local legislation and contractual terms that govern the use and disclosure of information and anti-bribery.

Conflicts of interest

Relevant relationships, potential conflicts of interest and other sensitive situations are identified before accepting a new client or engagement. The Independence team performs checks via internal and PwC network databases and websites and provides a report to the respective engagement teams with the results. Where conflicts of interest are identified the appointment is either declined or

where in line with applicable policy and regulations, safeguards are applied to make sure that potential conflicts of interest are appropriately managed.

Independence

Our firm follows the independence policy of the PwC network which incorporates the independence requirements of the IESBA Code of Ethics for Professional Accountants in relation to personal financial interests, scope of services and business relationships. The independence policy of the PwC network also outlines the independence rules of the US Securities and Exchange Commission (US SEC) and those of the Public Company Accounting Oversight Board of the US (PCAOB) which in general are more restrictive and should be complied with where they apply. In some instances, our firm has also developed supplementary policy based on the local business and regulatory environment. All partners and staff receive mandatory computer-based and instructor led classroom training on the firm’s independence policies and related topics on an annual basis.

Upon joining the firm and at least annually thereafter, all are required to confirm their compliance with all aspects of the firm’s independence policy, including their own personal independence. Violation of independence policy will trigger the firm’s disciplinary process and may lead to disciplinary action including dismissal. Our independence procedures and practices are subject to internal, PwC network and external regulatory review on an ongoing basis.

Continuous professional development

Our firm is committed to providing its Partners and People with the relevant opportunities to continuously develop as professionals, reaching the maximum of their potential at every role they are assigned within the Firm.

Over and above our Performance Management and Upward & Peer Feedback processes, our people's professional development is guided through a combination of on-the-job training (expected to account for 70% of development), coaching (20%) and formal training programmes (10%). Formal training programmes ensure that our people meet their Continuous Professional Development (CPD) requirements.

For this reason, we continued to follow the "Approved Employer - Professional Development stream" awarded by the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC).

More specifically, our training curriculum includes internal and external training courses, seminars and e-learns, which are industry-specific, grade-specific and cover both technical and business skills. In addition to the formal training programmes, the firm encourages each professional to take ownership for their own continuous professional development, by looking into

opportunities for secondment to the PwC network and also by making sure that all the activities they follow are aligned to their role and grade.

PwC's Academy also ensures that our trainee accountants, under both the Institute of Chartered Accountants in England and Wales (ICAEW) and the Association of Chartered Certified Accountants (ACCA) schemes, are provided with the highest quality education and support. Our trainees' professional examination results in FY15 were outstanding, with pass rates well above the international averages, achieving 100% in some papers.

In FY15, 3 of our ACA trainees received worldwide awards in the ICAEW examinations. More specifically, awards were received for achieving 1st place in the Professional Stage examinations of "Financial Accounting and Reporting" and "Audit and Assurance". Moreover, 1 of our ACA trainees received a worldwide award during the year in the Advanced Stage examination of "Business Reporting".

In addition, 4 of our ACCA trainees achieved 1st place in Cyprus in the ACCA professional examinations in the papers of "Corporate Reporting", "Advanced Financial Management", "Advanced Financial Performance Management" and "Financial Reporting".

Partner remuneration

Our Partners' remuneration is based on three interrelated components:

- Responsibility income – reflecting the Partners' sustained contribution and responsibilities
- Performance income – reflecting how a Partner has performed
- Equity unit income – reflecting the overall profitability of the firm



Social media in PwC

Social Media is now part of our everyday life. Today's emerging social media technologies connect the world by allowing people to interact with each other and are changing the way organisations, communities and individuals communicate and collaborate.

By investing in social media, PwC builds trust and communicates effectively with its followers. By fostering and embracing the use of social media we deepen our relationships by openly communicating and sharing with the outside world.

Social Networks – How we use them:

- Communicate our service offerings, corporate events and Thought Leadership publications through our LinkedIn Company page. Initiate discussions on our LinkedIn Group.
- Tweet our latest corporate activities, publications, service offerings and the latest financial news from leading financial media organisations.
- Communicate and engage with our

Facebook fans by informing them about our Corporate Responsibility initiatives.

- Publish corporate videos and event presentations such as Corporate Responsibility events through our Youtube channel.

Our Numbers: Numbers as at on 15 September 2015.

- Twitter: PwC_Cy_Press: 1607 followers
- Facebook: 1378 fans
- LinkedIn Company Page: 3362 followers
- LinkedIn Group page: 985 members

Connect with us:

- Twitter: twitter.com/PwC_Cy_Press
- LinkedIn Company page: [linkedin.com/company/pwc-cyprus](https://www.linkedin.com/company/pwc-cyprus)
- LinkedIn Group: [linkedin.com/groups/PwC-Cyprus](https://www.linkedin.com/groups/PwC-Cyprus)
- Facebook page: [facebook.com/PwC.Cyprus](https://www.facebook.com/PwC.Cyprus)
- Youtube channel: [youtube.com/pwccypru](https://www.youtube.com/pwccypru)



Corporate responsibility



Androulla S Pittas
In charge of Corporate
Responsibility

We in PwC are constantly seeking to increase our impact on society. Our strategy focuses on social relevance and is designed to underline this ambition. This strategic objective means that we aim to design and deliver services that help resolve the key issues and challenges that society is currently facing. We feel that we have a significant role to play in building trust in society and solving important problems.

At PwC Cyprus we believe that all together we can create a positive change in our community by doing the right thing for our business, our people, our society and country. Using our skills, voice and relationships we can be a catalyst for change and have a lasting impact on the world around us.

These aims form the core of our CR Strategy and across the PwC network, all firms support these goals.

Our CR strategy is tailored to our specific strengths and opportunities, as a network of professional services firms. To align and structure our CR activities, we focus on four areas in which PwC people across the world can play their part:

*Responsible business,
diversity & inclusion,
community engagement and
environmental stewardship*

Responsible business

Two years after the events of March 2013, Cyprus has taken significant steps to restore confidence in the banking sector and in the economy. Although challenges remain, primarily the high level of unemployment and the need for private sector deleveraging, the economy has been stabilised and we are entering the recovery phase. This effort needs to continue for the economy to regain sustainable market access and to achieve investment grade rating.

We recognise the important responsibility we bear as professional advisors to the business community and we believe that many of today's biggest business opportunities lie in society's biggest challenges – from managing natural resources to making business more transparent, trusted and fair. We want to continue the incorporation of corporate responsibility issues into the way we deliver our services while we are focusing on ethics, integrity and trust. We understand and we are conscious of the wider social impact our services have as well as our responsibility towards society to use our expertise to drive progress on broad corporate responsibility issues and to contribute to the economic development of our country. This is what responsible business means to PwC.

Events

CIPA International Investment Awards

PwC Cyprus was the platinum sponsor of the 3rd CIPA International Investment Awards organized on Wednesday, 10 September 2014. CIPA awarded foreign investors, companies and people who contributed to the economy, helping the country establish itself as an international business centre for the Eastern Mediterranean region. The event which was hosted by Gold magazine and organized by IMH and the Cyprus Investment Promotion Agency (CIPA), took place at the Presidential Palace under the auspices of the President of the Republic of Cyprus Mr Nicos Anastasiades.

The ceremony, was attended by several hundreds of prominent personalities from the world of politics, business and investment. The welcoming speeches were delivered by the Chairman of CIPA, Mr Christodoulos Angastiniotis, the Managing Director of IMH, Mr George Michail and the CEO of PwC Cyprus, Mr Evgenios Evgeniou.

The 2nd Cyprus Businesses Growth Conference

PwC Cyprus presented the 2nd Cyprus Businesses Growth Conference on 27 November 2014 in Limassol, with the participation of more than 200 executives and officials from the business community. Presentations and discussions that took place during the conference evolved around subjects such as economic developments in Cyprus, changes in the behavior of Cypriot consumers and enhancing business efficiency.

Emphasis was placed on small and medium sized enterprises (SMEs) and their adjustment to the new banking and economic environment, while participants also discussed liquidity, loan and corporate transaction problems faced by businesses as a result of the economic crisis. In addition, presentations covered the funding products offered by the European Investment Bank to SMEs as well as examples from the use of these funding products.

During the event PwC specialists and other distinguished speakers provided an in-depth analysis of the new market conditions.

Participants were also presented with methods and practical tools that can be used by Cyprus businesses, regardless of the sector they operate in, in order to help them successfully adjust to the new economic environment and to effectively utilise new opportunities taking advantage of their own, specific strengths. Mr Evgenios Evgeniou, CEO of PwC Cyprus, stressed the importance of the conference, which aims to help businesses become more competitive and return to growth through the necessary internal reforms, and find new ways of financing their operations.



PwC and ICAEW honoured their trainee accountants

PwC Cyprus in cooperation with the Institute of Chartered Accountants in England & Wales (ICAEW) organised an event entitled “Building skills for success” to honour the accountants who have completed, or are in the midst of, their education with the organisation, as well as all those who achieved worldwide distinctions in the ICAEW professional examinations over the past few years. Honouring the successful event, which took place at the Hilton Hotel on 27 May

2015, were the Chief Executive Officer of ICAEW, Mr Michael Izza, as well as the Rector of the University of Cyprus, Professor Constantinos Christofides, who also participated in an interesting panel discussion, coordinated by PwC CEO Evgenios C Evgeniou.

The discussion focused on the future of accountants, the challenges but also the opportunities they are expected to face as they take their next steps, as well as the importance of continuous learning and acquiring skills over the course of their career.



EU Funding Opportunities

PwC Cyprus has sponsored the EU Structural Funds conference that took place on Wednesday 28 January 2015 in Nicosia. The event was organised by IMH and was chaired by Mr Tassos Procopiou, Partner in Consulting Services, PwC Cyprus. During the conference, the speakers presented the various funding opportunities available from the Structural Funds of the EU for the period 2014-2020 and provided insight on how businesses can access these funds and how they can identify other European counterparts in their efforts to accessing these funds.

Panagiotis Moiras, Manager, Consulting Services was the speaker on behalf of PwC Cyprus, who presented an overview of the funding opportunities available for 2014-2020. Nicolas Tritaris, Manager, Consulting Services, PwC Luxembourg, addressed the conference with his presentation “Financial Instruments for SMEs: What are the available Financial Instruments in Europe and the new regulations”.



10th Cyprus Summit

PwC Cyprus was the Gold sponsor of the Economist Conference organised on Tuesday, 4 November 2014 in Nicosia. The conference focused on the priorities for Europe, current developments in the euro area and efforts to restore confidence in Cyprus. It also examined investment opportunities that could contribute to reinventing the island's economy, as well as the recent developments in the energy and technology sectors.

The conference was addressed by the President of the Republic, Mr Nicos Anastasiades and was attended by a number of distinguished speakers from the European Parliament, European Central Bank, European Stability Mechanism, International Monetary Fund, European Union and United States of America. Mr Evgenios Evgeniou, CEO of PwC, referred to the decline of Cyprus ranking in the recent “Doing Business Report” by the World Bank, which he said should motivate us to proceed with the necessary reforms in order to create

a friendlier business environment for foreign investments, companies wishing to set up a base in Cyprus and start-ups. Mr Evgeniou also referred to the efforts of young people to create innovative businesses, stating that we should support them in order to build a new and productive economy.

In relation to the energy sector, Constantinos Taliotis, Partner, In charge of Energy Team at PwC Cyprus analysed the most important developments in the gas industry on a global and regional level, making particular reference to the increasing importance of the time to market of any new gas commercialisation project, in the current market conditions. He also presented existing and future potential investment opportunities in the energy sector in Cyprus and further pointed out the importance of the discovery of natural gas reserves in the Cyprus Exclusive Economic Zone, which are indigenous energy reserves of the European Union.



18th Annual CEO Survey. Key findings in Cyprus

In the context of the 18th Annual Global CEO Survey, PwC carried out for the 4th consecutive year, a local study which included the view of over 80 business leaders in Cyprus. This year's global survey, focused on the future of businesses and examined how megatrends are transforming the competitive landscape and the dynamics of many industries.

The local results of the 18th Annual Global CEO Survey were presented by Philippos Soseilos, Partner, In charge of Consulting at PwC Cyprus on Tuesday, 3 March 2015.

Taking part in the panel discussion that followed were Constantinos Petrides, Undersecretary to the President, Bert Pijls, CEO of Hellenic Bank and Lysandros Ioannou, Chairman and Managing Director of PHC Franchised Restaurants Public Limited. The event was addressed and coordinated by Evgenios C Evgeniou, CEO of PwC Cyprus.



Imperial College and Imperial College Business School Evening Talk

PwC Cyprus sponsored the Imperial College and Imperial College Business School alumni evening talk that took place on Thursday, 2 April 2015 at the Filoxenia Conference Centre. The discussion was coordinated by Dr. Alexander Michaelides, Professor of Finance at Imperial College Business School and addressed by Evgenios C Evgeniou, CEO of PwC Cyprus.



Other activities

During the year our Partners and staff have participated in discussion/ consultations with the Public Sector and other business and professional bodies in an effort to contribute to the economic development and the building of stability and trust in the Cyprus economy. We have published a number of articles in the local press on corporate responsibility issues such as the importance of regaining trust as well as the effect of Megatrends in the sustainability of businesses. During the year we have enhanced the training/ awareness of our staff on corporate responsibility issues such as sustainability, tax transparency, the effect of Megatrends in society and how these could affect our clients.

Diversity & Inclusion

PwC is a place where people can be themselves; where we value and respect differences.

Being a diverse and inclusive employer helps us build better relationships with our clients and gives us a competitive edge. The ability to work well with all kinds of people is one of the most important business skills today and for the foreseeable future. Our clients demand it and remaining the number one professional services network depends on our ability to behave inclusively so that we can make the most of the very best talent in the world.

In our business, we work and advise people with a variety of talents, experience and backgrounds, so we're especially focused on building a diverse and inclusive environment, where a multiplicity of ideas and experiences are encouraged and appreciated. We know that when people from different backgrounds and with different points of view work together, they can create the best/highest value – for our clients, our people and society.

Diversity can be understood in terms of attributes like generation, race, gender, ethnicity, and sexual orientation, but there are more than 20 dimensions at play.

Having this in mind, this year we have dedicated the month of July to “Diversity & Inclusion”, during which we have promoted local and global initiatives. These initiatives included seminars, self-awareness tests, myth buster quizzes, competitions, videos and studies that helped our people to come a step closer in Understanding, Exploring, Engaging and Committing to “Diversity and Inclusion”.

PwC + HeForShe

HeForShe is a solidarity campaign for gender equality initiated by UN Women. Its goal is to engage men as agents of change for the achievement of gender equality and women's rights, by encouraging them to take action against inequalities faced by women.

Through our partnership with the United Nations' HeForShe initiative, we are accelerating global momentum toward gender equity in the workplace. Gender equity unlocks everyone's full potential and all of us have a role in supporting it in the workplace. The more men and women play active roles in each other's success, the more we all benefit—both as individuals and as a network.

At the PwC Global Leadership Summit in Tokyo on 3-4 June, our CEO made his commitment to HeForShe and with a follow up communication encouraged all our people to do the same through the relevant official site. This public commitment helped build momentum and personal accountability.

*Me
For
You* + *You
For
Me*

*Make your HeForShe
commitment*



Events

Workshop on Women Leadership for the students of the University of Cyprus

On Wednesday, 11 March 2015, our L&D team organised for a second time a workshop on women leadership, which was held at the University of Cyprus for the University's students. This workshop was part of a global initiative called "Aspire to Lead", focusing on supporting female students navigating their way from campus to career. During the workshop, the students had the opportunity to view the recording of a live webcast featuring PwC leaders, Leader of Google UK, Eileen Naughton, and authors of "The Confidence Code", Katty Kay and Claire Shipman. The focus of the workshop was on building confidence and exploring the role of men as supporters and drivers of change.

Through such initiatives, we can raise awareness, build leadership skills and help students accelerate their future careers.



Adopt an athlete

As part of our CR initiatives we have supported the "Adopt an Athlete" programme of the 2015 Special Olympics. Through this programme we have supported Panagiotis Kagias an athlete who has participated in the Los Angeles, Special Olympics in 2015.



Events

Community engagement

Community engagement is a fundamental element of the PwC culture. We stand by our community through a vast range of projects, from supporting youth education, families in need and local charities to helping entrepreneurs and start-ups to transform their ideas so as to make them into a successful business.

We aspire to be great citizens by being part of the wider effort to support our community. We share our time knowledge and expertise, we support non-government organisations, and we help start-ups and small business in a challenging business environment.

Our Community pillar includes the following areas:

- *Education*
- *Health & Well being of our people*
- *Supporting families*
- *Foster entrepreneurship*

Education

Graduation Awards

In the context of our Corporate Responsibility strategy, our firm sponsored three awards to top performing students of the University of Cyprus. The awards, sponsored by PwC for the 14th consecutive year, were presented to the top students by our Director, Marios Melanides during the graduation ceremony of the University that was organised on Tuesday, 16 June 2015.

In addition, as of 2008 the organisation sponsors an award for the top performing student of the Department of Accounting and Finance of Frederick University and supports ETEK and University of Nicosia by sponsoring them awards for their top students.

In PwC, we make significant investments in attracting talented university graduates and building their capabilities for the future. PwC Cyprus' trainees achieved significant distinctions on an international level which makes us feel very proud of our people. It is worth noting that since 1993 when the training began for Chartered Accountants, more than 900 university graduates acquired the above title whilst employed at PwC. Furthermore, the success rate in the most recent examinations that took place in December 2014 was above the worldwide average in all subjects.



Events

Health & Well being of our people

Bringing Yoga in our Lives-New Year's Resolution

In the context of our "Health & Well Being" initiatives, we have organised the workshop "Bringing Yoga in our Lives-New Year's Resolution", which took place on 14 and 21 January 2015 in Limassol and Nicosia respectively. The workshop was attended by more than 50 colleagues who were introduced to the benefits of yoga and were given the opportunity to practise some movements.



The Centre of Visual Arts and Research

Similarly on 27 February 2015, we have organised a tour at "The Centre of Visual Arts and Research" in Nicosia, where our colleagues had the opportunity to walk through the history of Cyprus and experience the magnificent views described by travelers centuries ago.

Male Cancer Awareness seminar

In the context of our "Health & Well Being" initiatives and "Movember", an annual event involving the growing of moustaches during the month of November to raise awareness of men's health issues, we have organised 2 lectures on Male Cancer Awareness. More specifically, the lectures were delivered on 25 November 2014 in Nicosia by Dr Dimitris Costi and on 2 December 2014 in Limassol by Dr Simos Malas. During the event our colleagues who participated in the Movember initiative had the opportunity to take a group photo with their moustaches.



Events

Supporting families

PwC's Easter Bazaar

On Friday, 3 April we have organised PwC's Easter Bazaar where our staff formed teams and they had the chance to sell their products so as to raise money for their preferred charity organisation.



"Mana" kindergarten

We supported for the 3rd consecutive year the "Mana" kindergarten and the children drew Christmas cards especially for PwC Cyprus. Their designs were transformed in electronic form so as to be sent as e-cards by our staff for Christmas.

Annual Blood Donation

Our Annual Blood donation was organised for the 13th consecutive year in support of the Nicosia General Hospital blood bank with the participation of more than 100 people. The blood donation took place in Limassol on Thursday, 4 of December and in Nicosia and Paphos, on Thursday, 11 of December, 2014. The annual Unicef bazaar also took place at Aias Building, on the 11 of December, celebrating in this way the values of giving and volunteerism that characterise our organisation.



PwC CSC participation to "The Round Table Charity Rally" and to the "48-Hour Charity Rally"

Our firm was very well represented by our Classic & Sports Cars (CSC) Club which actively supported the above two charity events. The Round Table Cyprus was raising funds for a National Charity Project, the MENTOR units and the Life Education Centre (LEC) of Cyprus, while the Cyprus Federation of Classic Vehicles, in cooperation with the Bank of Cyprus, organised the "48-Hour Charity Rally" in aid of the Cyprus Anticancer Society. Many colleagues with their families and friends participated and honoured our firm by winning various awards.



Other

For the 3rd consecutive year we supported the Ministry of Education initiative for the provision of breakfast to 13.475 students at schools.

Events

Foster entrepreneurship

Through strategic collaboration with educational and business organisations, PwC supports entrepreneurship as an important tool in achieving sustainable growth in Cyprus. We provide free consulting services, volunteer action technical and other support to the University of Cyprus for the operation of a Research, Innovation and Entrepreneurship Institute, Chrysalis Leap, the first Cypriot clean-tech accelerator, the Cyprus Business Angels Network (CyBAN), an Angel Investment Network, the Cypriot Enterprise Link (CEL) a youth-led organisation aiming to connect and support the Cypriot entrepreneurial talent and Junior Achievement (JA), a non-profit organisation specialising in entrepreneurship education.

Press conference:

PwC supports entrepreneurship

The PwC press conference for entrepreneurship was held on Tuesday, 30 June, 2015 at the offices of Capital Impact, a unique meeting place for the start-up community. “We are particularly proud that through the implementation of a targeted Corporate Responsibility Programme we contribute with the know-how we have as an organisation to the overall effort for economic recovery,” said Evgenios C Evgeniou, CEO of PwC. “We are convinced that the road to growth passes through entrepreneurship, which is the reason we support organisations which aim to reinforce it, particularly among young people.”



Cyprus Business Angels Network (CyBAN)

PwC Cyprus is the Knowledge Partner of the Cyprus Business Angels Network (CyBAN), a non-profit investment network, which connects innovating fast growth companies to equity finance through their membership of experienced angel investors. PwC contributes through the provision of consulting services, mentoring and training by supporting the operational process of CyBAN and by supporting Capital Impact tenants.



Chrysalis LEAP

Chrysalis LEAP is an organization with a vision to promote growth in the fields of clean-tech and Sustainable Development. Within the framework of our efforts to boost and strengthen entrepreneurship as a tool for sustainable economic development, PwC is supporting the 2nd Business Ideas Competition “ClimateLaunchpad 2015”. This is the Europe’s biggest business ideas competition in clean-tech. In Cyprus, the competition is held under the auspices of the Ministry of Education and Culture and the Ministry of Energy, Commerce, Industry and Tourism.

Junior Achievement



JA Cyprus was founded in 2011 and is a member of Junior Achievement Young Enterprise (JA-YE), a global non-profit organization specializing in entrepreneurship education, that aims at equipping young people with entrepreneurial, financial literacy and employability skills. Through the Company Programme, students, aged 15-18, are offered the opportunity to learn through practice how to take a viable business idea, from concept to actuality, by forming and running their own real company for a whole academic year. The programme is under the auspices of Ministry of Education & Culture.

Cypriot Enterprise Link (CEL)



PwC Cyprus supports the Cypriot Enterprise Link (CEL), which is a youth-led organisation aiming to connect and support the Cypriot entrepreneurial talent in order to establish a local and a global entrepreneurial network supported by events, meetups, workshops and projects. PwC was an official partner of the 'Insights' Conference organised by Cypriot Enterprise Link (CEL) last March focusing on the themes of Industry Disruption, Entrepreneurial Ecosystems and Start-Up World.

Events

Insights conference

PwC was an official partner of the 'Insights' Conference organised by the Cypriot Enterprise Link (CEL). The conference took place in Nicosia on 28 and 29 March and evolved around the themes of Industry Disruption, Entrepreneurial Ecosystems and Start-Up World, hosting distinguished speakers from the United Kingdom, USA, Israel, France, Netherlands, Greece and Cyprus. Also among the speakers was Michalis Stavrides, Director, at Company Administration at PwC, who analysed the stages of business growth, offering the talented

young entrepreneurs participating in the conference, practical advice on the establishment and sustainable growth of a new business. The conference's main aim was to offer knowledge and experience which would help young entrepreneurial talents acquire insight on how to pursue their business ideas through start-ups.



ClimateLaunchpad 2015

Within the framework of its efforts to boost and strengthen entrepreneurship as a tool for sustainable economic development, PwC supports the 2nd Business Ideas Competition "ClimateLaunchpad 2015", Europe's biggest business ideas competition in clean-tech. The weekend 20 and 21 June we had the unique opportunity to take part as mentors during a two-day "boot camp", held at Kalopanayiotis, where the teams were coached to form their business plans. Our colleagues Socrates Paschalis, Director at Deals, Michalis

Stavrides, Director at Corporate Administration and Konstantina Logothei, Senior Manager at Marketing & Communications acted as mentors to the participating, while Androulla Pittas, Partner, Assurance was one of the judges.



Events

University of Cyprus



The University of Cyprus is working on the establishment of a Research, Innovation and Entrepreneurship Institute aiming to help young people experiencing the consequences of the economic crisis to look to the future with optimism. Apart from the financial support it has already offered, PwC Cyprus will organise annually a lecture on relevant topics aiming to attract young people, encourage entrepreneurship and create a culture that promotes the implementation of innovative ideas.



Game changers, Generation We: Disrupt Cyprus

PwC Cyprus was one of the sponsors of the event titled “Game Changers, Generation We: Disrupt Cyprus”, which was held on Sunday, 23 November 2014 at Pallas theatre. The event, which took place in the context of the Global Entrepreneurship Week (GEW) was organised by Industry Disruptors - Game Changers (ID-GC), in Cyprus.



Volunteering

A total of **317** people from our organisation volunteered, spending **1260** hours for some of our activities such as participating at Charity Rallies, Start-up Weekend, Telethon, Red Cross, Limassol Marathon, Blood Donation and UNICEF.

During FY15, **44** staff members were involved in the provision of pro-bono and discounted services to a number of community organisations and charitable institutions worth **€54.091** spending more than **626,5** hours.

During FY15, PwC Cyprus donated **€63.000** to support charitable organisations such as the Europa Donna, the Anti-Cancer Society, Agia Skepi, “Mana” foundation, UNICEF, Hope for Children, Student Support of the Ministry of Education & Culture, Radiomathonios Center for Preventive Paediatrics and Theotokos foundation.

Environmental stewardship

Even though a services organisation with limited natural resources, we take our environmental responsibilities seriously. For this reason we are constantly working to make our operations more environmentally efficient, by reducing the consumption of energy, printing less colored copies and measuring and reducing our carbon footprint.

We developed an Environmental Management System according to ISO 14001:2004.

In an effort to effectively manage our environmental impacts and improve our environmental performance PwC Cyprus decided to engage our Sustainability and Climate Change (S&CC) team for this purpose. The S&CC team engaged with the Operations team and through constructive workshops all the Firm's environmental aspects as well as the respective environmental impacts were identified. As a result of this exercise an environmental programme has been developed and this is the basis for updating the Firm's environmental policy which is in line with the PwC Network environmental statement. It is also the basis for the development of an effective environmental management system.



Measuring our carbon footprint

In an effort to assess and measure our carbon footprint to use it as a basis for setting reduction targets, the GhG emissions for Scopes 1, 2 and 3 were calculated using the emission factors and the different calculations provided by Defra as follows:

- Scope 1: petrol for company vehicles, diesel for heating, petrol for generators
- Scope 2: total electricity used
- Scope 3: all other indirect emissions – business land travels by PwC Cyprus staff, flights, water supply.

For FY15, the total emissions (Scope 1, 2 & 3) reached 2646 Tonnes CO₂e with the total electricity use (Scope 2) contributing to more than 75% of the total emissions.

Reducing our carbon footprint

In FY15, our focus was improving the sustainability of our buildings. The Limassol Office has been retrofitted with LED light bulbs and this brought a significant reduction in the electricity bill.

As to the new building a lot of emphasis was given on energy reduction from the design as well as construction stages. A number of cost effective solutions have been implemented and these include: LED lighting, occupancy sensors, low thermal glass windows, internal blinds and the use of low energy A/C/V system.

Our sustainability programme

Reduction of water usage	PwC contribute in the reduction of water usage by installing motion sensing faucet and low-flow toilets. Also the installation of dry urinals helped significantly to reduce the consumption of water.
Reduction of toxic and hazardous waste	As part of our responsibility for the environment we reduce toxic and hazardous waste by using only eco-friendly cleaning products. Those products refer to products with environmentally friendly ingredients designed to preserve human health and environmental quality.
Reduction of waste production	We support the efforts to promote a more sustainable society by reducing the production of our waste through engaging with approved collective recycling systems such as paper, batteries and PMD. Also we reduced waste production by: <ul style="list-style-type: none">• The use of double-sided and black and white printing• Recycle of cartridges

Promoting environmental awareness

During the year we have enhanced the environmental awareness of our staff. This is achieved through a range of communications such as:

- Awareness campaign to our staff by using video and sending emails
- Placed signage for reduction of water consumption



Our impact



This is the first year that PwC Cyprus is using the Total Impact Measurement & Management (TIMM) framework to report on its economic, tax, social and environmental impacts on the Cyprus economy. TIMM is a unique impact measurement and assessment framework which provides the basis for a holistic assessment of our impacts in the areas of economy, tax, society and environment at three levels:

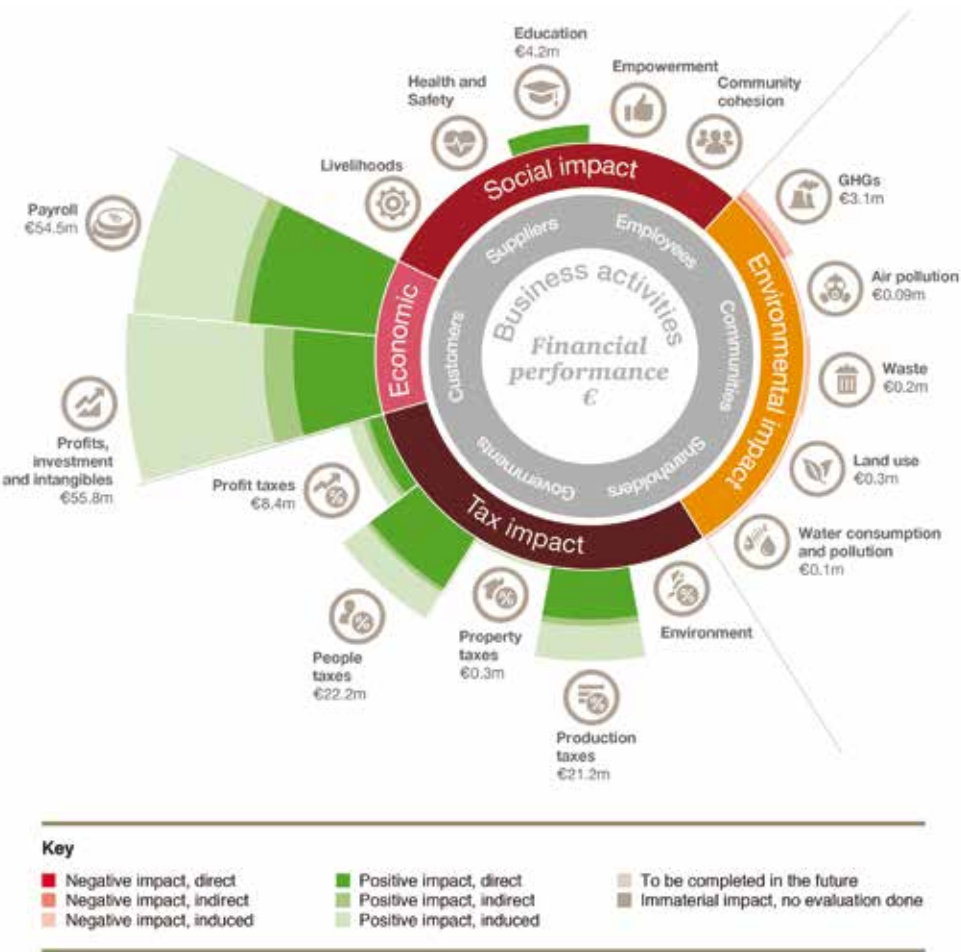
- *direct impacts that result directly from our operations;*
- *indirect impacts that are generated by our purchases from our supply chain; and*
- *induced impacts that are generated by the spending of our Partners and staff and employees in the businesses that supply us.*

By measuring and quantifying our total contribution to Cyprus, and disclosing the data in our Annual Review 2015 we aim to strengthen our credibility as well as relevance in our community, offer increased transparency for our stakeholders and improve the quantity and quality of information used in our decision making.

PwC Cyprus' Total Impact

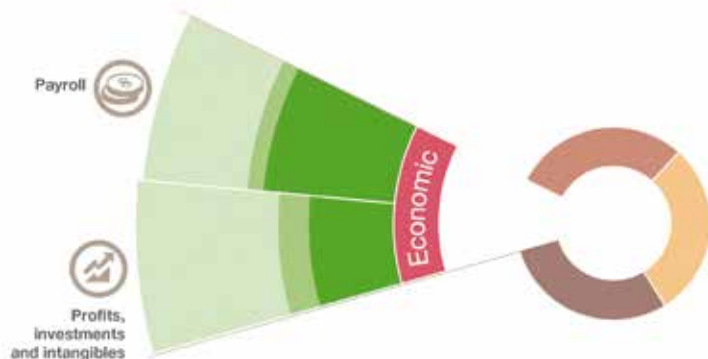
PwC Cyprus's economic, tax, social and environmental impacts are measured for the financial year 2015 (FY15), which covers the period from 1 July 2014 to 30 June 2015. Our total impact for FY15 is €162,8 million. The results are summarised in the adjacent diagram which illustrates our business activities at the centre surrounded by the stakeholders who are affected by our operations. Each of our impacts is shown on the outside of the wheel with the associated value indicated by the proportional size of the bar. Our four impact areas are described in the following sections.

The TIMM project was carried out by the Sustainability and Climate Change teams from both PwC LLP, the UK Firm and PwC Cyprus who worked together to complete the project. We note that all the calculations carried out in regards to the data collected and used to measure our impacts have been reviewed and verified, internally by colleagues independent of the process.



Our economic impact - €110,3 million

Our economic impact is the biggest part of our contribution to Cyprus. It consists of two categories, profits / investment / intangibles and payroll which correspond to a contribution to Cyprus' GDP by more than 0.6% in Gross Value Added.



Profits / Investment / Intangibles



Our impact in this category is €55,8 million (direct: €18,9 million, indirect: €7,3 million and induced: €29,6 million). The induced impact is larger than both the direct and indirect impact added together because of the spending of Partners and staff in sectors that generate high value added (compared to the sectors that PwC Cyprus' indirectly spends), thus, driving relatively high the induced impacts.

Payroll



Our Firm employs more than 900 people (Partners and staff). The salaries we pay them drives spending in the economy which forms the second largest contribution to our total economic impact. The direct impact of employee compensation is €29,4 million, the indirect impact is €3,4 million and the induced impact is €21,7 million.

Our tax impact - €52,1 million

PwC Cyprus also makes a positive contribution to the Cyprus economy through the taxes we pay directly and those paid by other organisations as a result of our activities. We estimate that our total tax impact is €52,1 million, which is nearly one third of our overall impact. The tax impacts are additional to the economic impacts and contribute directly to the public finances.

Profit and people Taxes

The largest proportion of our total tax impact (59%) comes from the taxes we pay and collect on behalf of our Partners and staff.

Our people tax impact is valued at €22,2 million (direct: €14 million, indirect: €1,1 million and induced: €7,1 million). This forms our largest contribution to the overall tax impact.

Furthermore, we estimated our direct, indirect and induced profit tax impact at about €8,4 million. The direct impact is the corporation tax we pay and the induced impact is driven by the spending of our employees and our suppliers' employees in the economy.

Property Taxes

Although no direct impact occurs, our operations lead to indirect and induced impacts in terms of property taxes. This is mainly because by FY15 we transitioned from owning a number of properties to renting the majority of our premises.

Production Taxes

Production taxes are the second largest element of our overall tax impact at about €21,2 million (direct: €11,3 million, indirect: €1,5 million and induced: €8,4 million). This includes the net VAT paid as a result of the services we provide.



Our social impact - €4,2 million

Our assessment of our social impact considers only our contribution to enhancing our people's skills and qualifications through education.

Education



As a leading professional services firm we offer excellent education opportunities for graduates. Specifically, at PwC Cyprus, staff may undertake either a 3 year training programme to qualify as a Chartered Accountant (ACA) or a 5 year training programme to qualify as a Certified Accountant (ACCA).

Investing in our people is key to the way we do business because it enables the delivery of high quality work to our clients. Whilst we aim to retain as many of the accountants qualified with us as possible, some decide to leave the Firm and continue their careers elsewhere. In these cases, the qualifications they obtain at PwC help to increase their future earnings throughout their professional lives. This benefits the Cyprus economy. This element is included in the measurement of our direct social impact: we estimate its value at €4,2 million for FY15.



Our environmental impact - €3,8 million

At PwC Cyprus, we take our environmental responsibilities seriously. As a responsible business, we seek continuously to minimise our environmental footprint by making our operations more environmentally efficient.

Our actions are targeted at reducing our energy consumption, printing less coloured copies and reducing overall paper consumption and reducing our carbon footprint. We have estimated the value of our negative environmental impact at €3,8 million. This value includes the direct, indirect and induced impacts.

GHGs and other Air Emissions

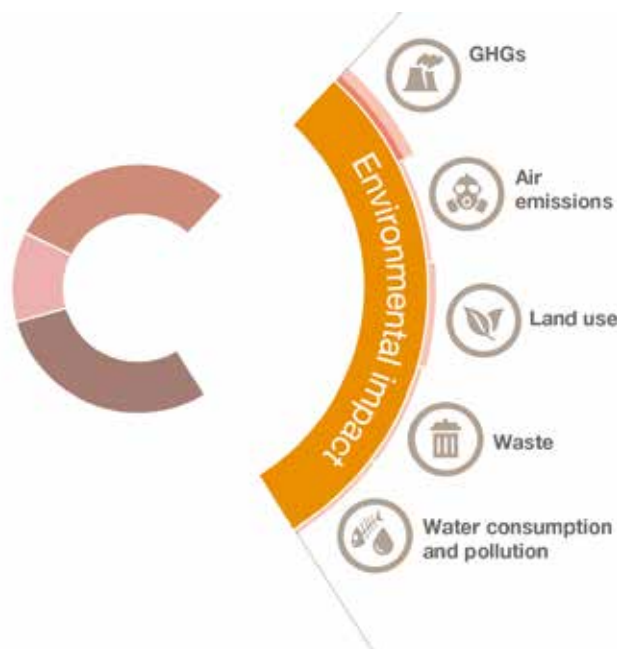


Over four fifths of our environmental impact is due to our GHGs and other air emissions (84.2% of the total). Most is generated by our suppliers' operations and through the spending of our employees and those of our suppliers in the wider economy (€3,2 million). Our direct GHG emissions are the result of energy consumption in our premises and business travel to our clients (€0,1 million).

Land Use



Our land use direct impact is negligible; however, our induced impact is more significant (€0,3 million) making land use the second largest part of our overall environmental impact. This is mainly due to the conversion of agricultural land to produce food that is consumed by our employees and their families and our suppliers' employees.



Waste



Waste is the third largest of our environmental impacts (€0,2 million, 5% of our total environmental impact). Our direct impact is €3k, our indirect €0,02 million and our induced €0,2 million. Even though this figure is very small we still try to reduce the waste we produce following the principles of the waste hierarchy: reduce – reuse – recycle – recover – dispose and thus comply with national legislation.

Water Consumption and Pollution



In our day to day business operations we do not consume large amounts of water. We estimate that our water impact is €0,1 million (direct: €1k, indirect: €2k and induced: €0,1 million).

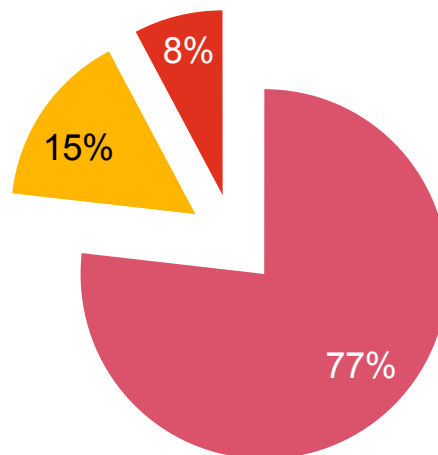


Financials

Our firm's revenue increased by 2,9% to **€79,5m** compared to €77,3m in FY14.

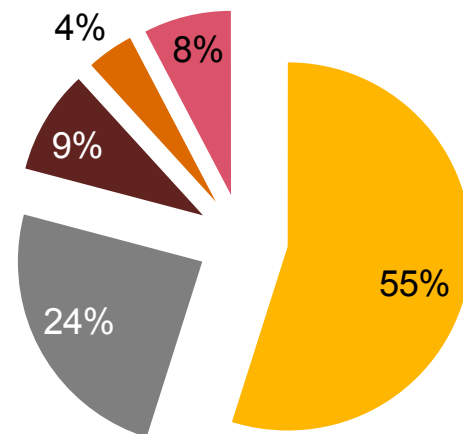
Revenue

Assurance & Advisory

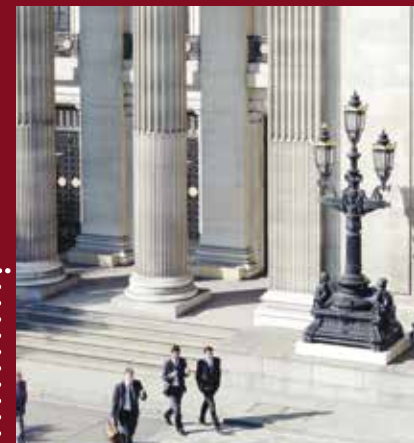


- Assurance - 77%
- Consulting - 15%
- Deals - 8%

Tax & Legal



- Corporate Compliance - 55%
- Tax Advisory - 24%
- Indirect Tax - 9%
- Company Administration - 4%
- Legal - 8%





Assurance

The Assurance practice revenues increased by 1,3% to **€23,7m** from €23,4m in FY14.

Tax Advisory

The Tax practice, revenues increased by 0,9% to **€11,8m** from €11,7m in FY14.

Indirect Tax

Our Indirect Tax practice achieved revenues of **€4,4m**, an increase of 5.9% compared to FY14 of €4,2m.

Deals

The Deals practice revenues increased by 13,6% to **€2,4m** from €2,1m in FY14.

Corporate Compliance

Our Corporate Compliance practice achieved revenues of **€26,7m**, a decrease of 0.8% compared to FY14 of €26,9m.

Consulting

Our Consulting practice, achieved revenues of **€4,7m**, an increase of 17% compared to FY14 of €4,1m.

Legal

Our Legal and Corporate Support practice achieved revenues of **€3,8m**, an increase of 21,1% compared to FY14 of €3,1m.

Operating costs

Total costs have increased by **5,9%** with staff costs recording a 5,2% increase over the prior year. Other operating costs have increased by 7,7%.

Company Administration

Our Company Administration practice achieved revenues of **€2m**, an increase of 9% compared to FY14 of €1,8m.

Staff Provident Fund Costs

The firm maintains a Partners, Directors and Staff Provident Fund with a total of 672 members as at 30 June 2015 (30 June 2014: 778). The fund, which is a defined contribution scheme had €1.691.000 in contributions during FY15 (FY14: €1.653.000). At 31 December 2014, its net assets stood at €35m (31 December 2013: €36m) and net income for the year ended 31 December 2014 was €1.617.000 (31 December 2013: net loss €995.000).

Capital Expenditure

As part of the continuous effort of maintaining the best working facilities and keeping abreast with the latest state of technology, an amount of €1,1m (FY14: €0,7m) was expended mostly on computer hardware and software and on office equipment.

Total tax contribution

State revenues from the firm emanate from payments of direct and indirect taxes as well as social insurance and special contributions. The firm's partners

and staff paid €14,7m (FY14: €11,5m) in direct taxes, social insurance and special contributions. Further to this, the firm paid €11,5m (FY14: €10,6m) in VAT, and €3,6m (FY14: €3,1m) in social insurance and special contributions.

Working capital policy

Debtors and work in progress. The average number of credit days outstanding for this year was 65 (FY14: 62). We also try to reduce the number of days between the time work is carried out and the time of billing it. The average number of days of work in progress for the year was 5 days (FY14: 6 days).

Creditors

Creditors are paid promptly with the average number of days between receiving and settling the invoice for FY15 being 31 days (FY14: 31 days).

Financing

The firm's financing emanates from partner's capital, retained profits coupled with short term external financing. As in last year, the firm did not utilise any of the bank facilities at the end of FY15 as compared to the bank facilities available of €14,6m (FY14: €22,6m).

PwC Cyprus offices

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Paphos

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