
Cyprus Annual Review 2016

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

September 2016



Key performance indicators

Our clients

PwC Cyprus remains the leading brand among professional services firms in Cyprus*

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

9,09 Likelihood to recommend PwC to peers and colleagues

8,67 Overall satisfaction average out of a possible score of 10**

***Figures based on an online Client Experience Survey carried out in May 2016.*

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

Corporate responsibility

€71.000 worth of pro-bono and discounted services donated to community organisations and charitable institutions

€65.000 donated to non-profit organisations to support charitable causes

€100.000 were invested in our entrepreneurship initiatives

500 people from our organisation have volunteered by participating in many of our activities

Financial performance

€79,8m net revenues compared to €79,5m in FY15

€28,5m Total contribution to government revenues including, corporation tax, special contribution for defence, PAYE, VAT, social insurance and special contribution

Our people

Almost **1000** people including **386** qualified accountants and **795** University Graduates

203 Promotions

81% People Engagement Index score¹

More than **170** new recruits

58 newly qualified ACA and ACCA accountants

15 international secondments in other PwC firms around the world

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

8 Pancyprrian awards in the Association of Chartered Certified Accountants (ACCA) professional examinations and 1 achieved 3rd place amongst the top 3 Affiliates in Cyprus

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Expertise Solutions Value

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Evgenios C Evgeniou
CEO
PwC Cyprus

CEO message

PwC Cyprus completed financial year 2016 a few months after Cyprus successfully exited a three-year economic adjustment programme within the initial time frame and without using all the program funds.

A painful, yet necessary adjustment that helped to substantially restore the credibility of the country and its banking system with the cooperation of all political and business stakeholders and the commitment and sacrifices of the Cypriot people.

This achievement is testament to the resilience of both the economy and the people of Cyprus. As such they are a source of optimism for the future.

Whilst the Cyprus economy has returned to growth, economic downturn combined with adverse geopolitical developments in international markets important to Cyprus pose new challenges.

Our 2016 Annual Review, which I proudly present to you, confirms the positive impact our organisation has

had by 'doing the right thing for its clients, its people and society' and focusing on helping our clients face important challenges and working to restore trust.

Financial performance

We achieved revenues of €79, 8 million compared to €79, 5 million in financial year 2015. This overall result does not reflect the significant wins achieved by our teams during the year. These are demonstrated primarily by the significant revenue growth in our Tax Advisory, Deals and Consulting practices. Our financial performance in FY16 reconfirms our organisation's number one position in the professional services sector in Cyprus. This is the result of the trust of our clients and of the market, which we don't take for granted and we work on a daily basis to enhance.

Committed to delivering client value

We strive to deliver quality, value adding services, based on integrity and professionalism and a distinctive experience to our clients; what we call 'the PwC experience'. On a scale from 1 to 10, 9.09 professional services buyers in Cyprus are

likely to recommend PwC to their peers and colleagues, while their overall average satisfaction from the PwC experience totals 8.67, according to the annual Client Experience Survey. Furthermore we get client feedback on the basis of focus groups and senior partners review visits. Continuously improving in delivering value to clients is a primary focus for all our people.

A people powered organisation

We continue to put emphasis on what we consider to be the driving force of our overall success, our people. We remain one of the few organisations worldwide to hold the highly prestigious Investors in People CHAMPION and Investors in People GOLD accreditation in Human Capital management. Keeping our people motivated to deliver their absolute best to our clients is a never-ending effort. This year's people engagement index peaked at 81%, a record high, compared to 77% the year before. We will continue to invest in the development of our people, to give them flexibility and a pleasant work environment. Our ICAEW trainees' worldwide exam successes continue to make us proud. Our continuous effort is having an environment that attracts diverse and talented people that inspires them to achieve their full potential, drives them to excel and to develop into leaders who build trust in society.

Responsibility towards society

As market leaders we acknowledge our responsibility towards our people, our clients, and importantly to society. We strive to bring positive change through the implementation of our Corporate Responsibility strategy that focuses on responsible business, diversity and inclusion, community engagement, entrepreneurship and environmental stewardship. In this framework, our organisation has donated pro-bono and discounted services to community organisations and charitable institutions and for the first time quantified and monetised its overall impact on the Cyprus economy, the society and the environment. According to our Total Impact Report, our positive economic impact for the financial year 2015 was estimated at €110.3 million, approximately 67% of our overall impact. We consider this to be the beginning of a long-term attempt to better manage our overall footprint and enhance the positive change we aim to bring to Cyprus society.

Economic conditions lying ahead

Cyprus has now returned to economic growth, unemployment is falling, new company registrations rise, and foreign investors seek new investment opportunities in key productivity sectors. However, work still needs to be done to

fully restore the credibility of the Cyprus economy, to improve the country's position in competitiveness and ease of doing business rankings and to implement the reforms necessary to create the basis for future sustainable growth, in a volatile and competitive international environment.

Lastly but most importantly, I express my greatest gratitude and appreciation: to our clients for their continuous trust and to our people for their devotion to excellence.

At PwC we are committed to delivering the highest quality of services with integrity and to adding value by working proactively to solve complex business problems.



Evgenios C Evgeniou
CEO

September 2016

Our services

Message from the Head of Assurance & Advisory



Liakos M Theodorou
Head of Assurance & Advisory

In FY16 we have again managed to capitalise on many opportunities which have arisen and succeeded in winning 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 market, government and regulators.

Fierce competition, increased pricing pressures and adverse economic conditions in key international markets, however prevented us from achieving our targets in Assurance and in FY16 our Assurance revenues declined by 0,8%. In Advisory we continued on the path of robust growth with Deals revenues growing by 33,3% and Consulting by 12,8%.

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

Going forward we will deal with the challenges and opportunities arising as a result of EU audit reform, we will leverage even more the use of technology in Assurance and we will continue expanding our capabilities in Advisory to meet client expectations for strategy through execution.

Our integrated Assurance and Advisory practice aims to work together with our PwC network colleagues to bring the benefit of all of our services and expertise to our local and international clients, public and private companies, bringing together a diverse team of experts that work together to meet their increasingly complex needs.

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.

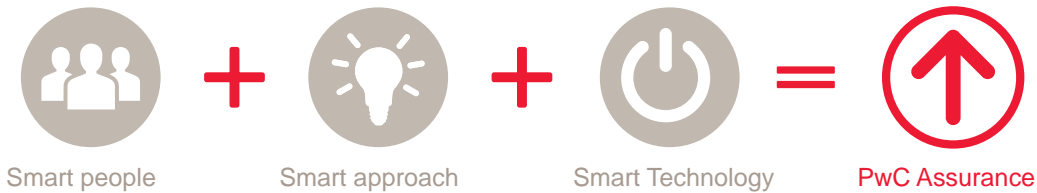
We continuously work so as to deliver our expertise and offer added value to our clients while safeguarding quality. We subject a very large number of engagements to internal and external quality reviews for the proper application of risk management procedures, audit methodology and application of International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

Technology is a primary driver of profitability and differentiation. Over the last decade PwC has created a suite of technologies that are distinctive in our markets - but as the pace of change and the pressures in our markets increase, we need to step up a gear to stay ahead in using technology across the organisation.

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 us the benefit of being able to attain specialisation. Our local expertise and the global reach provide our clients with unique access to specialised technical skills and the ability to provide Assurance services 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. We 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.

We therefore continue to invest heavily in order to have the ability to merge market-leading technology with the skills of our people and a robust audit approach. It is the fusion of these three elements that defines our value and drives our audits.



Deals

Our Deals team 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 specialised advice and continuous support we offer to our clients has the ultimate aim of enhancing shareholder value.

During FY16, we have been providing continuous support on all the large banking institutions of the island on a wide variety of issues, particularly in relation to their SSM 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 a fast-changing sector.

We have been involved as Advisors to the Government for the transformation of the Cyprus Port Authority from an operator to a regulator and have assisted a major bidder in the Limassol port privatisation. We also had major involvement in 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 FY16, we have been involved in several deals, some of them in the real estate sector where clients combined an investment in Cyprus as a condition for obtaining a Cyprus passport.

In regards to transaction support, during FY16, we have been involved in a number of due diligence assignments related to companies in different sectors of the economy including Financial Services, Hospitality and Leisure, Pharmaceuticals and other sectors.

Cyprus has been over the past few years a leading jurisdiction for Russian and CIS IPOs on the London Stock Exchange. We acted as a reporting accountant for the majority of such transactions. Despite the challenges faced in recent years, Cyprus remains an attractive listing jurisdiction for cross-border capital markets deals.

We have also seen 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 organisations 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, the Deals team can tailor or enhance the service offerings responding to the needs of our clients and 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 team provides Advisory services in the following areas:

- Financial Services Risk Management and Regulatory Compliance
- Capital and Liquidity Management
- Internal Audit
- Forensics
- IT Consulting
- Strategy and Operational Effectiveness
- Immigration and Mobility
- Management Training and Building Capabilities
- Recruitment
- Performance and Reward Management
- Sustainability and Climate Change
- Project Management and European Programmes Management

Our Consulting team comprises a large number of experienced 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 FY16, we worked extensively with the public sector, banks, investment firms, 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 includes sustainability and growth. Our team also has substantial experience working with international clients who use Cyprus as a

business base. We support such clients in the areas of regulatory compliance but also to set up and operate successfully through local presence, which is an increasing trend for big groups.

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, fund, insurance, fiduciary services)
- Proactively address the requirements of both local regulators (Central Bank of Cyprus, Cyprus Securities and Exchange Commission, Superintendent of Insurance) and European regulators (e.g. European Central Bank)
- Manage their capital and liquidity resources efficiently and effectively whilst adhering to regulatory requirements
- Develop risk modelling and stress testing capabilities in line with industry best practices
- Achieve compliance with FATCA, the Common Reporting Standard, as well as local Immigration and Employment Legislation
- Increase the Board's effectiveness and strengthen the Corporate Governance of the organisation

- Set up the right teams and maximize talent and performance, mobilizing international transfers as required
- Manage people issues and challenges through setting up the right human resource systems and processes
- Establish, 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
- Effectively manage their sustainability challenges including energy management, environmental compliance and corporate responsibility

Our Financial Services Risk and Regulation team worked closely with many banks and investment firms during FY16, helping them to successfully navigate through the new regulatory landscape and better understand and manage their current and emerging risks. Some of the challenges with which we assisted our clients arose from regulatory reforms, more stringent capital requirements, new risk and data management considerations, new liquidity standards, the need for enhanced risk modelling and stress testing capabilities, as well as increased reporting requirements. 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 corporate relocation assistance (e.g. find office space and generally setting up in Cyprus), issue of work permits and personal pathfinder services to High Net Wealth Individuals and employees (e.g. find housing, schooling, relocation induction and coaching, obtain a driving licence etc.). We support wealthy individuals obtain the Cyprus Citizenship by Investment, or Permanent Residence, being one of the leaders on the island with 100% success rate. 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, supporting also clients in other industries and international groups.

The issues of sustainability are gradually becoming part of Managements' day to day decision making processes. We have maintained our position as the leading sustainability services team winning high profile assignments in the areas of energy management, corporate responsibility strategy development and reporting.

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.



Our services

Message from the Head of Tax & Legal



Theo C Parperis
Head of Tax & Legal

Tax and Legal services (TLS) provide the full range of one stop service for local and international corporate businesses and individuals.

In response to the challenges and changes in the world tax scene, we have continued our transformation of TLS, by accelerating our technology projects and introducing new specialised Advisory and Compliance services on transfer pricing, BEPS and Country by Country Reporting.

Our main focus continued to be the provision of quality, value adding and efficient Advisory and Compliance services to our clients.

Whilst our revenues for Tax Advisory and Indirect Tax services grew by 5,1% and 2,3% respectively, our Corporate Compliance services revenues declined by 7,1% and Legal services revenues remained the same.

The decline in CCS revenues is indicative of the challenges we face in important markets and of the transformation of these services (CCS) in line with international developments.

With the transformation underway of our CCS services and the further development of Wealth Management and Fund administration services, we are confident that this trend will be reversed.

Our people have been efficiently serving our clients in this demanding environment and our people's engagement and internal collaboration has been at the highest level ever. The feedback from clients has also been very positive on the quality responsiveness and proactiveness, which makes us proud of our service offering.

A big thank you to our Partners, Directors and staff in TLS. Our actions above, together with the quality of our people, our expanded Tax and Legal services and our solid client base, form a strong platform to have a successful FY17.

Corporate Compliance (CCS)

CCS comprises 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, funds and trusts. Clients are serviced by dedicated intergraded teams using a holistic approach covering all areas including tax, VAT and legal with the support of our specialists from these competencies.

Despite the challenges, CCS responded well to clients' needs in establishing substance and proper corporate governance. It has also supported clients to bring 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. Areas with increased demand for our services also included wealth management, family office services and set up of funds.

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, enabling us to demonstrate our capabilities and identify opportunities. Significant new wins resulted from these efforts.

At the same time, CCS has embarked in a restructuring of its activities so as to become more flexible and adapt to the changing requirements of clients. The healthy inflow of work should continue in FY17 and this will allow CCS to continue offering value added services to our impressive list of international clients.

Tax Advisory

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 played a leading role in formulating the new Tax incentives introduced by the government which we assisted in the negotiations of new and

renegotiation of existing double Tax treaties with key countries. 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

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 had once again a very successful year. Key contributing factors included:

- Advisory and Compliance services to the financial services sector and specifically to banking institutions, Forex Trading companies and funds
- Substantial assignments won for the structuring of the private assets of high net worth individuals such as yachts and aircrafts
- Assistance in VAT investigations and dispute resolutions, and Customs work from the importation of assets and equipment in Cyprus for foreign direct investment into the country

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 kind 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. During the year we had significant growth in services relating to payroll and other employment matters. CAS performance has been very successful, showing a double digit growth for a second year in turn 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.

The Legal Firm has had a successful year, enriched its work force with highly skilled and experienced lawyers including a Director on secondment from our Moscow office and managed to achieve a modest growth of 4% with significant new wins.



Clients & Markets

Financial Services



Stelios C Constantinou

In charge of Financial Services & Banking Team

2016 can be viewed as a turnaround year for Cyprus; the Troika led economic adjustment program was successfully completed, the economy is steering out of the prolonged recession with a healthy GDP growth, the Banking system is stabilizing, further tax, legal and regulatory reforms are being implemented to improve competitiveness and restore investor confidence. These have been ideal conditions for the Financial Services industry creating many challenging opportunities for our existing and new financial services clients.

In FY16 we continued to enhance our communication channels with key stakeholders in the industry to improve our understanding of their needs and expectations in the new economic landscape.

In our integrated Financial Services group our professionals assist our clients with some of the most complex and challenging issues in every segment of the Financial Services industry.

We can only deliver quality services if we have the right people, empowered to make the most of their strengths. We expanded further our comprehensive industry expertise in advisory, audit and tax practices and continued to work very closely with our international network to tackle local and global client issues.

Banking

Stelios C Constantinou

Insurance

Androulla S Pittas

Other CySec regulated entities

George C Lambrou

Forex industry

Vassilios G Vrachimis

Funds

Chris Odyseos

Real estate

Tasos N Nolas

In particular, I would like to highlight our efforts to enhance our expertise in the Alternative Investment Funds Industry, which has the ingredients to become competitive and credible, developing into a major part of the financial services industry in Cyprus.

We believe in having and sharing a point of view in all areas that concern our clients. During FY16, 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.

Our ability to deliver high-quality services is the foundation of our reputation as the leading integrated financial services team of the island.

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 industry

Banking continues to be the principal sector within the Cyprus Financial Services industry. The continuing transformation and restructuring of the Cypriot Banking System during FY16 created many opportunities for growth as our banks continued their effort to comply with the tough Single Supervisory Mechanism (SSM) requirements and the management of their non-performing loans.

At the same time the accelerating economic recovery of 2016 is expected to restore banks to profitability and support their restructuring efforts thus improving their balance sheets and asset base.

In FY16 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 FY17 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.



The Cyprus Funds summit

The Summit was organised on 9 October 2015 by the Cyprus Investment Funds Association (CIFA), endorsed by the European Fund and Asset Management Association (EFAMA), and took place under the auspices of the Ministry of Finance of Cyprus and the Cyprus Investment Promotion Agency (CIPA).

The Summit hosted senior expert speakers, including representatives from international law firms, EFAMA and members of international fund industry associations and fund/asset managers. As sponsors of the Summit we also invited our speaker Aoife O'Connor, Director at PwC Ireland to talk about Alternative Asset Management in 2020.

The main objective of the Summit was to inform local participants about the current EU regulatory framework, identify the latest global trends and opportunities, and highlight the advantages of Cyprus as an Investment Funds hub.



3rd Cyprus Banking Forum

The 3rd Cyprus Banking Forum which was organised on Thursday, 3 December 2015 brought together European and international banking executives and top regulators to debate the course of action for European banks towards financial stability and profitability.

The one-day event examined the new position that many banks in Europe will now be forced to adopt as a result of increasing non-performing loans, current and new regulations, new banking models, and more. Our Partner, Stelios Constantinou, In charge of Financial Services & Banking team, was the Chairman of the conference.



Clients and Markets

International Markets



Theo C. Parperis

In charge of International
Business

FY16 was a year with many challenges. Key markets such as Russia and Ukraine struggling to get on the recovery route, EU capital markets suppressed and the regulatory scene in transition mode.

Cyprus re-established itself as a reliable international business centre with a large number of international groups expanding their presence on the island taking advantage of the favourable conditions such as the new tax incentives for Non Doms and the competitive corporate costs. International tax regulations such as BEPS, CbCR (Country by Country Reporting) and Russian “Deoffshorisation” have also resulted in international groups increasing their physical presence in Cyprus. Through our comprehensive and one stop Pathfinder services we managed to accommodate all of our clients requirements, from setting up the appropriate corporate structure to obtaining their work / residence permits.

Our Tax, Legal and other Advisory services have benefited from the increased presence of international groups in Cyprus and this trend is expected to continue in FY17.

Our Wealth Management and Immigration services continued to fare well and a significant number of new International High Net Worth individuals have used our bespoke service.

The business outlook on the International scene remains challenging and evolving which, at the same time, presents great opportunities which we are well positioned to capitalise.

Ukraine

The business environment in Ukraine continues to be constrained by the uncertainty and war in Eastern Ukraine. This resulted in a drop in our FY16 Gross Revenue compared to FY15.

We nevertheless remained close to our clients and colleagues in Ukraine. We also held a very successful product workshop in Cyprus with our Ukrainian Tax and Legal colleagues and will be targeting specific segments of the Ukrainian market in FY17.

In December 2015, Cyprus and Ukraine signed a protocol that will come into force not earlier than the 1 January 2019. In spite of the agreed changes, it is expected that Cyprus will remain the obvious option for inbound and outbound investments in Ukraine. A most favourable nation clause has been adopted, for taxes on interest, dividends, royalties and capital gains. This clause is considered of high importance as Cyprus will be treated equitably with other jurisdictions. We will continue to monitor closely the developments in Ukraine and be close to our clients and expand our co-operation with our colleagues.

China

During the year we implemented a series of actions in order to penetrate the Chinese market. These actions included:

- Three potential clients events in Beijing and Shanghai
- Presentations to colleagues in Beijing and Shanghai and maintaining close contact with both outbound and inbound teams of PwC China and the European-China Business Group
- Participated at Cyprus Chamber of Commerce Events in Cyprus, China and the UK
- Developed contacts with lawyers, bankers and migration firms with special focus on promoting our HNWI services

During the year we worked for several smaller Chinese companies as well as for the following two major groups:

- COSCO – assisted in the unsuccessful bid made by the company for the Limassol Port
- Huawei – providing Direct and Indirect Tax services

Going forward we will persevere with our business plan initiatives aiming to attract Foreign Direct Investment from China into Cyprus or into Europe through Cyprus as well as promoting our services to HNWI.

PwC Cyprus roadshow in Shanghai, China

On 19 October 2015, we sponsored an event in Hong Qiao State Hotel in Shanghai. The purpose of the event was to give a comprehensive introduction of Cyprus as a regional business and financial centre, and identify various investment opportunities that are available in Cyprus. Our Partners, Theo Parperis and Panicos Kaouris gave the presentation to a group of around 30 CEOs, CFOs and General Managers from various industrial sectors.



Cyprus-China Business Association seminar

We sponsored a unique seminar organised by the Cyprus-China Business Association in cooperation with the EU-SME Centre China c/o Eurochambers.

The one day seminar titled 'Attracting Chinese Outbound Investments to the EU – Cyprus' took place on Monday, 22 February 2016 at the Hilton hotel, Nicosia.

The seminar was conducted by Professor Haiyan Zhang and was limited to 18 persons only.



US

FY16 has been a year of very good progress for the US market with healthy revenue growth. In fact FY16 was the first year that revenue growth from the US market was the highest from any other geographical market. The new tax law provisions and products which were introduced in late FY15/early FY16 are helping us become more and more relevant as an international business centre for US multinationals.

Our FY16 business development efforts included participation and presentations at the Annual Tax Leadership Convention of the US firm in Orlando, continued visits to a number of the larger international Tax services (ITS) practices within the US firm such as New York, Boston and Chicago and targeted meetings with current and potential clients along with the US relevant teams. US colleagues and clients have also visited Cyprus and participated in workshops organised by us during the year.

In parallel FY16 has been the year during which we started to explore the possibility of 'widening the scope' of our efforts to develop further the US related work of ours through angles beyond that of ITS, such as citizenships, non-dom, EU VAT law, shipping, Funds, FATCA. During FY17 the aim is to drive the efforts from these different angles forward with tangible results starting to register for us.



Russia

The Russian market continued to experience recessionary pressures and a weakened currency, as oil prices remained low and EU/US sanctions remained in full force throughout the year. In these challenging economic conditions, a number of momentous tax and regulatory reforms which are commonly referred to as “Russian deoffshorisation” came into effect. This coincided with major reforms of the Cypriot tax and regulatory framework.

In response to this demanding economic and regulatory environment, we focused on providing support to our clients in understanding whether and how these changes affected them and assisted them in understanding their options and the best solutions for their business.



In close and seamless cooperation with PwC Russia, we remained at the forefront of the efforts to inform the market through organising and participating in high-profile public events in Russia and Cyprus. Jointly with PwC Russia, we have reached out to our clients and explored tailor-made solutions towards complying with the new rules and requirements in a transparent and efficient manner.

In the face of these challenging conditions, our revenues from the Russian market have remained flat exhibiting the resilience of this market and testifying yet again how close and connected we remain to our client base in Russia and how committed we are in supporting and advising them.

The year ahead is bound to bring more challenges and exciting new prospects from Russia and we stand ready to offer the best possible services to our clients who recognize the strength of our network as the leading advisers on the Russian market.

UK

During FY16 the UK market was affected by the uncertainty surrounding the Brexit referendum, however, our revenues from clients of UK origin remained broadly stable.

We focused on staying 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 FY16 and 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 through introductions by PwC UK. 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 FY16 several coordination meetings and events were held in London, both at our PwC offices as well as at other associates and lawyers, presenting our products. We also held teleconferences, aimed at connecting with various Cypriot transferees and secondees currently with PwC UK. This effort will continue and grow during FY17.

During FY17 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 MultiFamily Office product, including Investment Services, etc. as well as the yacht and private jet schemes and private funds. We shall also monitor regulatory change in the UK and work with our colleagues there to develop and promote new joint products (e.g. family office support, pensions, asset protection, etc.).

The BREXIT vote has created significant uncertainty in the UK market. We are fully aligned with our UK colleagues and the coordination team which was set up to monitor changes and provide client support in respect of Brexit. To help achieve consistency the Network has identified four overarching themes and these are 1) Economy and Trade, 2) Tax, Regulation and Legislation, 3) People and 4) Organisational Strategy. We expect that there will be opportunities to explore further as a result of the BREXIT vote and we are keeping close collaboration with our UK colleagues to take such opportunities further.

Middle East

Middle East continues to be impacted by low oil prices and the intensification of regional conflicts while economies are also affected by fiscal adjustment programmes and tightening liquidity conditions. Despite this climate the region continues to experience a modest growth momentum. The easing of the economic sanctions imposed on Iran may also bring further economic stimulus.

FY16 has been a successful year which saw another significant growth in revenues from the Middle East market across all service lines of the firm evidencing the development of Cyprus as a desirable centre for Middle East businesses and investors. We managed to win a number of Wealth Management and Immigration engagements from the Middle East, including citizenship and family office support projects. Some following referrals by PwC UK. Countries involved, included mainly Saudi Arabia, Lebanon, Bahrain and Iran.

We continued to remain in close contact with PwC Middle East and other contacts and professionals in the region, promoting Cyprus as an investment destination. Efforts were made during the year to promote various Cyprus solutions at a number of conferences and events. 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. It is the first time

a double tax treaty between Cyprus and Bahrain enters into force, and it will take effect as from 1 January 2017. 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 which will expand even further the Cyprus tax treaty network in the region. Further to the above, given its wide network, Cyprus may be used as a hub for outbound investments, which will contribute towards increasing business opportunities.

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.

In spite of the current economic and geopolitical uncertainties experienced by the region, the business outlook of the Middle East for FY17 remains positive.

Clients & Markets

Industries



Constantinos Taliotis

In charge of Industries & Energy Team

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 Retail & Consumer and Telecommunications & Technology.

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 T Constantinides,

Telecommunications & Technology

Nicos A Theodoulou

Engineering & Construction

Petros C Petrakis

Retail & Consumer

Retail and consumer goods enterprises are currently challenged by important issues – the developing trends in multi-channel management, handling social responsibility across the supply chain, implementing global sourcing strategies, facing wellness issues and changing consumer spending patterns. We have specialist teams and individuals who understand these challenges.

PwC's Retail & Consumer Industry experts are professionals with vast experience and are working with all types and sizes of retail and consumer goods companies – multinationals, local companies, privately-owned organisations, family businesses – as well as entrepreneurs and private individuals, providing industry-focused Audit, Tax and Advisory services.

The ability of retail and consumer goods enterprises to identify, react to and take advantage of trends in the sector will define the future winners in the marketplace.

Cyprus

The economic downturn has brought about radical changes in the retail sector, reinforcing consolidation trends and changing consumer patterns. The Retail & Consumer Industry in Cyprus is currently recovering due to an increase in consumer spending. However, the lack of liquidity in the market creates added dangers, particularly for the big supply chains, which, because of their size, are more vulnerable to problems. Similarly important is the need for businesses in the sector to incorporate online services for consumers because of increased internet use. These challenges together with the relevant opportunities and their impact on Cypriot companies were also highlighted amongst the findings of the PwC 19th CEO Survey.

The Challenges:

Globalisation - Consolidation

Competitive pressures, especially the pressure on sales growth and profit margins, are encouraging companies of all types to pursue globalisation through M&A and industry consolidation. The availability of information technology and data capabilities have made serving and sourcing from global markets easier, thus permitting the adoption of new product and sales strategies, economic models and



inventory management techniques to fuel growth. Consolidation, resulting in greater operational efficiencies and economies of scale, is shaping the retail industry and is seen as a way of strengthening one's position in an industry with fewer, larger players.

The global sourcing of products and the concentration of power within the industry are two factors affecting all retail and consumer companies. Suppliers are under pressure to deliver cheaper priced products and to deal more efficiently with retailers, who want to deliver everyday low prices. Global sourcing and acquisitions have been both a response and an outcome. In turn, retailers needing to increase sales and profit margins are expanding to global markets and consolidating to realise greater power in dealing with their suppliers.

PwC Services

We can assist companies expand to new markets and consolidate through mergers & acquisitions. Also transaction services specialists can handle the strategic, operational or financial aspects of a deal, while our Audit and Assurance practice helps companies optimise business functions such as shared services and supply chain, mitigate risks in new operating situations, and provide advice on managing new regulatory environments. Our tax professionals can provide tax strategy

and planning advice across international borders and our HR specialists can help with labour issues in foreign markets.

Managing Supply Chain

Supply chain management encompasses the multitude of processes and operations that transform raw materials into products and distribute those products through retail sales channels. As a result of profit pressures, the availability of new technologies, and the emphasis on value enhancement, the supply chain has been redefined and is now viewed as a strategic element offering companies opportunities for greater collaboration and cost efficiencies, improved inventory management, real-time communication, better supplier / provider relationships, and overall, operational excellence.

Global markets have made the supply chain more complex than ever to manage. So, in order to remain competitive, companies must place greater attention on improving and optimising their supply chains. Optimisation of the supply chain is particularly critical to retail and consumer products companies. R&C companies with extended supply chains are being

challenged to eliminate waste, improve supplier relations, better manage inventory and be more cost efficient in operating their far-flung operations.

PwC Services

We provide the following services to assist companies with optimising the supply chain:

- Manufacturing and distribution: we assist with import/export restraints, consumer demand and competitive pricing and provide guidance in cost and inventory management, restructuring, distribution channels, and customer services
- Performance improvement: our service offerings include internal audit, behavioural transformation, human resources services, governance, risk and compliance, process improvement, risk & value management, security & technology, and sustainability services
- Supply chain risk management: we offer protection and management of brands and corporate reputations by mitigating social, ethical, and environmental risks across a company's entire supply chain



Reporting Requirements and Governance

With the move to International Financial Reporting Standards (IFRS) for many of the world's public companies and the far-reaching mandates of Sarbanes-Oxley, financial accounting has become a lot more complicated. And judging from experiences of the recent past, the future holds more regulations, new requirements, and an increasing compliance burden. As businesses become more global, with new markets opening up seemingly every day, a company's financial accounting must meet global standards.

PwC Services

For all organisations that need high quality accounting advice, we have the breadth and depth of knowledge and technical expertise to help. We are the world's leading audit and assurance organisation. Our financial accounting and accounting technical advice, support tools, guidance, and training help improve the quality of our clients' financial reporting.

Enterprise Risk Management

Enterprise Risk Management (ERM) is a systematic approach to identifying and managing an organisation's business risks. ERM offers a proven method to align risk appetite with strategic goals, deploy resources more effectively, reduce operational surprises and losses, and improve risk response.

Managing enterprise risk is particularly challenging for retail and consumer products companies. The growing globalisation trend and the need to operate in business environments with different cultures, laws, and environmental concerns, along with the complexity of sourcing materials and human capital for manufacturing or final sale of the product, creates a number of potential risks for retail and consumer companies.

PwC Services

We can help retail and consumer companies address risk in several key areas, including: fraud and antifraud programmes (detection and prevention), crisis management, business recovery services, dispute analysis & investigations, forensic accounting, internal control assessment, process improvement and operational effectiveness, security & technology solutions (IT business risk management, data management, and information security), audit and compliance, sustainability, risk & value management and human resource services.

Our commitment to the local industry

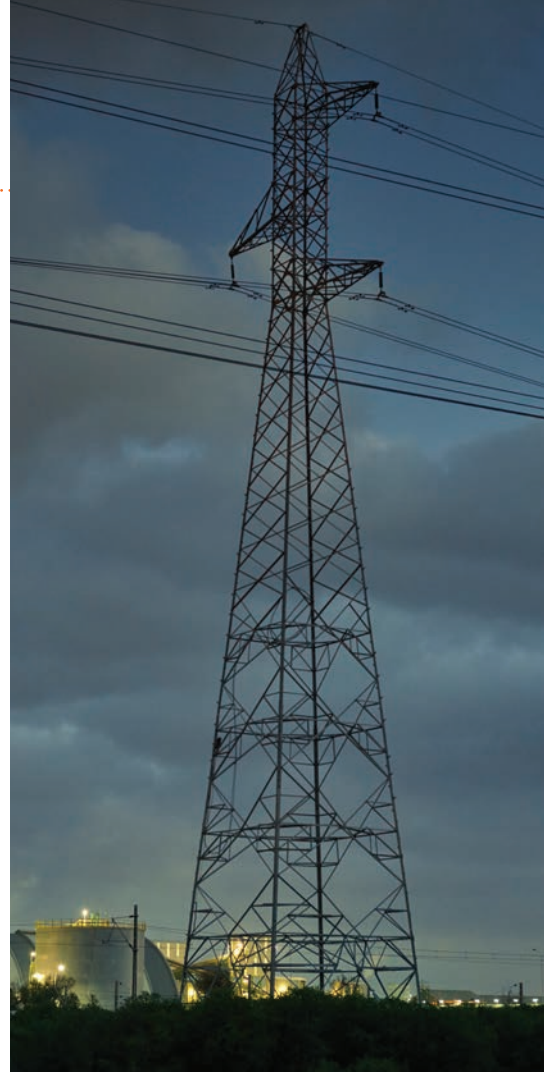
As part of our commitment to the local Retail & Consumer Industry we have organised, facilitated and participated in a number of events and actions during the year:

- Attended the annual Cyprus Retail conference in Cyprus
- As part of the workshop for the presentation of the PwC 19th CEO survey event, the findings which related to the Retail and Consumer Industry were analysed and presented
- Organised internal workshops for Retail and Consumer Industry clients
- Attended a number of webcasts organised by our International firm at which local and international Industry challenges and opportunities were discussed
- We constantly kept our clients up to date with the latest, accounting technical, regulatory, business and market developments by providing access to PwC's thought leadership material
- Through emails and our social media accounts we stay close to the key stakeholders in the industry

Telecommunications & Technology

The Telecoms industry is experiencing rapid pace of technological change, expansion of the competitive 'ecosystem', increased regulatory pressure and significant challenges from the over-the-top (OTT) companies with their lower cost structures and better customer experiences. As the resulting new ecosystem expands and centers around the Internet of Things (IoT), old industry boundaries and long-standing barriers to entry are disappearing. The key to success in this new environment will be keeping pace with or even exceeding this wider group of stakeholders, emerging competitors, adjacent industries and advancing technology. Telcos are expected to look for acquisitions, collaboration or their own in house innovation as their ticket to success.

Within the Tech sector, tremendous change is underway as we move to an increasingly digital world. More connected devices and exponential data growth, demand digital transformation for tech companies in order to allow them to harvest data for insight and create additional revenue streams from new service offerings. Digital has also meant a challenging and painful shift for mature, leading tech companies (Microsoft, HP, IBM, Samsung among others) as they move from a product to service business model. Meanwhile, newer and disruptive companies are changing the tech landscape and putting ongoing pressure on legacy tech companies, Startups are born as digital enterprises that can easily scale, establish global presence, and pivot quickly as the landscape changes.



Cyprus

Cyprus has 1.100.000 mobile subscribers representing a market penetration of 130%. These numbers have been stable over the past few years. The prevailing trend is the transition of subscribers from pre-paid to post-paid offerings. Consistent with the global scene there is an ever increasing appetite for data and a fall in voice revenues as Over The Top (OTT) players are capturing a chunk of the market.

As a result of the increased demand for data, the industry has responded with a substantial investment in data capabilities. During the past 18 months, 4G networks have been deployed across the island by all mobile providers. In these challenging times, mobile providers are looking to sustain growth through diversifying into adjacent markets such as ICT (Information, Communications and Technology) and Content.

As the market develops, innovation, creativity and customer experience are featuring more prominently on the priorities of Telcos.

Customer behaviours for fixed services is mainly driven by the quality of TV content (predominantly sports broadcasting), connection speed and coverage. At the same time regulators and policymakers are looking to encourage investment in new faster networks (fibre to the home) that will bring Cyprus in line with EU 2020 targets on network speeds and broadband uptake.

Businesses in Cyprus are steadily adopting new technologies which are transforming the way in which they interact with stakeholders. These new channels of interaction produce exciting possibilities and business opportunities but at the same time create numerous challenges and risks. Terms such as data privacy and cyber security have never in the past featured so prominently.

Our commitment to the local industry

As part of our commitment to the local Telecoms and Tech Industry we have organised, sponsored and participated in a number of events during the year:

- Participated in the Telecoms regulators (OCECPR) “stakeholders” meeting where Nicos Theodoulou presented the results of the Telecoms section of the PwC CEO survey
- Participated in IMH’s 6th IT, Technology and Telecoms conference where our Director George Ioannou coordinated the “services” section and panel discussion of the conference
- We keep our clients up to date with the latest, accounting technical, regulatory, business and market developments by providing access to PwC’s thought leadership material
- Through emails and our social media accounts we stay close to the key stakeholders in the industry

- Organised the first PwC Telecoms conference in Cyprus. The event was attended widely by all key industry stakeholders. The event hosted presentations by the Telecommunications Regulator, the Government, the Commission for the Protection of Competition and experts from abroad. During the event Thomas Tandetzki, PwC’s global Telecommunications leader presented trends and challenges currently faced by Telcos globally



Specialised services

A multi-competence team of PwC professionals offer specialised expertise to the telecoms and technology sector having an in depth understanding of the changing market forces that are affecting the industry. Some of our projects this year:

- Tax efficient set up of an IP TV business
- VAT assessment specialised telecoms systems and procedures
- VAT and Tax structuring advice to major gaming company
- Tax structuring studies for expansion of activities and design of new telecoms products
- Advisor to the Privatisation Commissioner for the privatisation of the incumbent Telco
- Statutory audits of a number of telecoms and technology companies
- Telco regulatory audits
- New IFRS implementation in a Telco and Technology setting
- Due diligence for the acquisition of a mobile business
- ISO 27001 and ISO 22301 certification for a major Telco
- Assessment of specialised telecoms Information Technology controls
- Digital forensic investigations
- Fraud investigation and dispute resolution
- Cyber security, including penetration testing
- Assessment of the effectiveness of the ERP systems of a major telecommunications company for the purposes of generating accurate reports for VAT compliance purposes
- VAT and Tax structuring of the provision of electronically supplied services by a major gaming company with local presence



- Tax structuring studies for expansion of activities and new telecommunication products
- We continue to support the government with the privatisation of the incumbent telecommunications provider. This is a complex multidisciplinary engagement which includes support in financial reporting, direct and indirect tax and due diligence work
- We act as statutory auditors for a number of Telecommunications and Technology companies with local and international presence
- We are currently assisting a major telecommunication company in the development of policies and procedures with a view of getting certified with the ISO 27001 and ISO 22301 standards
- Assessment of Information Technology controls of a major telecommunications company
- Penetration testing for a number of local financial institutions and a major telecommunications company
- Digital forensic investigation of an international operating company
- Assisted a client in Telecoms sector with the investigation of a fraud incidence and dispute resolution

Publications

Building Digital Trust - The confidence to take risks

This publication stresses the importance of having a sharp business strategy in the digital age. Moreover, it analyses our point of view on how to build digital trust the right way.



Cyber security - Building confidence in your digital future:

This publication depicts the importance of cybersecurity and its contribution towards building digital trust. It also outlines the numerous threats and how we can help you prevent them.



Communications Review

This report offers a general and interesting insight of the broad communications industry and its key players. It also outlines the steps that need to be taken in order to succeed.



People



Philippos C Soseilos
Head of Human Capital

Our vision is to create an innovative, differentiated organisation that attracts diverse, talented people and inspire them to achieve their potential as leaders who build trust in society and solve important problems.

With an eye to the future

In light of the accelerating changes in the market, the complexity of the world that we live in and the demand for new services, we have been transforming the way we attract, develop and retain the right people for our business with an eye to the future.

In FY16, we achieved a lot in the people space. Most importantly, we continued to invest in the professional development of our people, and this section outlines how our human capital management activities have sparked professional and personal growth.

The opportunity of a lifetime

We are committed to attracting and retaining the best and brightest graduates and professionals, who share our strong sense of responsibility for delivering high-quality services.

In FY16, we put great emphasis on creating unique career opportunities and a work environment that offers significant personal and professional growth. It has been very rewarding to see these efforts and the culture we are building attracting high calibre university students.

In FY16, we received more than 1600 applications for employment and recruited over 170 professionals across the organisation, including 90 university graduates who embarked in our 2015 ACA and ACCA professional accounting training schemes. We also made 70 offers to university students for our 2016 ACA and ACCA professional accounting training schemes.

In the summer of 2015, we recruited 33 high calibre university students out of a pool of 400 applicants to take part in our competitive Summer Internship Programme. 23 of our Summer Interns secured a position in our 2016 and 2017 trainee intakes. In the summer of 2016, we recruited 28 high calibre university students out of a pool of more than 400 applicants as Summer Interns, 24 of which secured a position in our 2017 and 2018 trainee intakes.

To achieve these numbers, we carried out more than 20 strategic employer branding activities attracting an audience of over 500 high calibre graduates and professionals.

Engaging our People

In our 2016 Global People Survey we achieved our highest people engagement score to date (81%), with the vast majority of our people feeling proud to be working in PwC (88%), considering our work environment to be socially responsible (90%), demonstrating high standards of ethical conduct (89%) and commitment to providing high quality services to clients (92%).

In addition, we carried out 11 Focus Groups in Nicosia and Limassol, with the assistance of an independent market research firm, and administered a confidential, anonymous Upward Feedback Programme for all our Managers, Senior Managers, Directors and Partners, so as to help them in their personal development journey.

We also provided opportunities for all our people to engage with leadership through the organisation of Competence Workshops and People Meetings with our CEO, which helped everyone feel even better informed and more involved with the direction our organisation was taking.

For FY16, in recognition of our people's contribution and hard work, we paid a One Firm Bonus as well as a Performance Bonus, on the basis of the economic climate, the organisation's performance and people's individual performance.



New Directors

*We focus on developing our people to become the next generation leaders.
As of 1 July 2016, 8 of our Senior Managers were promoted to Director.*



Andreas Argyrou
Tax



Andreas Andronicou
Tax



Konstantina Logotheti
Marketing & Communications



Maria Athienitou
Advisory



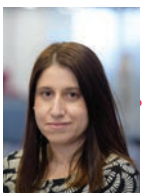
Maria Stephanou
Tax



Polycarpos Costa
Assurance



Michael Tsikouris
Legal



Elena Leonidou
Advisory

Promoting talent

Our goal is to build the iconic professional services organisation by delivering distinctive client service through the quality of our people. Our talent strategy is designed to help our people reach their full potential by providing opportunities for them to continuously develop their leadership skills, grow their careers and deliver consistently extraordinary results for clients.

In FY16, we ran Reflect Development Centres for our Assistant Managers, Career Development Centres for our Managers, Senior Managers and Directors, designed around the PwC Professional attributes, the Orion Executive Coaching Programme for Senior Managers and Directors in collaboration with PwC's Executive Coaching Centre of Excellence, and a series of individual Career Development Conversations with all newly promoted Managers up.

In addition, 5 of our Senior Managers participated in the MyWay Global Key Talent Programme and 14 of our Senior Associates participated in the Altitude

Global Key Talent Programme, both of which aim to develop future leaders through high-impact developmental interventions, personal coaching and networking with colleagues from numerous PwC territories.

A diversity of experience

To solve important problems, we need diverse talent. That is why we employ people from a vast array of backgrounds and with an equally wide range of experiences. This means they each think differently from one another and apply varying approaches to problem solving.

In FY16, our population comprised of 57% women and 21 different nationalities. Inspiring our people and providing an environment in which they can give their best is fundamental to our business. We are committed to helping every one of our people build a rewarding career and achieving their full potential by creating a great place to work. We are delighted to report that in FY16, the vast majority of our people said that they believe that PwC is an inclusive work environment (83%), accepting of gender differences (89%).



Some of the activities we carried out to promote diversity included a month dedicated to Diversity & Inclusion, actively supporting the United Nation's HeforShe solidarity campaign for gender equality, and celebrating the International Women's day. We also organised an Aspire to Lead workshop on women leadership for University of Cyprus students, focusing on supporting female students navigate their way from campus to career and build their leadership brand, as well as highlighting and exploring the role of men as supporters and drivers of change.

A mobile environment

With our strong international mobility programme, we continue to build teams with diverse skills and backgrounds in order to solve important problems for clients, while developing our people through international experience.

Our strategic vision is to invest in mobility experiences that inspire and enable our people to deliver quality services to our clients and each other. Our international mobility programme continues to evolve to support this vision, incorporating different types of mobility opportunities for our people and creating greater flexibility in how we meet the needs of our clients.

In FY16, 15 of our people secured secondments in PwC USA, PwC UK, PwC Cayman Islands and PwC Czech Republic, whilst 8 people from PwC Russia, PwC USA, PwC UK and PwC UAE were seconded to PwC Cyprus.

In addition, we organised our first Internal Career Fair to cultivate a culture of internal deployment of talent where necessary. In FY16, a total of 11 people transferred to a different Line of Service within the organisation and 24 to a different Competence within their Line of Service, in order to meet our client needs and get a diverse work experience.

Managing Performance

We go out of our way to give our people the respect and recognition they deserve. We offer stimulating work, invest in continuous professional development, ongoing coaching and constructive feedback, as well as maintain fair and transparent performance evaluation and promotion processes. Meritocracy 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 contribution and impact.

Real-time feedback is provided regularly throughout the year, which then forms an element of our annual appraisal process. Agreed objectives and against grade-related skills and capabilities are aligned to the PwC Professional, our leadership development framework that defines what it means to be a professional at PwC and helps us develop our people into authentic and inclusive leaders.

With a focus on developing our people to become the next generation leaders, we demonstrated our commitment to continue investing for the future and offer tremendous career opportunities, even under difficult market conditions through a number of promotions. We made 128 promotions as of 1 July 2015, 75 promotions as of 1 January 2016 and an additional 116 promotions as of 1 July 2016.



A place to learn and grow

Our investment on learning and development brings about a positive return on our people and our business, especially as the world is changing pretty rapidly and there is a necessity to continually reinvent ourselves and be able to adapt to new technologies.

Our people are being developed through a combination of on the job experience (70% of development), coaching (20%) and training programmes (10%), supported by additional development opportunities, such as internal and external secondments, international assignments, membership of professional committees and working groups and voluntary programmes.

A great deal of attention is devoted to ensuring that our people maintain their high level of professional expertise. Our career progression framework, the PwC Professional, supports all people to identify areas of strength and new areas of learning required.

Learning and development is a continuous process which starts with induction activities when a person joins the organisation, continues throughout their career and is tailored to the grade, role and experience of each individual.

The PwC Professional framework underpins iGrow, our formal training curriculum, which provides a wealth of opportunities for our people to build professional skills and knowledge to support the delivery of high quality services to our clients. Our iGrow curriculum makes use of blended learning solutions (such as case studies, videos, e-learns, self-awareness tools, role plays and group exercises), includes grade transition, as well as leading edge technical and business skills training programmes. In addition, it supports individuals to complete additional professional qualifications relevant to their role and operates specialist training programmes relevant to industry group sectors.

To empower our people to learn fast, continuously and efficiently, we implemented in FY16 on a pilot basis PwC's global Team Based Learning (TBL) methodology. Through frequent, informal feedback against the dimensions of the PwC Professional framework, we are looking to maximize strengths, quickly close gaps and drive continuous learning. TBL has helped our teams cultivate a developmental mindset and look at every work situation as a learning opportunity.



iLearn, our electronic learning and development platform, allows us to analyse key performance indicators (KPIs) and emphasises personal ownership of learning, by allowing individuals to browse and opt for trainings, view their training records, as well as manage their team's learning.

In FY16, we delivered 35,600 aggregated training hours, out of which 6,000 relate to online training, more than 85% of our people attended at least 1 technical training programme and 75% attended at least 1 business skills programme. In addition, 2 of our Partners attended International Partner programs in the areas of Understanding the Client Strategic Agenda and Leading the Business Unit.

Our future goals in the learning and development space include new initiatives to advance our approach to leadership development, further investment in world-class coaching, upgraded training facilities and new technologies to support our learning goals.

PwC's Academy

During FY16, 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 FY16 were outstanding, with pass rates well above the international averages, achieving 100% in some papers.

In addition, 2 of our ACA trainees received worldwide awards in the ICAEW examinations for achieving 1st place in the "Financial Accounting & Reporting" and "Audit & Assurance" Professional Stage examinations, respectively. The prizes were presented to our Trainees in May 2016, during a special award ceremony organized by the ICAEW in London.

Moreover, 8 of our ACCA Trainees achieved 1st Pancyprian place in the ACCA professional examinations of "Taxation",

"Financial Reporting", "Audit & Assurance", "Financial Management", "Corporate Reporting", "Business Analysis" and "Advanced Financial Management" and 1 achieved 3rd place amongst the top 3 Affiliates in Cyprus.

During FY16, tutors of PwC's Academy delivered 1 ACA full course and 4 ACA revision courses in Mauritius, as well as 3 ACCA revision courses in Dubai, 1 ACCA full course in Qatar and IFRS courses in Greece.

During FY16, the Academy also delivered 26 Continuous Professional Development (CPD) seminars, approved by the ICAEW and ACCA, to a total of 461 participants. In addition, 15 in-house seminars were delivered to local organisations with 767 participants and 9 in-house seminars to organisations abroad.



Professional examination award winners

Kyriacou Irene

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

Papageorgiou Sofia

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

Christoforou T Nicholas

*First Place in Cyprus,
Business Analysis (P3) paper, ACCA examinations*

Groutidou Rafaella

*Third Place in Cyprus,
Amongst the top 3 Affiliates, ACCA examinations*

Hariton Sergiu

*First Place in Cyprus,
Advanced Financial Management (P4) paper,
ACCA examinations*

Tarnopolskyi Kyrylo

*Joint First Place in Cyprus,
Financial Reporting (F7) paper, ACCA examinations*

Theofanov George

*First Place in Cyprus,
Corporate Reporting (P2) paper, ACCA examinations*

Tryfonos Panagiotis

*First Place in Cyprus,
Taxation (F6) and Financial Management (F9)
papers, ACCA examinations*

Vorobyev Alexey

*First place in Cyprus, Audit and Assurance (F8),
ACCA examinations, Joint First Place in Cyprus,
Financial Reporting (F7) paper, ACCA examinations*



From left to right: Philippos Soseilos (Head of Human Capital), Panagiotis Tryfonos, Evgenios Evgeniou (CEO & Senior Partner), Alexey Vorobyev, Kyrylo Tarnopolskyi. Seated from left to right: Nicholas T. Christoforou, Sofia Papageorgiou, Sergiu Hariton.

Our Alumni

Our PwC Alumni network helps connect all our PwC people, past and present, to opportunities, resources, mentors and friends.

Our Alumni programme offers personal and professional networking platforms, career opportunities and professional development, through a series of events, learning interventions and sharing of the organisation's thought leadership.

In FY16, we organised our first networking event, which signified the launch of this enhanced program and was attended by a significant number of alumni from all industries, career levels and functional roles. In addition, we organised an internal campaign to emphasise the value of our Alumni program and the benefits of building strong and lasting relationships within this network.

First Alumni event

Our first alumni event was held on Friday, 27 May 2016 at new premises.

The aim of this event was to bring together PwC alumni and signify the launch of an improved, structured alumni programme.

Through this programme our alumni have the opportunity to stay connected with PwC through a series of targeted events, publications, newsletters and learning interventions.

During the event, our CEO Evgenios Evgeniou stressed the importance of the organisations' alumni, who have left their mark and contributed to PwC's success and growth. More specifically, he mentioned that "Our alumni are not just a part of PwC's past but an active part of its present and a key element for its future".



An exceptional place to work

We continue to be one of the few organisations across the world to hold the highly prestigious Investors in People CHAMPION and Investors in People GOLD accreditation in Human Capital management, which reflect the quality of our people management practices, the strength of our culture and our commitment to continuous improvement.

We are continuously investing in new ways of improving our workplace. This is a long-term commitment, reflecting awareness that our People make their greatest contribution when their quality of life is well-balanced with their professional obligations.

During the last year, we organised numerous Health & Well Being activities, such as offering fresh fruits in our offices, holding regular complimentary yoga classes and a series of seminars by specialised physicians, nutritionists and beauty experts, with the purpose of promoting healthy living. In addition, we organised fun social activities, such as our annual Christmas party.

As part of our Corporate Responsibility and contribution towards the wider community, our people actively supported the 2016 Limassol Marathon with a team of more than 300 colleagues, with excellent corporate and individual results, as well as the 8th Rotary Spring Charity Rally, the 48-Hour Charity Rally and the Round Table Charity Rally in support of the Life Education Centres.

In FY16, we maintained the following benefits for our people:

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



INVESTORS
IN PEOPLE | Gold



INVESTORS
IN PEOPLE | Champion

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 at Julia House, 3 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus. PwC Cyprus has offices in three districts, Nicosia, Limassol and Paphos.

PwC Cyprus is wholly owned by professional practitioners working with the firm, commonly referred to as “Partners”, who are in their majority members of the board of directors of the company.

PwC Cyprus has two Lines of Service: Assurance & Advisory (A&A) and Tax & Legal Services (TLS). The A&A and TLS practices are led by twenty one (21) and nineteen (19) Partners respectively.

Subsidiary undertakings

The principal subsidiary undertakings of PwC Cyprus as at 30 June 2016 are:

<i>Subsidiary undertaking</i>	<i>Principal activity</i>
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 a global network of separate firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited (PwCIL) and have the right to use the PricewaterhouseCoopers name. As members of the PwC network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to work together to provide high-quality services on a global scale to international and local clients, while retaining the advantages of being local businesses - including being knowledgeable about local laws, regulations, standards and practices.

Key features of the network

Being a member of the PwC network means firms also agree to abide by certain common policies and maintain the standards of the PwC network. Each firm engages in quality control and compliance monitoring activities, covering the provision of services, ethics and business conduct, and the compliance with specific, strict standards for independence monitoring and protection.



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 for a five year term, appoints 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 during FY16.
First row from left:
Liakos M Theodorou, Evgenios C Evgeniou – CEO, Costas L Mavrocordatos (retired on 30 September 2016)
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 FY16. First row from left: Andreas T Constantinides (Chairman), Androulla S Pittas, Constantinios 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.

Quality Review Program

The overriding objective of the quality review program is to assess that:

- a quality management system is appropriately designed, operating effectively and complies with applicable network standards and policies
- engagements selected for review were performed in compliance with applicable professional standards and PwC audit requirements, and
- significant risks are identified and managed appropriately

ISQC1 requires 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 PwC network monitors the firm's compliance with network quality expectations and evaluates the effectiveness of our firm's system of internal quality control. On the basis of this review, the Management Board is satisfied that PwC Cyprus' internal quality control system for Assurance is operating effectively. Any matters identified through the review process are actioned and changes implemented as appropriate.

Ethics & Independence

Ethical requirements

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In addition,

our Network Standards applicable to all Network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm's and partners' taxes, sanctions laws, internal audit and insider trading. PwC Cyprus has adopted the PwC Network Standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our Partners and other professionals - behaviours that will enable us to earn the trust that we seek.

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

The PwC Global Independence Policy, which is based on the IESBA Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary. The PwC Global Independence Policy covers among others personal and firm independence, non-audit services and fee arrangements and business relationships. PwC Cyprus supplements the PwC Global Independence Policy as required by local regulation. The PwC Global Independence Policy also includes the independence requirements of the United States Securities and Exchange Commission and those of the Public Accounting Oversight Board of the United States and of the EU Audit Regulation where they are more restrictive than the Network's policy.

The firm has a designated partner with appropriate seniority and standing, who is responsible for the implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business.

The partner is supported by a team of independence specialists. 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.

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.

Firm and personal independence

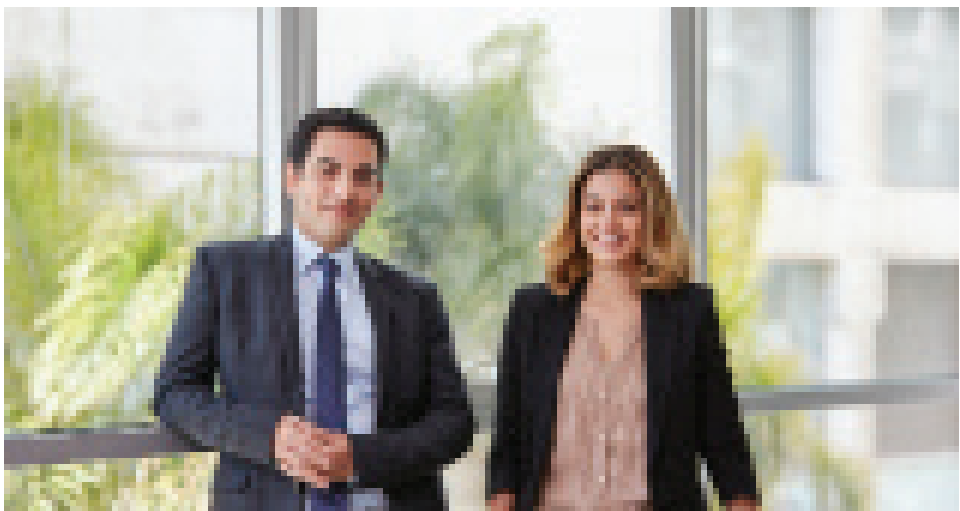
Independence policies apply to the interests and relationships of the firm and to partners, as well as to practice staff involved in providing services to an assurance client or its related entities.

Personal Independence key controls include:

- Upon joining the firm and at least annually thereafter, partners and staff are required to confirm their compliance with all aspects of the firm's independence policy, including their own personal independence.
- Monitoring of personal investments.
- Personal Independence Compliance Testing – to assess compliance with personal independence policies.
- Approval of external appointments.

Firm Independence key controls include:

- Monitoring of the firm's investments and treasury arrangements.
- Approval of non-audit services offerings by the group audit partners.
- Approval of joint business relationships – including periodic review of such relationships to ensure their ongoing permissibility.



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, coaching and formal training programmes. 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, role-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 undertaking development opportunities 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 FY16 were outstanding, with pass rates well above the international averages, achieving 100% in some papers.

In FY16, 2 of our ACA trainees received worldwide awards in the ICAEW examinations. More specifically, they have received an award for achieving 1st place in the "Financial Accounting & Reporting" and "Audit & Assurance" Professional Stage examinations, respectively. Moreover, 8 of our ACCA Trainees achieved 1st Pancyprrian place in the ACCA professional examinations of "Taxation", "Financial Reporting", "Audit & Assurance", "Financial Management", "Corporate Reporting", "Business Analysis" and "Advanced Financial Management" and 1 achieved 3rd place amongst the top 3 Affiliates in Cyprus.



Corporate responsibility



Androulla S Pittas

In charge of Corporate
Responsibility

Society's expectations of business are changing at a time when the impact of business megatrends from climate change to rapid technological innovation are being felt across the world. Businesses can play a part in helping drive greater transparency, build trust in society and solve important problems to strengthen that trust.



In PwC 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. We are committed to excellence, quality and integrity and we believe that we can act as a catalyst for change. Our corporate responsibility strategy, in PwC Cyprus, centers on the responsible business, diversity & inclusion, community engagement with a strong focus on entrepreneurship and environmental stewardship.

Responsible business

Cyprus has taken significant steps to restore confidence in the banking sector and in the economy. The gradual restoration of the confidence to the economy is reflected in the credit ratings, the ability of the state to borrow from the market and the ability of the banks to raise equity privately. However, in a continuously changing economic and political international environment challenges remain and efforts need to continue for the economy to achieve sustainable growth.

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 & Sponsorships

4th CIPA International Investment Awards

We presented the 4th CIPA International Investment Awards, hosted by Gold magazine, on Wednesday, 1 July 2015 at the Presidential Palace under the auspices of the President Mr Nicos Anastasiades.

The awards honoured international investors, individuals and companies in recognition of their substantial contribution to the development of Cyprus as an international business centre. These included organisations that have invested directly in Cyprus and created a value-added element for the economy, or established operations and provided employment in Cyprus, or provided services to international investors and helped to attract other foreign investors in Cyprus. The awards also honored outstanding individuals who have helped create the optimum entrepreneurial climate on the island and thus strengthened the competitiveness of the local economy at large.

In his address, our CEO Mr Evgenios Evgeniou noted that “Cyprus and its people have proved to be resilient to adversity and to uncertainty. Although challenges remain, the economy has been stabilised and we are entering the recovery phase but we need now to adopt the changes that the country needs, for Cyprus to move up in the economic competitiveness and ease of doing business international rankings.”

PwC Cyprus Impact Report 2015

In the context of our Corporate Responsibility framework, we have for the first time quantified and monetised our overall impact on the Cyprus economy, the society and the environment. This was an innovative and multi-dimensional way of improving the information our firm uses for decision making, and has helped us to understand the relative importance of different aspects of the business and where to focus our future efforts.

The Total Impact Measurement & Management (TIMM) framework utilised for this purpose allowed us not only to look beyond financial results and understand our footprint but also to plan specific actions that aim to enhance our overall positive input to the economy and the society in general.

According to our Total Impact Report our positive economic impact for our financial year 2015 was estimated to be €110.3 million, approximately 67% of our overall impact, being mostly due

to our profits, investment, intangibles and the employment opportunities we offer. Specifically, our direct impact was €48.3 million, our indirect impact was €10.7 million and our induced impact was €51.3 million. In addition, we had a positive tax impact of €52.1 million (direct: €28.9 million, indirect: €3.4 million and induced: €19.8 million). We also had a positive social impact of €4.2 million as a direct result of the accountants we train who go on to work throughout Cyprus. On the other hand, our environmental impact was small but negative (€3.8 million). Our biggest cost resulted from the greenhouse gas emissions (€3.1 million). Additionally, the vast majority of our total environmental impact occurred as induced impact resulting from the spending by Partners and staff and the employees of our suppliers (€3.3 million).



Events & Sponsorships

Measuring Tourism's Impact in Cyprus

The positive economic and tax benefits for Cyprus from tourism represent approximately €84 per client, per night, according to a study by PwC and The Travel Foundation. The findings of the study assessing the impact of tourist activities were presented at an event held at PwC's headquarters in Nicosia on Thursday, 15 October, 2015.

The study, carried out in Cyprus for the first time, measured and evaluated the impact of 60,000 tourists, clients of the travel firm TUI at eight hotels in Cyprus in 2013, using the "Total Impact Measurement and Management" (TIMM) methodology of PwC.

The study is available free on the website <http://www.pwc.com.cy/cyprus-tourism-impact>



Events & Sponsorships

Honorary distinction for PwC at INBusiness Awards

We were granted the Editor's Choice Award at the INBusiness Awards held in Nicosia on Thursday, 21 January 2016. The awards are organised every year by IMH and INBusiness magazine to reward companies, businessmen as well as products and services which contribute to long-term local professional entrepreneurship.

Receiving the award, our CEO Mr Evgenios Evgeniou thanked the management and journalists of the INBusiness magazine for the honour, on behalf of everyone at PwC. In this speech Mr Evgeniou stated that "this is a distinction which reflects the trust of the firm's clients and gives the firm strength to support them in their business decisions. Through its work, PwC contributes to the wider effort to rebuild the Cyprus economy on firm foundations, gain the trust of international business and return to sustainable growth."

19th Annual Global CEO Survey

In the context of the 19th Annual Global CEO Survey, we carried out for the 5th consecutive year, a local study which included the view of over 80 business leaders in Cyprus. The local findings of the 19th Annual Global CEO Survey were presented by Philippos Soseilos, Partner, In charge of Consulting, during an event held on Tuesday, 8 March 2016. Taking part in the panel discussion that followed were Mr John Patrick Hourican, Group Chief Executive Officer of Bank of Cyprus, Dr. Andreas Pittas, Executive Chairman of Medochemie Ltd and Mr Constantinos Petrides, Under Secretary to the President of the Republic who has also given an extensive interview in the context of the survey.

For more information visit
<http://www.pwc.com.cy/ceosurvey>



Events & Sponsorships

Opportunities and threats in retail trade, entertainment and media, banks and construction

The main trends, opportunities and challenges facing businesses in financial services, entertainment and the mass media, construction and retail trade were the focus of an event held in Nicosia on Wednesday, 29 June 2016. During the event, presentations focused on the benefits and challenges of deals using real examples of successful transactions, on re-structuring and redesigning business operations but also on the importance of corporate culture as a competitive advantage.

Addressing the event our CEO Mr Evgenios Evgeniou said: “All organisations today are exposed to an increasingly globalised system, which as a result means the success and potential of their activities depend on

many interrelated factors, such as global stability and versatility, the regulatory framework and trends in each sector. Particularly the geopolitical developments that affect our region, such as the United Kingdom’s recent decision to exit the EU, are a catalytic factor, which should be evaluated appropriately by each enterprise in terms of the challenges and opportunities it may entail.”



Other activities

During the year our Partners and staff have participated in discussions/ 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 issues relating to Megatrends, tax transparency etc. During the year we have also 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.

In addition, our PwC’s transparency report published in September 2015 outlined the values and key principles defining the quality of our work. Aiming to deliver the highest level of quality services to our clients, the PwC team is committed to professionalism, independence, objectivity and transparency, at all times.

Community

Supporting Families

Easter Bazaar

Our Easter Bazaar was organised for the 2nd consecutive year on Friday, 15 April 2016 in our Nicosia and Limassol offices. Our staff formed teams so as to sell their products and raise money for various approved charity organisations. Thanks to their great effort and passion we've managed to collect the amount of €6.743 to support different charity organisations like Anemoni, One dream One wish foundation and offer charity associations.



Supporting the “Mana” kindergarten

We continue to support the “Mana” kindergarten. The children from the kindergarten drew Christmas cards especially for us, which were transformed in digital form and were used as Christmas e-cards sent to our clients and associates.

***Wishing you and your families
a creative and prosperous 2016!***

*PwC is supporting
Mana kindergarten
for the 3rd consecutive year!*



Events & Sponsorships

PwC CSC Club participation to Charity Rallies

As part of our Corporate Responsibility and contribution towards the wider community, our company actively supported three charity events through its “Classic & Sports Car” (CSC) Club with a strong presence in the following Charity Rallies:

- ***“8th Rotary Spring Charity Rally” - 20 March 2016.***

Organised by the “Nicosia - Ledra Rotary Club” in cooperation with the “Cyprus Federation of Classic Vehicles”, in an effort to raise funds for “The Cyprus Association of Cancer Patients and Friends” (PASYKAF).

- ***“48-Hour Charity Rally” - 9 & 10 April 2016.***

Organised by “The Cyprus Federation of Classic Vehicles” in cooperation with the “Bank of Cyprus”, in aid of the “Cyprus Anticancer Society”.

- ***“Round Table Charity Rally” in support of the “Life Education Centres” - 24 April 2016.***

Organised by the “Round Table Cyprus” in support of the MENTOR units and “Life Education Centres Cyprus”, an organisation which offers preventative educational programmes regarding addictive substances to children and adolescents and other subjects, such as nutrition and health of the teeth.



Events & Sponsorships

Foster entrepreneurship

PwC supports Junior Achievement

The finals and the award ceremony of the “Company of the Year” competition 2016 that was organised for the third consecutive year by the non-profit organisation Junior Achievement Cyprus was held with our support on Friday, 22 April 2016. The company programme aims to offer training opportunities on youth entrepreneurship, giving pupils aged 15 to 18 the chance to see in practice how a business idea is implemented and how a company operates and expands. The 10 student companies that took part in the final stage of the competition were selected from 34 entries representing a total of 250 pupil entrepreneurs throughout Cyprus. At the award ceremony, our CEO Mr Evgenios C. Evgeniou presented the prize in the “best brand” category to the winning team. The “company of the year” Ignium represented Cyprus in the European Competition of JA-YE in July 2016, in Lucerne, Switzerland.

In addition, eight members of PwC voluntarily offered support and guidance, throughout the year, to the teams that took part in the competition for the top student company of the year. It is worth noting that on 9 March 2016, we organised a small trade exhibition at our offices during which some of the teams had the opportunity to present their companies and promote their products to more than 100 members of the organisation. The teams also had the opportunity to obtain valuable advice from their mentors in the organisation so as to get prepared for the student trade fair that was held on 9 April at The Mall of Cyprus in Nicosia. Finally, during this year’s programme, all mentors who took part in the competition participated in a special training programme that was organised by Junior Achievement at our Nicosia new offices.

During last year’s competition, we hosted the winning “company of the year”, called Springers, at our headquarters.

We have a long standing cooperation with Junior Achievement within the framework of our Corporate Responsibility Programme, supporting a series of the organisation’s educational programmes and initiatives which encourage entrepreneurship and innovation, particularly among the young.



Events & Sponsorships

1st Innovation & Entrepreneurship Forum

Within the framework of cooperation to promote entrepreneurship, we and the University of Cyprus are joining our forces and expertise to launch a series of forums that will focus on the subject of innovation and entrepreneurship. The first forum entitled “Bootstrapping our Ecosystem” was organised by the Centre for Entrepreneurship of the University of Cyprus with our support, on Wednesday, 9 December 2016 at the University. Speakers at the event included Messrs Ehud Levy from Israel, Aristos Doxiades from Greece and Dr Harry Hatzakis from the UK. During the lecture, participants had the opportunity to learn about the latest developments relating to technological innovation, proposed strategies for small business ecosystems and listen to the story behind the successful start-up of a Greek entrepreneur.

PwC supports the 3rd Chrysalis Leap Business Ideas Competition

Within the framework of our efforts to boost and strengthen entrepreneurship as a tool for sustainable economic development, we supported the 3rd Chrysalis Leap Business Ideas Competition “Climate Launchpad 2016”, Europe’s biggest business ideas competition in clean-tech. During the two-day boot camp which was held in Kalopanagiotis, the weekend 24-26 June, eleven clean tech startups, from various industry sectors, such as building management systems, forest fire prevention, waste water treatment, internet of things (IoT), renewable energy sources and others, received intensive training from Chrysalis LEAP coaches and representatives from PwC, Bernhard Schulte Shipmanagement (BSM) and George. Z. Georgiou & Associates. The eleven promising clean

tech startups continue with their preparation for the National Finals that will take place on the 5 September, 2016 in Nicosia, where they will present their business ideas before a jury of industry experts and professionals. The top three startups selected will represent Cyprus at the European Final in Tallinn, Estonia, in October 2016. At the European Finals, 10 start ups will be selected to gain access to Climate KIC’s acceleration program, a ‘real life business school’ that focuses on the development and commercialisation of clean tech startups, as well as access to further funding.

Our colleagues Socrates Paschalis, Director at Deals, Maria Georgiou, Director at Human Capital, Michalis Stavrides, Director at Corporate Administration and Vicky Christofidou, Senior Manager at Consulting were our mentors who gave intensive training at the 2 day boot camp.



Events & Sponsorships

Health & Well being

In the context of our FY16 Health & Well Being initiatives, more than 300 of our People had the opportunity to attend 11 seminars organised in Nicosia and Limassol on topics such as “Bringing the best out of our children at all stages and ages”, “Breast Cancer Awareness”, “Male Cancer Awareness”, “Healthy Body – Healthy Mind”, “Nutritional & Postural Habits” and “Smoking Cessation”. Additionally, we offered complimentary Yoga sessions twice a week in our offices in Nicosia and Limassol in an effort to introduce the benefits of Yoga into our lives.

Moreover, more than 300 Colleagues, participated in the 2016 Limassol Marathon achieving excellent personal results as well as a very good representation of our Firm. Colleagues, friends and clients joined PwC’s team and honoured our firm by achieving 13th place in the Corporate Race (5Kms) general ranking, out of 201 participating teams.

In the context of our continuous efforts to support the local community and to encourage and support cultural awareness, we sponsored the Cyprus Symphony Orchestra. The Cyprus Symphony Orchestra Foundation was founded in 2006 by decision of the Council of the Ministers, with the aim of developing and promoting the art of orchestral music, of improving musical life and education in the country, as well as the involvement of society in musical activities.



Events & Sponsorships

PwC Annual Blood Donation

Our annual blood donation day was organised for the 14th consecutive year on Monday, 30 November 2016 at our offices in Nicosia, Limassol and Paphos. This year our members also had the opportunity to support Karaiskakio Foundation by donating sample for The Cyprus Bone Marrow Donor Registry. The Minister of Health, Dr George Pamborides who attended the blood donation organised in our new offices in Nicosia, congratulated us for this initiative which as he said demonstrates our social sensitivity and desire to help the community.

"Run in Colour"

'Run in Colour' is an international event series involving a fun 5k run followed by a colourful music and dance finish-line festival. Run in Colour was created to motivate participants to boost their wellness and health by experiencing a great day out! We created a PwC team, consisting of 52 people, who participated in the Run in Colour event that took place in Limassol on Saturday 17 October 2015.

The participants not only had a fantastic day out, but by participating in Run in Colour also gave back to society through a charity donation made towards the Child Cancer Unit of Makarios Hospital!



Diversity & Inclusion

Diversity means different things to different people and organisations. At PwC driving diversity means bringing together the perspectives of individuals from all backgrounds, life experiences, preferences and abilities to create better outcomes for our clients, our people, and our communities.

In FY16 our population included 21 different nationalities, 57% of our People being female and 50% of our People being under the age of 30 years old.

As we continue our efforts to drive enhanced awareness and translate it into concrete and comprehensive actions, we are delighted to report that we are making good progress. This year we achieved our highest inclusion score to date, with our people saying they believe PwC is an inclusive work environment where individual differences are valued and respected (84%).

Having this in mind, we continue to work towards making PwC an even more inclusive workplace for all our people. Some of our key actions of our diversity journey are outlined below.

Diversity Month

We dedicated the month of July 2015 to “Diversity & Inclusion”, during which we promoted local and global initiatives, such as seminars, webcasts and a range of innovative tools, such as self-awareness tests, myth buster quizzes, competitions, videos and studies, to help our people commit to inclusive action.

PwC + HeforShe

In FY16, we committed to actively support the HeforShe solidarity campaign for gender equality initiated by UN Women, by having 22% of our people pledging and making their commitment to engage men as agents of change for the achievement of gender equality and women’s rights and encouraging men to take action against inequalities faced by women.

In celebration of the International Women’s day and its theme Pledge for parity, we offered to all our Colleagues a HeforShe wrist band, making a strong statement towards gender equality and personal accountability.

Aspire to Lead

In March 2016, we organised for the third consecutive year a workshop on women leadership for the students of the University of Cyprus. This workshop was part of Aspire to Lead, a global PwC initiative focusing on supporting female students navigating their way from campus to career and building their leadership brand, as well as highlighting and exploring the role of men as supporters and drivers of change.

During the workshop, students had the opportunity to view the recording of a global PwC webcast on taking their career to centre stage by leveraging lessons from Hollywood. One of the key speakers was the award-winning actress Geena Davis, who shared her insights on the empowerment and advancement of women.



Environmental stewardship

In an effort to manage our impact to the environment, we have embarked on a three year environmental management plan (FY16 - FY18) aimed at significantly reducing our consumption in energy, water as well as paper and ultimately reducing our carbon footprint. This three year environmental plan currently managed by our Operations department, was the result of the development of the firm's environmental management system according to ISO 14001:2004 supported by our Sustainability and Climate Change consulting team.

Energy efficiency - reduction of our carbon footprint

The main source of energy efficiency during FY16, was the movement to our new PwC Central Offices. At this brand new office building it was possible to make full use of the office space efficiency through the hoteling system. This in turn brought energy efficiencies such as the reduction of heat and light requirements. At the same time the installation of low energy lighting and occupancy sensors at our Limassol Office gave a positive impact on the energy bill. The total reduction of our electricity bill was 6.7% which translates to 134,3 Tonnes CO₂e (Scope 2 emissions calculation).



Reduction of waste

The FY16, environmental programme focused on the reduction in printing, the recycling of toner cartridges as well as the recycling of solid waste. At the same time, maintenance and other service contractors were asked to manage waste as per the Department of Environment directives. More specifically, at PwC Central we have set up a waste recycling system separating PMD and paper in every floor while the collection of used batteries is done centrally. This system will be replicated to all our offices in FY17.

Environmental awareness

Engaging our staff in our environmental activities is considered crucial in effectively managing our impact to the environment. As a result we have introduced environmental awareness during the Induction Training of new employees. Also during the transfer to PwC Central, we communicated to all staff the environmental actions taken both during construction and operation.

Our sustainability programme

Energy efficiency - reduction of our carbon footprint	In FY17, a comprehensive Energy Audit will be conducted, by approved auditors with the aim of assessing the current energy usage and suggest technical solutions for further reducing our carbon footprint. Additionally, the renovations currently undertaken (Julia House Training Centre and the Limassol Office) have been designed to use technologies, equipment and products aiming at energy and eco efficiency. The introduction of the Hotelling system at the Limassol Office will also enhance energy efficiency.
Water usage reduction	At PwC Central we will embark on a water usage study and develop action for the reduction of fresh water usage. This includes the possibility of recycling grey water.
Reduction of waste	The actions focus on the usage of printing paper capitalising on the firm's paperless policy. The recycling actions currently implemented at PwC Central will be expanded to cover all the firms' Offices.
Environmental engagement	In FY17, we will further encourage staff participation in environmental activities. Environmental education will be enhanced through the promotion of energy efficient and environmentally friendly practices while at the same time colleagues will be encouraged to contribute with ideas and suggestions.

Earth hour

We believe in being part of it: the global conversation and movement towards responsible business practices that create positive change in the world.

We are joining the World Wildlife Foundation and millions of people across the globe in a symbolic display by switching off the lights of our offices in many countries for one hour - Earth hour. It's a brilliant reminder that together we can make change happen.

To get more information visit www.earthhour.org.



Our brand is strong



Our brand is at the heart of everything we do. We support our clients to create the value they are looking for. We organise events, sponsor conferences, run surveys and use publications to share our in depth knowledge and expertise.

Social Media plays a major part of our branding strategy as we continue to enhance our presence on social networks by actively communicating with our followers.

Events & Sponsorships

PwC Cyprus welcomes its staff to its new offices in Nicosia

On September 16th, 2015, the new offices of PwC in Nicosia named PwC Central welcomed all PwC staff to explore the new building. The event opened with a performance by the Cyprus Youth Symphony Orchestra which was then followed by a speech from our CEO, Mr Evgenios Evgeniou, where he welcomed our staff and encouraged our people to explore the facilities of our new building.

Mr Evgeniou stated that 'our new offices combine innovative technology and interior design, in a way that promotes cooperation and alternative methods of work. When designing this new building, our aim was to provide our people with greater flexibility and choice.'

The Economist - 11th Cyprus Summit

We were the Gold sponsor of "The Economist" summit which took place on 3 November 2015 at the Hilton Hotel in Nicosia. The main theme of the summit, which was organised in cooperation with the European Parliament Information Office in Cyprus, was the economic progress of the island in recent years and its successful adjustment programme.

The summit was addressed by the President of the Republic, Mr Nicos Anastasiades. The summit was also addressed by the Finance Minister Mr Harris Georgiades, the Undersecretary to the President Mr Constantinos Petrides, the new US Ambassador to Cyprus Mrs Kathleen Doherty, the United Nations Special Adviser on the Cyprus problem Mr Espen Barth Eide, the Chief Executive Officer of the European Financial Stability Facility, Mr Klaus Regling, and the European Commission Chief Spokesperson Mr Margaritis Schinas.

Speaking at the Summit, our CEO Mr Evgenios Evgeniou, mentioned among other: "The Cyprus economy has performed better than expected since the climax of the crisis in 2013 and after four years of recession the economy has returned to growth, the state has raised funding from the markets, the credit ratings are improving and we are close to exceeding lenders supervision." and he concluded by saying: "What the country needs now is a clear plan for sustainable growth. This is the only way to do justice to the aspirations of the people of Cyprus."



Events & Sponsorships

The 2nd Cyprus Fiduciary Association Forum

The Forum aimed to identify and examine international and local developments that have taken place over the past year within the Fiduciary and International Business sectors and how these developments affect Cyprus. The Forum brought together local and international professionals that will assess the current status and the future prospects of the Cyprus international business sector. Among the speakers was our Partner and Head of Tax & Legal services, Theo Parperis, whose presentation focused on the success and competitive advantages / opportunities offered by the Cyprus citizenship and Permanent Residence schemes and their contribution to the Cyprus economy.



14th HR Management & Human Capital Conference

We and IMH organized the 14th HR Management & Human Capital conference on 18 November 2015 in Nicosia. The HR Conference is the largest gathering of human resource professionals, general managers and managers from all sectors of economic activity. This year's conference focused on the function of Human Capital in Cyprus, on how to recognise, develop and reward talents and on delivering the deal for engagement and retention planning and recruiting the right talent.

The keynote speaker was Jon Ingham, one of the most well-known HR consultants, delivered a presentation on "Finding and keeping the best talent within your organisation". Our Partner and Head of Human Capital, Philippos Soseilos, was the chairman of the conference.



2nd EU Structural Funds Conference

On 2 December 2015, we sponsored the 2nd EU and Structural Funds conference which is the main local source of information, advisory services and specialised guidance to Cypriot businesses/organizations to claim funding from EU and structural funds, while listing the direct sources of information and the process of finding reliable European partners.



Events & Sponsorships

PwC Christmas kids parties

We organised for the second consecutive year 2 Christmas parties for the children of our staff members on Friday 11 and Saturday 12 of December in Nicosia and Limassol respectively. Children had the opportunity to visit their parents' workplace, have their face painted, meet Santa Claus and enjoy the magic show.



Events & Sponsorships

4th Energy Symposium

The 4th Cyprus Energy Symposium, organised by the Institute of Energy for SE Europe and Financial Media Way, took place at Hilton Park Nicosia on the 7th and 8th December 2015.

This year's special Symposium theme that was entitled "A Time for Decisions" gathered more than 25 highly qualified speakers and panellists participating in this 11/2 day event.



Compliance Forum - 7th Professional Services Conference

On 9 December 2015, we sponsored the Compliance Forum, which presented the latest institutional policy trends and changes, as well as developments and challenges in the field of compliance. Compliance officers, professional lawyers, accountants, bankers and all providers of professional fiduciary services gave practical examples on compliance.

The conference presented and analysed issues such as regulatory framework, corporate governance, AML, Sanctions, Competition Law, and MiFiD from the standpoint of compliance.

Speakers included the president of the Republic of Cyprus Mr Nicos Anastasiades and Minister of Environment and Energy of Greece, Mr Panos Skourletis. Our Director in Consulting Maria Athienitou and Manager in Consulting Yiannis Zarvos, delivered presentations on MiFiDII, FATCA and CRS.



Cyprus Hotel Association

We were the official sponsor of the 38th Annual Hotel Conference organised by the Cyprus Hotel Association (CHA) on 2 February 2016 at the Hilton Park Hotel in Nicosia.

The official ceremony was addressed by the Minister of Energy, Commerce, Industry and Tourism, Mr George Lakkotrypīs, our CEO, Mr Evgenios Evgeniou and the President of CHA, Mr Haris Loizides.

Distinguished speakers of the conference included the Deputy Minister to the President of the Republic of Cyprus, Mr C. Petrides, the Minister of Transport, Communications and Works, Mr M. Demetriades, the Group Commercial Director of Thomas Cook Group Plc, Dr Ul. Sperl as well as the Chairman of the Cyprus Sustainable Tourism Initiative, Mr Ph. Drousiotis.

The morning speakers also participated in a panel discussion which was coordinated by our Partner In charge of Hospitality and Leisure Services, Mr Petros C Petrakis.



Events & Sponsorships

7th Mediterranean Oil & Gas Forum 2016

The 7th Mediterranean Oil & Gas Forum 2016, was held on 1 & 2 March 2016 at the Hilton Cyprus in Nicosia.

This year's forum attracted government decision makers, oil and gas leaders and investors, in order to facilitate commercial agreements and geopolitical understanding in the oil and gas industry of Eastern Mediterranean. The recently approved third licensing round for hydrocarbons exploration within Cypriot EEZ and the Trilateral Summit Declaration of Cyprus, Israel & Greece opens up new energy investment in the region.

The Forum proceedings under the Chatham House rule combined with the high caliber of speakers and delegates enabled the dissemination of market insight regarding the upstream developments in Cyprus, Israel, Egypt and Greece.



Events & Sponsorships

NCCI Business Dinner - “Reforming Cyprus Economy and Investment Opportunities: The role of the European Investment Bank (EIB)”

We sponsored a dinner speech organised by the Nicosia Chamber of Commerce and Industry, titled “Reforming Cyprus Economy and Investment Opportunities: The role of the European Investment Bank (EIB)” that was held on Thursday, 07 April 2016 at the Hilton hotel, Nicosia.

Mr Werner Hoyer, President of the EIB was the key speaker at the business dinner.

The future of Cyprus for Russian Businesses 2016

We sponsored a dinner speech organised by the Nicosia Chamber of Commerce and Industry, titled “Reforming Cyprus Economy and Investment Opportunities: The role of the European Investment Bank (EIB)” that was held on Thursday, 07 April 2016 at the Hilton hotel, Nicosia.

The event brought together several experts from Russia, Switzerland, United Kingdom and Cyprus to analyse the situation and share their insights on the effect that the collapse of the island’s economy in 2013 had on Russian investors. Even though Russian investors were affected they have continued to prefer doing business in Cyprus as they still have a significant investment interest in the country’s tax and legal framework.



Topics included the prospects of business between the two countries, the impact of a political solution in Cyprus, the recovery of the Cyprus banking system, privatisations, updates on new tax and company laws, Russian tax and currency control regulations as well as transparency issues and exchange of information between the two countries.

The event was honoured by the Finance Minister Mr Haris Georgiades, Ambassador of the Russian Federation, Mr Stanislav V. Osadchiy, President of the Cyprus Chamber of Commerce and Industry, Mr Phidias Pilides, our CEO and President of the Cyprus – Russia Business Association, Mr Evgenios Evgeniou, the Senior Partner of Chryssafinis and Polyviou, Mr Polyvios G. Polyviou. Mr Antonis Christodoulides, our Partner in Tax Advisory, delivered a presentation titled “2015 changes to the Cyprus tax laws and substance requirements in Corporate structures”. Our Director in Tax Advisory Mr Pambos Sergiou, delivered a presentation titled “Transparency and exchange of information”.

Events & Sponsorships

Cyprus Private Banking and Wealth Management Conference

The Cyprus Private Banking and Wealth Management Conference took place on Friday, 08 April 2016 at the Hilton Hotel, Cyprus. The conference aimed to bring together professionals from different sectors such as banks, law and accounting firms, wealth management and intermediaries for a discussion of the key issues facing the industry.

Leading sector thinkers and doers met to debate the strategies and share their business practices aimed at meeting the challenges of implementing innovative technological solutions, creating better client experiences, overcoming competition and ensuring thorough regulatory compliance.

Tony Hadjiloucas our Partner, In charge of Wealth Management services talked about Cyprus and a holistic approach to wealth management, responding to regulatory change, the benefits of using Cyprus as a base and the key issues faced by family offices.



Limassol Boat Show

We sponsored the Limassol Boat Show 2016 which was held on 6-8 May 2016, at the Limassol Marina, ΤΡΑΚΑΣΟΛ Cultural Centre.

The annual gathering of industry professionals and prospective buyers offered visitors the opportunity to view exhibitor products and services in a unique setting. The event included seminars, presentations of new products, activities on the water and demonstrations. Our Director of Indirect Tax Services, Martha Lambrou delivered a presentation with title: What are the buyers of luxury assets thinking or should be thinking about in the world of tax?



LSE Alumni Events

We sponsored two LSE Alumni events organized by the London School of Economics Alumni Association and the Hellenic Observatory European Institute.

The Panel Discussion event titled 'Cyprus and the Technology Transformation: breaking ground in the new economic & social environment' was held on Monday, 16 May 2016 at the A.G Leventis Gallery in Nicosia. Visionary leaders such as Andrew Tinney, Group CFO, Wargaming and Zohar Shamir, CEO, Fularo Holdings Ltd.; Former Director, Viber Media, shared their experiences and success stories focusing on how technology can help small, non-industrialised countries grow, evolve and compete in the globalised economy.

We also sponsored the LSE one day conference titled 'Interpreting the past, present and future of Cyprus' held on Tuesday, 17 May 2016 at the University of Cyprus. Conference speakers included renowned academics from Universities in the UK, USA as well as Cyprus.



Events & Sponsorships

Cyprus Internal Audit Forum 2016

We sponsored the Cyprus Internal Audit Forum 2016 which was held on 19 May 2016, at the Hilton Park Hotel, Nicosia. The objective of the forum was to look at important issues and topics relating to the work of the Internal Auditor. Via the keynote presentations, the forum dealt with recent trends and developments encountered in the profession in Cyprus, Europe and internationally. Polina Antoniou, Director in Consulting, was the Chairwoman of the forum and Liakos Theodorou, Partner, Head of Assurance & Advisory, was a panellist at the panel discussion with title: "Stakeholders' Expectations of Internal Audit."

Cyprus Quality Conference

The Cyprus Association for quality organised the Quality Conference 2015 on Thursday, 05 November 2015.

We sponsored the conference that was organised as part of the association's continuous efforts to enhance the services offered to the members of the Cyprus Association of quality and the society in general. The conference aimed at promoting new management systems and best practices that can help companies survive and grow in times of economic crisis.

Achilleas Tyrimos, Senior Manager in our Consulting services department delivered a presentation on Corporate Social Responsibility and the need for Quality Reports.



Events & Sponsorships

AmCham Dinner Speech ("Changes to Sanctions on Iran: What Do They Mean for Businesses?")

We were the Bronze sponsor of a dinner speech organised by the American Chamber and the Nicosia Chamber of Commerce and Industry, titled "Changes to Sanctions on Iran: What Do They Mean for Businesses?" that was held on Monday, 28 March 2016 at Occhio restaurant, Nicosia.

Keynote speakers at the AmCham dinner included the U.S. Ambassador to Cyprus, Ms Kathleen A. Doherty and the Cyprus Minister of Energy, Commerce, Industry and Tourism, Mr George Lakkotrypīs.

'Made in Cyprus' Exhibition

World Trade Centre Cyprus organised on Friday, 25- Sunday, 27 of September the 2nd Exhibition "Made in Cyprus", which served the purpose of promoting and advertising the products and services of Cyprus. The exhibition was being held with the support of the Cyprus Ministry of Energy, Commerce, Industry and Tourism.

Global Economic Crime Survey -Presentation of the Cyprus results

Asset misappropriation, cybercrime and money laundering are the most common economic crimes affecting businesses in Cyprus.

This is noted in the Economic Crime Survey by PwC, the local results of which were presented on Tuesday 14 June 2016 at our headquarters in Nicosia. The presentation was attended by representatives from the business community and the Economic Crime Investigation Office of the Cyprus Police, whose head Mr Christos Christodoulou was among the speakers. Mr Christodoulou noted that due to the increasing incidents of economic crimes and particularly cybercrimes in Cyprus, there is a need for coordinated action between the Police and private stakeholders, such as PwC Cyprus, to tackle the phenomenon.

The PwC survey's findings show that asset misappropriation ranks as the top economic crime, with 58% of respondents suffering from it in the past two years. This is followed by cybercrime, which affects 25% of companies in Cyprus.



Events & Sponsorships

PwC Cyprus sponsors the “Invest.Energy” conference

We sponsored the ‘Invest.Energy’ conference organised by the Cyprus Chamber of Commerce and Industry and the Cyprus - Russian Business Association, which was held on Thursday, 23 June 2016 at the Amathus beach hotel, Limassol. The conference focused on investment opportunities in the fields of energy.

The conference was addressed among others by the Deputy Minister of Economic Development of the Russian Federation, Mr Nikolay Podguzov, the Minister of Energy, Commerce, Industry and Tourism, Mr Lakkotrypīs, the Ambassador of the Russian Federation, Mr Stanislav Osadchiy, and the President of the Cyprus-Russia Business Association and our CEO, Mr Evgenios Evgeniou.

Our Partner, In charge of Industries and Energy team, Mr Constantinos Taliotis talked about Energy Sector Developments and Investments Opportunities in Cyprus.



Social media in PwC - Digital Communications evolve

Social media is established as a dominant force in communications and business culture and it is currently being successfully utilised by the world's leading brands.

We, at PwC Cyprus, continue to leverage the use of social media so as to be close to our clients, deepen our relationships and enhance our brand.

In this context, we have continued and enhanced our presence on the social media sphere by communicating with our followers our knowledge and expertise, our publications, press releases, business and corporate responsibility initiatives as well as business and economic news.

Furthermore, on 30 March 2015, we organised for the first time, the Twitter Tax Cast! The aim of the initiative was to answer questions related to the Cyprus Tax system, 'live' via Twitter. Our Twitter followers asked questions via posting tweets using the hashtag "PwCCyTaxCast" and our PwC team, consisted of Tax experts, answered the questions via our @PwC_Cy_Press

Twitter account. The cast was successful attracting the attention of hundreds of followers and Twitter users. For more information about the Twitter Tax Cast and to view a selection of the Q&A, please visit pwc.com.cy/twitter-cast

In order to keep our colleagues informed about the effective use and best practices of social media, we have organised our first "Social Media Day" event on 1 July 2016. During the event, members of our staff had the opportunity to learn more about our Social Media Policy, which refers to the proper use of Social Media channels, but also how useful social media can be used in the corporate world. In addition, through entertaining activities, PwC members learnt about our firm's Twitter, Facebook, YouTube, Instagram and LinkedIn channels, while uploading images with the hashtags #ConnectwithPwC_Cy and #Socialmediaday. During the event, we celebrated the launch of our new Instagram account (@pwc_cy) which is being used for sharing visuals from our business and corporate responsibility initiatives.

Our Social Media in numbers as of 30 June 2016:

- Twitter: 1833 followers
- LinkedIn Company Page: 4209 followers
- LinkedIn group: 1060 members
- LinkedIn Alumni group: 284
- Facebook: 2021
- Instagram: 75 (recently launched)

Connect with us:

- Twitter: @PwC_Cy_Press
- LinkedIn Company Page: PwC Cyprus
- LinkedIn group: PwC Cyprus
- LinkedIn Alumni group: PwC Cyprus Alumni
- Facebook: facebook.com/pwc-cyprus
- Youtube: youtube.com/pwccyprus
- Instagram: @pwc_cy



Financials

Revenue

Our firm's net revenues were **€79,8m** compared to **€79,5m** in FY15.



Assurance & Advisory



Assurance - 73,5%	€ 23.551
Consulting - 16,5%	€ 5.282
Deals - 10,0%	€ 3.210
Total - 100%	€ 32.043

Tax & Legal Services



Corporate Compliance - 51,9%	€ 24.782
Tax Advisory - 25,9%	€ 12.363
Indirect Tax - 9,5%	€ 4.531
Company Administration - 4,9%	€ 2.332
Legal - 7,8%	€ 3.780
Total - 100%	€47.788



Corporate Compliance

Our Corporate Compliance practice achieved net revenues of **€24,8m**, a decrease of 7,1% compared to FY15 of €26,7m.

Tax Advisory

Our Tax Advisory practice's net revenues increased by 5,1% to **€12,4m** from €11,8m in FY15.

Indirect Tax

Our Indirect Tax practice achieved net revenues of **€4,5m** being an increase of 2,3% compared to FY15 of €4,4m.

Company Administration

Our Company Administration practice achieved net revenues of **€2,3m**, an increase of 15,0% compared to FY15 of €2m.

Legal

Our Legal and Corporate Support practice achieved same net revenues compared to FY15 of **€3,8m**.

Assurance

The Assurance practice net revenues decreased by 0,8% to **€23,5m** from €23,7m in FY15.

Deals

The Deals practice net revenues increased by 33,3% to **€3,2m** from €2,4m in FY15.

Consulting

Our Consulting practice achieved net revenues of **€5,3m**, an increase of 12,8% compared to FY15 of €4,7m.

Provident Funds

The firm maintains a Partners and Directors Provident Fund and a Personnel Provident Fund (the Funds). As at 30 June 2016 the Funds which are defined contribution schemes had a total of 688 members (30 June 2015: 672). In FY16 the two Funds received contributions of €2,0m (FY15: €1,7m), had net assets at 31 December 2015 of €34,8m (31 December 2014: €35,2m) and net income for the year ended 31 December 2015 of €0,9m (31 December 2014: €1,6m).

Operating Costs

Total costs have increased by 8% with staff costs recording a 6,5% increase over the prior year. Other operating costs have increased by 12,2%.

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 €2,9m (FY15: €1,1m) was expended mostly on computer hardware and software and on leasehold improvements and office furniture.

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 €13,0m (FY15: €14,7m) in direct taxes, social insurance and special contributions. Further to this, the firm paid €11,8m (FY15: €11,5m) in VAT, and €3,7m (FY15: €3,6m) 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 69 (FY15: 65). 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 7 days (FY15: 5 days).

Creditors

Creditors are paid promptly with the average number of days between receiving and settling the invoice for FY16 was 31 days (FY15: 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 FY16 as compared to the bank facilities available of €14,6m.

PwC Cyprus offices

Nicosia

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Limassol

Address:	City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus P O Box 53034, CY-3300 Limassol, Cyprus Tel. +357 - 25555000, Fax +357 - 25555001
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Paphos

Address:	City House, 58 Grivas Dighenis Avenue , CY-8047 Paphos, Cyprus P O Box 60479, CY-8103 Paphos, Cyprus Tel. +357 - 26555000, Fax +357 - 26555001
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