

## C Y P R U S

# Business paradise

**With**

**a strategic position at the crossroads of three continents, the Republic of Cyprus is a leading tourism destination and international business hub with an advanced market economy that offers foreign investors a wealth of investment opportunities.**

The birthplace of Aphrodite, Cyprus is steeped in fascinating mythology and ancient history. Home to 850,000 people, the sun-kissed republic enjoys strong business, trade, cultural and historical ties with the U.K., having been a British colony until gaining independence 50 years ago.

Through a stable political and social environment, Cyprus has enjoyed economic growth at a rate above the European Union (E.U.) average for the past decade, while austerity measures from the government of President Demetris Christofias have ensured it has weathered the global economic storm better than other countries.

With nearly 80% of its gross domestic product (GDP) generated by the service sector, Cyprus relies heavily on its robust, modern and efficient financial-services industry that benefits from a strong legal system based on English common law.

This conducive business environment also benefits from an excellent infrastructure and a young, well-educated and multilingual workforce. A member of the E.U. since 2004 and the eurozone since 2008, Cyprus is the ideal base for foreign business seeking a springboard to the vast markets of the Middle East and Africa. It is also a major shipping hub.

Cyprus secured foreign direct investment (FDI) worth U.S.\$1.5 billion in 2008, in line with its long-term vision. The vast majority of that impressive total came from E.U. nations such as the U.K. "I would characterize the Cypriot economy as small, open and dynamic, with many comparative advantages that make it ideal for business activities," says President Christofias.

"Cyprus benefits from a geostrategic position and provides high level audit, banking and financial services as a result of the high educational level of our human capital. In addition, it has a very favorable tax system and agreements with more than 40 other countries to avoid double taxation."

The Christofias administration is increasing the volume of investments in infrastructure, particularly in the areas of transport, energy and telecommunications.

"We are placing a strong emphasis on developing human capital and boosting research and development (R&D) as they constitute important factors for the improvement of productivity," the President says. "Cyprus has even more potential for strengthening its role in the European family. This government's medium-term goal is to establish Cyprus as a regional center for the provision of education and medical services. It is also envisaged that Cyprus will become a favorable destination for sports, cultural and religious tourism."



**Demetris Christofias**  
President

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IMAGE: Helen S. Mironou

Anogyra Church, one of the many beautiful and historic sites across Cyprus.

Helping to attract fresh FDI, the Cyprus Investment Promotion Agency (CIPA) informs investors of priority growth sectors and advocates reform for the regulatory and business environment and infrastructure while providing support and development services to investors.

"The U.K. is Cyprus's main trading partner in every respect and we have many similarities with the U.K. in terms of how business operates," says CIPA chairman, Phidias Pilides. "Cyprus has everything you need to operate a successful business. We have increased connectivity through new airports,

excellent telecommunications networks and systems and, at 10%, Cyprus has one of the lowest corporate tax rates in Europe."

**Great financial advantages**

A leading driver of the economy and a major source of employment, the banking and financial-services sector is thriving in this low-tax business climate.

"The Cypriot economy continues to maintain its many economic benefits, such as low corporate and personal income tax rates and a highly educated labor force," says Minister of Finance, Charilaos Stavarakis. "Other competitive advantages include strong social cohesion, modern transport, energy and ICT infrastructure, quality consultancy services, a modern and transparent legal framework, a financial and accounting system modeled on that of the U.K. and a fully liberalized foreign-investment policy."

Helping ensure the banking sector develops in line with international best practice is the Association of Cyprus Banks (ACB). The group acts as a liaison body for all commercial banks and as the secretariat and executive body of members on industry issues and policies.

"Banking supervision in Cyprus is very prudent and rigorous. When the banks invested abroad, they did not invest in toxic products," says ACB director general, Michael Kammas. "The financial-services sector contributes about 8% of GDP and this figure has increased steadily over the past few years because of changes aimed at making Cyprus an international business hub."

Founded in 1899, Bank of Cyprus Public Company Ltd. is the holding company of the Bank of Cyprus Group and the leading financial-services firm in Cyprus, with 143 branches.

The group offers a broad range of financial products and services, such as banking, leasing, factoring, brokerage, fund management, investment banking, as well as general and life-insurance services.

Bank of Cyprus group chief general manager Vassos Shiarly says: "With our culture of erring on the side of protection and risk control, rather than maximizing profit, we will ensure we have a sound banking system for the next hundred or so years. The banking sector here is about nine times bigger than the total GDP of Cyprus, so you can see how strong and substantial it is in relation to the overall economy."

Offering protection against a spectrum of risks, insurance companies and agencies have flourished in Cyprus's business-friendly environment. The Insurance Association of Cyprus (IAC) has 34 members that account for about 95% of the total insurance business on the island.

"The insurance industry in Cyprus plays a very important role as it comprises 4.3% of GDP. It manages investments in



Antonis Paschalides  
Minister of Commerce,  
Industry and Tourism

## 111 YEARS OF EXPERIENCE IN BANKING

### with a presence in 9 countries

Experience, especially when it yields results, equals trust and security. Bank of Cyprus, founded in 1899, is the leading banking and financial services group in Cyprus.

Operating through a network of 570 branches and 12,000 employees worldwide, Bank of Cyprus has a dynamic international presence, offering full banking operations at a corporate and retail level in Cyprus, Greece, UK, Australia, Romania, Russia and Ukraine.

In addition, it runs Representative offices in South Africa, Canada, Russia and Ukraine.

Bank of Cyprus has been operating in the UK for more than 50 years with business offices in London and Birmingham.

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Charilaos Stavarakis  
Minister of Finance

excess of U.S.\$2.4 billion, provides jobs to 4,000 people and supports many other professions," says IAC director general Stephie Dracos.

"Cyprus is a great place for foreign investors. The tax regime has many advantages, there are no language barriers for U.K. investors and the infrastructure and regulations are modern and efficient."

A leading player in the fast-growing insurance sector, CNP Marfin Insurance Holdings Ltd. is owned by CNP Assurance of France and Marfin Popular Bank of Cyprus. The dynamic firm offers a complete range of life-insurance and non-life-insurance products and operates two subsidiaries in Cyprus: Laiki Insurance and Laiki Cyprialife.

Laiki Insurance sells life-, business- and health-insurance protection and boasts a significant market share due to major investment in new technology and a large branch network. Meanwhile, incorporated in 1995, Laiki Cyprialife offers innovative life insurance, private investment and savings plans.

"About 50% of our business in Cyprus comes through Marfin Popular Bank referrals or direct sales and the other half from our agency network," says CNP Marfin Insurance Holdings Ltd. CEO Takis Phidia. "The way we are structured is very helpful as the separation between the life and non-life businesses gives better service orientation to the customer."

As growing numbers of foreign firms commence operations in Cyprus, the group has adapted its product range and offers a comprehensive selection of competitively priced policies.

### Award-winning fund is one to watch for the future

One of the first independent European hedge funds, IKOS has been managing alternative investment strategies since 1993. The company operates a global infrastructure with execution sites/offices and research facilities in Cyprus, London, Monaco, New York, Tokyo and Vienna.

IKOS is now launching a UCITS III FX Fund in partnership with Deutsche Bank. The IKOS Currency Strategy has been available on the dbSelect Platform since 2006 and has a strong track record through managed accounts and Irish-listed classes since 1996. In 2009, the IKOS FX Fund was awarded the EuroHedge Fund of the Year Award in the Managed Futures and Currency category.

IKOS's unique approach to currency trading, coupled with its innovative, globally distributed execution platform and enhanced risk-control systems, produces a consistent risk/return profile. The IKOS FX Strategy is particularly well-suited to be launched as a UCITS III fund because of the liquidity and transparency it contains.

IKOS is registered as an Investment Adviser with the U.S. Securities and Exchange Commission, is a National Futures Association member and is authorized and regulated by the Cyprus Securities and Exchange Commission.

#### IKOS CIF Limited

1 Iacovou Tombazi Street  
201 Vashiotis Business Centre  
3107 Limassol, Cyprus

Office: +357 25814714 - Fax: +357 25814744  
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#### Shacolas Group of Companies

Leading Cyprus - based private group with a significant presence in key business sectors through companies listed on the Cyprus Stock Exchange and a number of other private companies operating in Greece, the U.K. and other countries.

Market leaders in import and distribution of a vast range of world - renowned products and goods, retailing, commercial properties, and real estate business and investments, such as golf courses, airports and other projects. Operators of fixed and mobile telecommunications services.

Owners of shopping malls, department stores, DIY hypermarkets and a number of chains of specialized stores covering the whole Cypriot market.

The group is among the largest employers in Cyprus, with an annual turnover - including its associated companies - of around €1 billion.

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and progress.**



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N.K.Shacolas (Holdings) Ltd  
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"British firms in Cyprus should join us as we are reliable and have a very strong capital base," says Phidia. "We offer all products available in the U.K."

Minister of Commerce, Industry and Tourism Antonis Paschalides, an experienced, London-born lawyer, adds: "Cyprus offers foreign investors great opportunities in an economically sound

and politically stable environment." with foreign companies, and regards the U.K. as a very important market.

"We have an annual group turnover of almost U.S.\$1.2 billion and are the second-largest employer in Cyprus after the government," says Nicolas Shacolas, group executive chairman and an OBE holder. "We invested U.S.\$916 million in new airports at Paphos and

**"There are many business opportunities in Cyprus. In five years, there will be new roads, marinas, golf courses, hotels and modern airports that could act as a hub to bring passengers from the Middle East and Europe."**

and politically stable environment."

The largest private-sector employer in Cyprus, the Shacolas Group is a diversified organization seeking strategic alliances across many sectors.

Its reach extends to airports, hotels, golf courses, ports, stores, residential and commercial real estate, mobile-phone services and renewable-energy projects.

As a leading importer and exporter, the group has formed strong bonds

Larnaca and are working on a massive luxury golf, hotel and villa complex that will feature two golf courses of international standard, and a long pier.

"There are many business opportunities in Cyprus. In five years' time, there will be new roads, marinas, golf courses, hotels, desalination plants, as well as modern airports that will enable Cyprus to become a hub for passengers coming from the Middle East, southern Europe and Russia."

An industry giant and one of the most respected holding companies in Cyprus, Photos Photiades Group was founded nearly half a century ago. As well as having interests in financial services and real estate, the group is a leading name in the beverage industry through links with top brands and producers, including Carlsberg and Diageo.

Besides being the leading performer in the domestic market, Photos Photiades Group enjoys a strong presence in Croatia, Greece and Romania and is seeking partners for strategic alliances.

"We provide beer, wine, soft drinks, water and juices. We have a 65% share of the market, but we want more," says group chairman and founder Photos Photiades. His son, Alexis Photiades, managing director of Photos Photiades Distributors Ltd., adds: "We understand the business of marketing and selling drinks and would like to repeat this success with other brands."

**Building good links**

As the global business spotlight falls upon Cyprus, the government and private-sector enterprises are investing in new infrastructure such as Limassol Marina—an exclusive yacht harbor and upscale resort.

Once completed, the high-end resort, which is expected to cost around U.S.\$200 million, will be one of the Mediterranean's most luxurious yacht resorts. It will also comprise dozens of luxury villas and designer shops and restaurants.

The tender to develop this exciting new harbor project has been won by



Erato Kozakou-Marcoullis  
Minister of  
Communications and Works

one of the world's leading construction companies.

Founded in 1940, Joannou & Paraskevautes Ltd. (J&P) has grown into a global group covering the full range of construction activities on four continents.

Dynamic and versatile, J&P handles projects of various sizes and complexities, including private and public works, build-operate-transfer (BOT) projects and private-finance initiatives (PFIs). The firm employs more than 23,000 people across its global operations, including qualified professionals, such as engineers, supervisors and skilled artisans in all disciplines. More than 3,000 staff are based in Cyprus.

With its wealth of expertise, a modern and continuously upgraded fleet of heavy equipment and specialized personnel, J&P can pinpoint the unique features of each project and guarantee completion of projects on time and within budget.

The company is an enduring trademark for reliability and has earned its position on the list of the world's top international contractors.

J&P general manager Efthy Iacovides points to how the company has built structures that have become landmarks in many countries around the world.

The most notable are international airports in Abu Dhabi and Saudi Arabia, but there are also major hotels, bridges

and roads in many other countries.

"We are proud of our long presence in Cyprus and have supported the whole construction industry," Iacovides says. "There are opportunities here, as there are many projects envisaged by the government that will allow for foreign-investment participation."

Tasked with delivering efficient and effective Information and Communications Technology (ICT) and postal services, transport networks and modern infrastructure for the country's airports and ports is the Ministry of Communications and Works.

Led by Erato Kozakou-Marcoullis, the ministry strives to promote Cyprus's rich culture and unique heritage and hopes to transform the country into an ICT bridge between continents.

"We are aiming to provide Internet broadband services to every community and school to advance education," Minister Kozakou-Marcoullis says.

With a modern fiber-optic network spanning Cyprus, Greece, Russia and the U.K., PrimeTel Plc is a private operator providing city-to-city connectivity, data communications and IP-based services between key European and Middle Eastern markets.

PrimeTel offers unlimited Internet broadband capabilities and services to business, residential, corporate and carrier users across the country. Its new "Twister" platform—developed in-house—allows for interactive advertising for online television.

"We are constantly developing new applications and interactive media

usage through Twister to deliver them to a mobile phone, PC or TV—any screen basically," says PrimeTel managing director Hermes Stephanou. "Cyprus is an ideal place for posting and operating data centers."

### A growing medical-tourism destination

With a rich heritage, gorgeous scenery and beautiful beaches, Cyprus rewards visitors with a vast array of natural, cultural and historical attractions.

Tourism is a leading component of the country's economy and the Cyprus Tourism Organization (CTO) is the entity charged with promoting its many attractions. The CTO liaises closely with the Ministry of Communications and Works' antiquities department to develop and promote the country's many archaeological and historical sites.

The forward-thinking organization is now targeting the lucrative medical-tourism market by highlighting the excellent standards of health care on offer to foreign visitors.

"The medical-tourism sector is one of our key priorities. We are already a leading destination for British people seeking cosmetic surgery and fertility treatment," says Phoebe Katsouris, CTO director general.

"Our doctors and surgeons are educated at the best universities in the world and patients are assured of the highest quality of care in safe and secure surroundings, which is why our hospitals are working towards internationally recognized accreditations."

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