



ANDERSEN BUSINESS AUDIT SERVICES LIMITED

10 good reasons for investing in Cyprus

In a globalised economy where multinational companies receive pressure to reduce costs and maximize profits, while improving quality to meet increasingly higher client expectations, there are 10 good reasons why investing in Cyprus might be the first step in the right direction:

1) European Union Member State

Cyprus was accepted to full membership of the European Union on 1 May 2004 and fully adopted the Euro as its official currency on 1 January 2008. Thus, Cyprus businesses have full access to EU markets with all the privileges this entails.

2) Taxation

Cyprus enjoys a long and growing list of double taxation treaties, including a particularly favorable treaty with the Russian Federation, as well as low tax rates (corporation tax rate is currently 10% which is the lowest in the European Union).

Cyprus investment holding companies enjoy the additional tax advantage of dividend income and profit from the sale of shares being exempt from taxation. Cyprus has no withholding tax imposed on dividend income, interest, or royalty payments effected to non-Cypriot beneficiaries. Profits from overseas permanent establishments are tax exempt.

Cyprus is also considered as one of the most competitive shipping centers in the world in terms of registration fees and taxes.

Cyprus is rightfully considered as a key jurisdiction for international tax planning and has established itself as the main international business and financial center for investments in the Russian Federation, Central and Eastern Europe and the Middle East.

3) Strategic Location

Cyprus's strategic location at the crossroads of three continents has played a major role in shaping its history throughout the centuries and its development into a key outpost in the Eastern Mediterranean, facilitating partnerships and serving as the springboard for investments among Europe, Africa, and Asia. Providing the perfect gateway for businesses to penetrate new markets, Cyprus is a heaven for modern business.

Cyprus has become the EU's key trading post in the Eastern Mediterranean, providing a point of exchange between Europe, Africa, and Asia.

The island's location also makes it an ideal transshipment center, with Cypriot companies operating independently and with foreign partners to ship goods into and out of the EU via Cyprus.

4) Efficient and effective banking and professional services sectors

The professional services and banking sectors are highly developed.

Highly qualified and well trained professionals can provide expert and reliable legal and financial advice on all aspects of business, both local and international.

The banking sector offers a wide range of services, to individuals and corporations.

The cornerstone of Cyprus banking policy is safeguarding the confidentiality of clients and their transactions.

5) Competent workforce

Cyprus maintains a young, highly qualified, multilingual, talented professional workforce, which would be happy to provide support to international business. The most commonly spoken languages are English and Russian. The country is committed to education and is focusing on reforms to achieve sustainable growth.

6) Advanced telecommunications network and infrastructure

Transportation

Two international airports, a modern road network and multipurpose port facilities have long established Cyprus as a commercial, financial and business center in the region.

One can be in London, Moscow or Dubai in about four hours from Cyprus!

Shipping

Cyprus has one deep-sea port in Lemesos which expands over 1.3 square kilometers. Operations have begun to also transform the Larnaca port into the second deep-sea port on the island. Given its location and infrastructure, Cyprus welcomes investment to strengthen capacity and growth in logistics.

Telecommunications

Considerable investment has been made into transforming the island into a telecommunications hub for the region. Cyprus is connected to a number of advanced technology submarine cables which provide excellent connectivity to Europe, the Middle East and Asia.

7) Local economy

Cyprus has a modern, free-market, serviced-based economy with a long record of successful economic performance.

8) Foreign Direct Investment (FDI) ranking

Cyprus has been making significant efforts to attract more FDI.

As a result Cyprus is currently one of the most attractive locations for FDI, ranking among the frontrunners of the world indicating both high FDI performance as well as high FDI potential.

9) Reputable International Shipping Center

Cyprus is a highly reputable international shipping center, ranking among the 10 leading maritime nations in the world.

The majority of the largest ship management companies in the world have established fully fledged offices on the island.

The accession of Cyprus to the European Union has undoubtedly had a considerable impact, both in terms of quality and quantity on the structure of the community fleet.

Cyprus has also long developed into a transshipment center for Asia Pacific trade with Europe as well as

with shipping markets situated along the coasts of the Levant and Black Sea, or the North Adriatic. These markets can be easily accessed from Cyprus with minimum diversion from main arterial routes. This development is attributed to the key position of the island, the efficient customs formalities and the reliable handling and delivery system.

Likewise, Cyprus is a natural hub for other main-line deep sea trades traversing the Mediterranean, to North Africa and the Middle East. The main products re-exported from Cyprus are tobacco, processed foodstuffs, beverages, textiles and textile articles, minerals and chemicals. Cyprus could be used as a base for exporting to the Middle East, North Africa and Asia.

Led by its geostrategic position, the island has been a pioneer in the development of purpose-built container terminals in the Eastern Mediterranean, and was one of the first countries in the region to use specialized container gantry cranes.

Cyprus is an attractive location for the establishment of ship management companies and companies with shipping related activities. The geographical position of the island, its accession to the main international maritime conventions, as well as the generous tax incentives and the extensive network of bilateral agreements in merchant shipping, have enabled Cyprus to become an ideal shipping center.

10) Living and working on the island all year

Cyprus offers a wonderful environment for a very comfortable standard of living.

Arts and culture, as well as gastronomy and wine have a long tradition in Cyprus.

Stress levels are low and business is still largely done with a personal touch and slower pace of life. Crime rates are very low and the sense of safety and security is quite high across the country.

Commutes are minimal. The island has a developed network of four lane highways linking all main destinations.

With a pleasant weather throughout the year, sports enthusiasts can ski in February, swim and kite surf until October, bike and play tennis and golf all year!

Updated August 2011