



**ICT Solutions for
Brilliant Minds**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

2017

Auditor's Report

To the Annual General Meeting of CSC – IT Center for Science

Audit of Financial Statements

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position and performance in accordance with the laws and regulations governing the preparation of financial statements and statutory requirements in Finland.

Object of the audit

We have audited the financial statements of CSC – IT Center for Science Ltd. (Business ID: 0920632-0) for the financial year 1 January 2017 – 31 December 2017. The financial statements comprise the balance sheet, income statement, cash flow statement, and notes to the financial statements.

Basis for the opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described under Auditor's responsibilities in the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the company in accordance with the ethical requirements

that are applicable in Finland and relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and Managing Director relating to the financial statements

The Board of Directors and Managing Director are responsible for the preparation of the financial statements which give a true and fair account in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and Managing Director are also responsible for such internal control as they deem necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and Managing Director are responsible for assessing the enterprise's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the enterprise or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with good auditing practice will always detect

a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional scepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the enterprise's internal control.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We arrive at conclusions on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the parent enterprise or the group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent enterprise or the group to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in such a manner that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting obligations

Other information

The Board of Directors and Managing Director are responsible for other information. Other information comprises information included in the Board of Directors Report.

Our opinion on the financial statements does not cover other information.

In connection with our audit of the financial statements, it is our responsibility to read the other information included in the Board of Directors' report and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the Board of Directors' report has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the Board of Directors' report is consistent with the information in the financial statements and the report has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the Board of Directors' report, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 29 March 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Leena Puumala, Authorised Public Accountant

Income statement

	1 January – 31 December 2017	1 January – 31 December 2016
EUR		
Net sales	40,523,583.27	36,825,236.69
Other operating income	3,767,869.78	2,890,878.65
Personnel expenses	21,657,962.63	19,823,419.47
Depreciation	761,095.17	715,205.45
Other operating expenses	20,293,915.41	18,926,895.05
Operating profit/loss	1,578,479.84	250,595.37
Financial income and expenses	11,798.95	2,588.36
Profit before extraordinary items	1,590,278.79	253,183.73
Direct taxes	-321,605.86	-56,782.02
Profit/loss for the financial year	1,268,672.93	196,401.71

Balance sheet

Assets	31/12/2017	31/12/2016
EUR		
Non-current assets		
Intangible assets	49,550.60	11,910.00
Tangible assets	3,674,978.34	4,315,504.75
Investments	255,522.82	255,522.82
Holdings in group undertakings	49,550.60	11,910.00
	3,980,051.76	4,582,937.57
Current assets		
Current receivables	10,401,086.06	5,206,236.86
Financial securities	6,104,604.14	4,164,517.30
Cash and cash equivalents	5,884,742.38	3,522,682.27
	22,390,432.58	12,893,436.43
	26,370,484.34	17,476,374.00
Liabilities	31/12/2017	31/12/2016
EUR		
Shareholders' equity		
Share capital	1,000,000.00	1,000,000.00
Unrestricted invested shareholders' equity	200,000.00	200,000.00
Retained earnings	1,349,657.71	1,153,256.00
Profit/loss for the financial year	1,268,672.93	196,401.71
Total shareholders' equity	3,818,330.64	2,549,657.71
Liabilities		
Current liabilities	22,552,153.70	14,926,716.29
	26,370,484.34	17,476,374.00

Cash flow statement	2017	2016
EUR		
Cash flow from operating activities		
Cash flow from sales	40,975,640.48	33,999,530.71
Operating expenses	-36,205,477.26	-34,487,265.60
Cash flow from operating activities before financial items and taxes	4,770,163.22	-487,734.89
Interest and other financial expenses incurred from operating activities	11,798.95	2,588.36
Interest received from operating activities	0.00	0.00
Direct taxes paid	-321,605.86	-56,782.02
Cash flow from operating activities	4,460,356.31	-541,928.55
Cash flow from investments		
Investments in tangible and intangible assets	-158,209.36	-323,282.31
Cash flow from investments	-158,209.36	-323,282.31
Change in liquid assets	4,302,146.95	-865,210.86
Liquid assets at beginning of year	7,687,199.57	8,552,410.43
Liquid assets at year-end	11,989,346.52	7,687,199.57

Key indicators	2017	2016	2015	2014
- Operating profit, %	3.9 %	0.7 %	1.0 %	0.7 %
- Return on equity	39.8 %	8.0 %	16.1 %	8.9 %
- Return on capital invested	50.2 %	10.7 %	20.7 %	11.7 %
- Quick ratio	2.2	2.0	2.5	2.4
- Current ratio	1.0	0.9	0.8	0.8
- Equity ratio	27.6 %	27.9 %	28.2 %	25.1 %
- Relative indebtedness, %	24.8 %	17.9 %	16.8 %	18.3 %

Notes to the Cash Flow Statement

EUR

Net sales **2017** **2016**

Net sales in Finland 40,523,583.27 36,825,236.69

Other operating income **2017** **2016**Research grants from the EU,
TEKES and the Academy of Finland 3,767,869.78 2,890,878.65**Notes on Personnel** **2017** **2016**

Number of people employed during the financial year

Number of employees on 31 Dec 317 289

Average number of employees 310 286

Personnel expenses **2017** **2016**

Wages and salaries 17,642,426.10 16,025,876.96

Pension expenses 3,209,126.38 2,813,025.01

Other statutory personnel expenses 806,410.15 984,517.50

Total 21,657,962.63 19,823,419.47

Management salaries and remuneration **2017** **2016**

Board of Directors and Managing Director 281,501.26 266,607.05

Auditor's fees **2017** **2016**

Audits 14,817.28 12,563.10

Other statements 1,207.50 4,030.43

16,024.78 16,593.53

Other operating expenses **2017** **2016**IT expenses, equipment and software
maintenance 8,705,105.94 8,302,046.34

Other expenses 11,588,809.47 10,624,848.71

Other operating expenses, total 20,293,915.41 18,926,895.05

Financial income and expenses **2017** **2016**Other interest and financial income
from others 20,882.08 12,000.03

Interest and financial expenses to others -9,083.13 -9,411.67

Total interest and financial expenses 11,798.95 2,588.36

Tax itemisation **2017** **2016**

Income tax on operations -321,605.86 -56,782.02

Change in deferred tax assets 0.00 0.00

Total -321,605.86 -56,782.02

Notes to the Balance Sheet			
Non-current assets	Intangible assets	Tangible assets	
	Intangible rights	Machinery and equipment	Total
Acquisition cost, 1 Jan	96,120.57	8,324,172.54	8,420,293.11
Increases	37,640.60	120,568.76	158,209.36
Acquisition cost, 31 Dec	133,761.17	8,444,741.30	8,578,502.47
Accumulated depreciation, 1 Jan	84,210.57	4,008,667.79	4,092,878.36
Depreciation for the financial year	0.00	761,095.17	761,095.17
Accumulated depreciation, 31 Dec	84,210.57	4,769,762.96	4,853,973.53
Book value, 31 Dec	11,910.00	4,315,504.75	4,327,414.75
Book value, 31 Dec	49,550.60	3,674,978.34	3,724,528.94
Holdings in other companies		2017	2016
Shareholdings			
Otaverkko Oy	EUR	holding, %/no.	holding, %/no.
Acquisition cost, 1 Jan	2,522.82	5.3 / 75	5.3 / 75
Acquisition cost, 31 Dec	2,522.82	5.3 / 75	5.3 / 75
Book value, 31 Dec	2,522.82	5.3 / 75	5.3 / 75

Digile Oy/ ICT SHOK		holding, %/no.	holding, %/no.
Acquisition cost, 1 Jan	10,000.00	0,9 / 100	0,9 / 100
Acquisition cost, 31 Dec	10,000.00	0,9 / 100	0,9 / 100
Book value, 31 Dec	10,000.00	0,9 / 100	0,9 / 100
SalWe Oy/ T&H SHOK		holding, %/no.	holding, %/no.
Acquisition cost, 1 Jan	10,000.00	0,9 / 100	0,9 / 100
Acquisition cost, 31 Dec	10,000.00	0,9 / 100	0,9 / 100
Book value, 31 Dec	10,000.00	0,9 / 100	0,9 / 100
NORDUnet A/S		holding, %/no.	holding, %/no.
Acquisition cost, 1 Jan	233,000.00	17.9 / 2000	17.9 / 2000
Acquisition cost, 31 Dec	233,000.00	17.9 / 2000	17.9 / 2000
Book value, 31 Dec	233,000.00	17.9 / 2000	17.9 / 2000
Financial securities			
Danske Invest Neutral K, Yhteisökorko K, Euro High Yield K, DI SICAV Eu. Corp. Sust. Bond I			
Book value	6,104,604.14		
Market price	6,337,652.01		
Difference	233,047.87		
Current receivables		2017	2016
Accounts receivable	7,531,224.37	2,976,923.17	
Prepayments and accrued income	2,869,861.69	2,229,313.69	
Total	10,401,086.06	5,206,236.86	

Shareholders' equity	2017	2016
Share capital, 1 Jan	1,000,000.00	1,000,000.00
Share capital, 31 Dec	1,000,000.00	1,000,000.00
Unrestricted invested shareholders' equity, 1 Jan	200,000.00	200,000.00
Unrestricted invested shareholders' equity, 31 Dec	200,000.00	200,000.00
Retained earnings, 1 Jan	1,349,657.71	1,153,256.00
Transfer to share capital		
Retained earnings, 31 Dec	1,349,657.71	1,153,256.00
Profit/loss for the financial year	1,268,672.93	196,401.71
Total shareholders' equity	3,818,330.64	2,549,657.71
Distributable funds, 31 Dec	2017	2016
Retained earnings	1,349,657.71	1,153,256.00
Profit for the financial year	1,268,672.93	196,401.71
Unrestricted invested shareholders' equity	200,000.00	200,000.00
Total	2,818,330.64	1,549,657.71
Breakdown of share capital by type of share	2017	2016
	shares	shares
Shareholders have 1 vote per share	10,000	10,000

Current liabilities	2017	2016
Advance payments received	12,516,690.35	8,341,153.02
Accounts payable	2,923,805.08	1,024,191.06
Other short-term debts	2,271,790.98	1,409,100.41
Accruals and deferred income	4,839,867.29	4,152,271.80
	22,552,153.70	14,926,716.29
Responsibilities		
Leasing liabilities		
To be paid the following financial year	1,060,334.60	977,474.71
To be paid the coming financial year	1,752,346.14	1,631,926.16
Rent liabilities		
To be paid the following financial year	2,360,352.84	2,676,679.74
To be paid the coming financial year	17,878,057.92	6,066,388.59



C S C

**ICT Solutions for
Brilliant Minds**