



ANNUAL REPORT FOR 2016

SEVEN YEAR GROUP OVERVIEW

STATEMENT OF INCOME (M SEK)	2016	2015	2014	2013	2012	2011	2010
Operating revenue	9 281	8 769	9 319	10 111	9 789	9 282	10 547
Operating expenses, excluding depreciation and impairment losses	-7 867	-6 770	-7 724	-8 565	-7 999	-7 965	-9 098
Depreciation, amortisation and impairment losses	-816	-792	-927	-715	-811	-676	-664
Result from participation in associated companies	11	9	13	19	23	9	20
OPERATING PROFIT/LOSS	609	1 216	681	850	1 002	650	805
Financial items	-54	-91	52	4	-64	-42	-22
INCOME AFTER FINANCIAL ITEMS	555	1 125	733	854	938	608	783
Tax	-3	-4	-2	-5	-15	-14	-10
Minority share profit after tax	-	-	-	1	27	-13	-4
NETPROFIT FOR THE YEAR	552	1 121	731	850	950	581	769
BALANCE SHEET (M SEK)							
Intangible fixed assets	350	254	188	328	306	308	282
Tangible fixed assets	22 213	21 687	20 096	16 498	13 568	12 465	10 400
Non-current financial fixed assets	445	281	160	122	98	105	96
Inventories	84	83	85	87	84	86	89
Short-term receivables	1 312	1 139	1 584	1 440	1 666	1 844	1 972
Cash and cash equivalents	300	197	225	160	210	733	370
TOTAL ASSETS	24 704	23 641	22 338	18 635	15 932	15 541	13 209
Shareholders' equity	9 472	9 641	9 026	8 849	8 625	8 054	7 971
Minority interests	-	-	-	-	34	61	48
Deferred tax liabilities	36	34	32	33	32	40	38
NON-CURRENT LIABILITIES							
Interest-bearing	4 918	5 087	6 202	3 775	1 854	2 768	1 972
Non interest-bearing ²¹	8 112	7 160	5 031	3 870	3 272	1 794	936
Provisions	945	788	663	681	633	537	478
CURRENT LIABILITIES							
Interest-bearing	-	-	-	-	-	82	82
Non interest-bearing	1 221	931	1 384	1 427	1 482	2 205	1 684
TOTAL EQUITY AND LIABILITIES	24 704	23 641	22 338	18 635	15 932	15 541	13 209
KEY FIGURES²²							
Return on equity after taxes ²² (%)	5,2	10,7	7,2	8,6	9,5	6,1	8,4
Return on employed capital (%)	4,5	8,4	5,0	7,6	9,7	6,5	9,0
Equity/assets ratio (%)	33,7	35,8	35,7	42,0	47,0	45,6	53,1
Operating margin(%)	6,7	14,1	7,3	8,4	10,2	7,0	7,6
Capital turnover (times)	0,4	0,4	0,5	0,6	0,6	0,7	0,9
Debt/equity ratio (%)	62,4	65,3	83,1	54,8	30,4	37,4	30,8
Self/financing ratio (times)	0,9	0,7	0,3	0,4	0,8	0,6	1,1
Interest coverage ratio (times)	7,1	11,6	e/t	e/t	14,8	13,9	14,0
MISCELLANEOUS							
Funds (M SEK)	1 302	1 835	1 271	1 460	1 680	1 189	1 370
Net debt (M SEK)	5 201	5 526	6 625	4 296	2 277	2 655	2 162
Investments (M SEK)	1 469	2 455	4 353	3 642	2 375	2 771	1 276
Divided paid to the Government (M SEK)	729	475	553	618	378	499	244
Employees (Number)	587	547	504	461	422	375	344
Energy input to the national grid (TWh)	118,0	117,8	116,6	119,3	123,5	113,5	110,3
Energy tapped from the grid (TWh)	115,0	114,6	113,6	116,5	120,0	110,8	108,0
Energy loss (TWh)	3,0	3,2	3,0	2,8	3,5	2,7	2,4

²¹ 2015-year figures have been adjusted with 7 M SEK for the provision for local conversion work that has been shifted from non-interest-bearing liabilities to provisions.

²² Key figures for operating profit margin and debt ratio have been restated for 2015, in accordance with new methods from 2016. This also affects the net debt which has been restated.

²³ Return after standard tax of 22 percent from 2013. Adjusted equity refers to the average of this year's in-and outgoing tied equity and 78% of the free equity.

FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT (M SEK)

OPERATING REVENUES	NOTE	JAN-DEC 2016	JAN-DEC 2015
- Revenue from transmission of electricity	1	3 701	4 179
- Income from balance and frequency control		4 723	3 812
- Income from power reserve		72	91
- Government funding for contingency preparedness	2	197	262
- Other revenues	3	383	289
NET SALES		9 076	8 633
Activated own work	4	144	119
Other operating income		61	17
TOTAL OPERATING INCOME		9 281	8 769
OPERATING EXPENSES			
PERSONNEL COSTS	5	-577	-498
- Costs for transmission of electricity	6	-1 493	-1 578
- Costs for balance and frequency control		-4 518	-3 499
- Costs of disruption-reserve		-80	-80
- Costs of power reserve		-72	-91
- Operational and maintenance costs		-488	-432
- Other costs	7	-542	-577
MISCELLANEOUS EXTERNAL COSTS		-7 193	-6 257
Depreciation, amortisation and impairment loss on tangible and intangible assets	13, 14	-816	-792
Other operating expenses		-97	-15
TOTAL OPERATING EXPENSES		-8 683	-7 562
Result from participation in associated companies	8	11	9
OPERATING PROFIT/ LOSS		609	1 216
INCOME FROM FINANCIAL INVESTMENTS			
Income from securities and receivable fixed assets	9	0	0
Other interest income and similar profit/loss items	10	37	15
Interest expenses and similar profit/loss items	11	-91	-106
INCOME AFTER FINANCIAL ITEMS		555	1 125
Tax on profit for the year	12	-1	-2
Deferred tax	12	-2	-2
NET PROFIT FOR THE YEAR		552	1 121



PROFIT/LOSS STATEMENT BY BUSINESS DEPARTMENT 2016 (M SEK)

	Transmission of electricity in the grid	System responsibility for electricity	Telecom	Contingency planning	Associated companies	Total
OPERATING REVENUE						
- Revenue from transmission electricity	3 701					3 701
- Income from balance and frequency control	24	4 699				4 723
- Income from power reserve		72				72
- Government funding for contingency preparedness				197		197
- Other revenues	308	12	63			383
NET SALES	4 033	4 783	63	197		9 076
Activated own work	109	22	4	9		144
Other operating income	53	4	3	1		61
INCREMENTAL OPERATING INCOME	162	26	7	10		205
TOTAL OPERATING INCOME	4 195	4 809	70	207		9 281
PERSONNEL COSTS	-438	-86	-18	-35		-577
- Costs for the transmission of electricity	-1 493					-1 493
- Costs for balance and frequency control	-154	-4 364				-4 518
- Cost of disruption reserve	-40	-40				-80
- Cost of power reserve		-72				-72
- Operation and maintenance costs	-449	-23	-16			-488
- Other costs	-348	-47	-4	-143		-542
- Group adjustment disruption reserve	8	16		-24		0
MISCELLANEOUS EXTERNAL COSTS	-2 476	-4 530	-20	-167		-7 193
Depreciation, amortisation and impair- ment loss on tangible and intangible assets	-737	-26	-51	-2		-816
Other operating expenses	-97					-97
TOTAL OPERATING EXPENSES	-3 748	-4 642	-89	-204		-8 683
Internal revenue	-58		58			0
TOTAL INTERNAL ITEMS	-58		58			0
Associated companies					11	11
OPERATING PROFIT/LOSS	389	167	39	3	11	609

PROFIT/LOSS STATEMENT BY BUSINESS DEPARTMENT 2015 (M SEK)

	Transmission of electricity in the grid	System responsibility for electricity	Telecom	Contingency planning	Associated companies	Total
OPERATING REVENUE						
- Income from transmission of power	4 179					4 179
- Income from balance and frequency control	42	3 770				3 812
- Income from power reserve		91				91
- Governmental funding for contingency preparedness				262		262
- Other revenues	209	13	67			289
NET SALES	4 430	3 874	67	262		8 633
Activated own work	95	16	2	6		119
Other operating income	8	6	2	1		17
INCREMENTAL OPERATING INCOME	103	22	4	7		136
TOTAL OPERATING INCOME	4 533	3 896	71	269		8 769
OPERATING EXPENSES						
PERSONNEL COSTS	-399	-64	-10	-25		-498
- Costs for the transmission of electricity	-1 578					-1 578
- Costs for balance and frequency control	-173	-3 326				-3 499
- Cost of disruption-reserve	-40	-40				-80
- Cost of power reserve		-91				-91
- Operation and maintenance costs	-403	-13	-18	2		-432
- Other costs	-291	-63	-6	-217		-577
- Group adjustment disruption reserve	8	16		-24		0
MISCELLANEOUS EXTERNAL COSTS	-2 477	-3 517	-24	-239		-6 257
Depreciation, amortisation and impairment loss on tangible and intangible assets	-718	-20	-53	-1		-792
Other operating expenses	-15					-15
TOTAL OPERATING EXPENSES	-3 609	-3 601	-87	-265		-7 562
Internal revenue	-58		58			0
TOTAL INTERNAL ITEMS	-58		58			0
Associated companies results share					9	9
OPERATING PROFIT/LOSS	866	295	42	4	9	1 216

COMMENTS ON THE PROFIT AND LOSS STATEMENT

Operating revenue

Operating revenue increased in 2016 to SEK 9,281 (8,769) million, an increase of SEK 512 million. The increase was attributable to the System responsibility department, while revenues for the business Transmission of electricity were lower than last year.

Revenue from balance and frequency regulation increased by SEK 911 million to SEK 4,723 (3,812) million, mainly due to a higher average price for balance and control power compared to the previous year. Volumes were marginally lower than the previous year. The balance providers' fees were increased on 1 January 2015, which increased fee income by SEK 26 million compared with the previous year.

Income from transmission of electricity decreased by SEK 526 million to SEK 3,701 (4,179) million mainly as a result of lower energy revenues. This was explained by the usage fee reduction by 21 percent for all bidding areas in 2016 to allow the company to buy loss-electricity at a lower price than in 2015. In addition, the power revenues went down due to lower revenues from fixed and temporary subscriptions as well as subscription overruns. This was caused by the change in pricing for temporary subscriptions and the adjustments made in the tariff structure in 2016. Revenue from transit was also lower than last year.

Operating profit/loss

Consolidated operating profit for the Group amounted to SEK 609 (1,216) million, which is SEK 607 million lower than in 2015. Operating earnings include external income and expenses, earnings from associated companies and depreciation and amortisation.

Operating expenses were SEK 8,683 (7,562) million. Certain activities are common to several business departments, and costs that could not be attributed directly to a specific business department were routinely split between departments.

Transmission of electricity in the national grid is the dominant profit driving business within Svenska kraftnät's operation. The operating profit for the department decreased and amounted to SEK 389 (866) million, mainly due to the net loss on energy revenues, energy compensation and loss costs where the net loss for the most part is explained by the change in marginal loss coefficients in energy fees. In addition, there are also increasing costs for maintenance, depreciation and a provision to dig up base plates.

Income and costs for transit were lower compared to the previous year; however, net income was in line with last year.

In view of the complexity of the distribution mechanism in the agreement with ENTSO, in combination with the long delays in invoicing and late corrections, it is difficult to allocate the result to the correct period. Net profit for the year is based in part on estimated income and expenses. As the result for 2016 exhibit differences in relation to the previous year with regard to the export, import and transit routes through Sweden, the uncertainty in these records is deemed to be slightly larger than normal. Any adjustments will affect the outcome for 2017.

Revenues from primary regulation decreased compared to the previous year and costs increased, which in large part is explained by the fact that the cost of one component, the primary regulation frequency-controlled reserve of disturbance (FCR-D), went up. The higher costs for the Group are explained by a modest spring tide and then a lower hydro balance than last year. The cost of the FCR-D, however, went down compared to last year.

Operating income for the System responsibility business was SEK 167 (295) million. The lower operating profit was mainly due to higher costs for the primary regulation. The increase in the average price of balance and control power explains the higher gross levels of both income and expenses.

Telecom's business operating profit amounted 39 (42) million. During the year the Contingency planning department made use of the item contingency preparedness at SEK 197 (262) million, which was financed through appropriations. Svenska kraftnät remains in a recruiting cycle and 30 (35) new full-time have been added since December 2015. Personnel expenses increased by SEK 79 million, from SEK 498 million in 2015 to SEK 577 million in 2016.

Depreciation and write-offs on fixed assets increased by SEK 24 million, from SEK 792 million to SEK 816 million. Depreciation increased by SEK 106 million to SEK 814 (708) million; the increase was due to a number of plants, among others NordBalt, being commissioned during the year.

Impairment charges declined from SEK 84 million to SEK 2 million, where the previous year's outcome was affected by write off of a number of projects after Forsmark kraftgrupp AB's decision to suspend the effort to increase the effect of blocks 1 and 3 in the Forsmark nuclear power plant. In addition, there was impairment caused by new technology choices for the relations between the mainland and Gotland.

After withdrawal of the licence for the line stretch Nässjö-Värnamo, the company decided to dig up 243 base plates with salt impregnated wooden sleepers. This was because the environmental effects of such foundations are not establis-

hed. A provision has been made for SEK 64 million to cover the costs. The project is expected to start by the end of 2017. Result from participations in associated companies amounted to SEK 11 (9) million.

Consolidated operating margin for the Group amounted to 6.7 (14.1) percent, 7.4% points higher than the previous year.

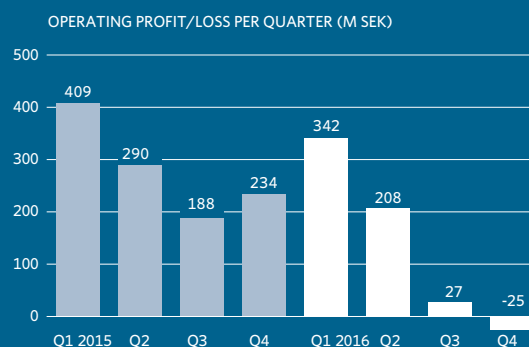
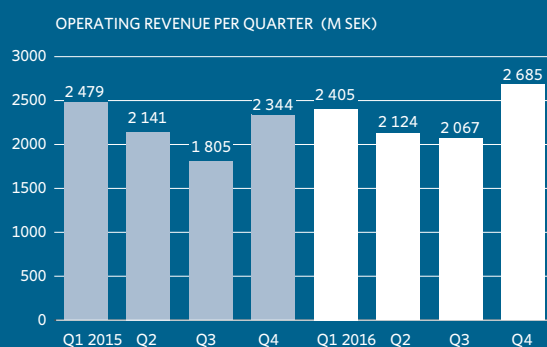
Net financial items

The Group's net financial items were SEK -54 million (-91), an improvement of SEK 37 million compared with the previous year. Interest income for the period amounted to SEK 37 (15) million. The improvement in net financial income was primarily due to the interest expense for pension provisions decreasing from SEK 86 million last year to SEK 49 million. The high interest expenses for pension provisions were due to insufficient return on capital as a result of the negative interest rate. Even interest which is activated during construction were affected by interest rates and amounted to SEK -38 million (-16). Because of the Riksbank's negative interest rate, borrowings in the Swedish National Debt Office this year generated revenues

to the company which amounted to SEK 25 (14) million.

Net profit for the year

Consolidated net income amounted to SEK 552 (1,121) million, which is SEK 569 million lower than in 2015. The result represents a return on equity of 5.2 (10.7%). According to the regulatory letter for 2016, the goal is to achieve a return on equity of 6% over a business cycle. Net profit margin net of flat-rate tax was 4.7 (10.0%).



CONSOLIDATED BALANCE SHEET (M SEK)

ASSETS	NOTE	2016-12-31	2015-12-31
NON-CURRENT ASSETS			
INTANGIBLE FIXED ASSETS	13		
Capitalised computer software		172	90
Land rights		84	88
Utilisation rights for fibre-optic		13	18
Construction in progress		81	58
		350	254
TANGIBLE FIXED ASSETS	14		
Buildings and land		638	565
Plants and machinery		14 499	11 815
Construction in progress		7 076	9 307
		22 213	21 687
FINANCIAL FIXED ASSETS			
Shares in associated companies	17	126	116
Long-term receivables from associated companies	18	38	23
Other long-term receivables	19	281	142
		445	281
TOTAL FIXED ASSETS		23 008	22 222
CURRENT ASSETS			
INVENTORIES			
Inventories of raw materials		84	83
SHORT-TERM RECEIVABLES			
Customer receivables		534	598
Receivables from associated companies		9	24
Other receivables	20	24	10
Tax credit Treasury	21	81	99
Prepaid expenses and accrued income	22	664	408
		1 312	1 139
SHORT-TERM INVESTMENTS			
Cash and cash equivalents		300	197
TOTAL CURRENT ASSETS		1 696	1 419
TOTAL ASSETS		24 704	23 641
CONTINGENT ASSETS	30		

EQUITY AND LIABILITIES	NOTE	2016-12-31	2015-12-31
SHAREHOLDERS' EQUITY			
RESTRICTED EQUITY			
State capital		600	600
Other net assets		3 667	3 650
		4 267	4 250
UNRESTRICTED EQUITY			
Retained earnings/loss		4 653	4 270
Net profit for the year		552	1 121
		5 205	5 391
TOTAL SHAREHOLDERS' EQUITY		9 472	9 641
DEFERRED TAX LIABILITIES	23	36	34
PROVISIONS			
Provisions for pensions and similar obligations	24	873	781
Other provisions	25	72	7
		945	788
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	26	4 918	5 087
Non-interest-bearing liabilities	27	8 112	7 160
		13 030	12 247
CURRENT LIABILITIES			
Accounts payable		550	494
Other liabilities	28	51	101
Accrued expenses and deferred income	29	620	336
		1 221	931
TOTAL EQUITY AND LIABILITIES		24 704	23 641
ASSETS PLEDGED AS COLLATERAL		NONE	NONE
CONTINGENT LIABILITIES	30, 31		

COMMENTS TO THE BALANCE SHEET

Balance sheet total

The Group's total assets amounted to SEK 24,704 (23,641) million, representing an increase of SEK 1,063 million mainly due to an increase in tangible assets, and an increase in allocation to NASDAQ -securities.

Non-current assets

Svenska kraftnät's intangible fixed assets consist of land rights, rights for fibre-optic connections, licenses and capitalised software. The book value amounted to SEK 350 (254) million. Investments in software, mainly upgrading the company's operation monitoring system and a new operations planning system totalled SEK 118 (48) million. Amortisation of intangible assets amounted to SEK 39 (28) million.

The tangible fixed assets consist mainly of power lines, stations, buildings and land, fibre cable connections and other technical facilities as well as construction in progress. The tangible fixed assets amounted to SEK 22,213 (21,687) million, representing an increase of SEK 526 million. Investments during the period were SEK 1,346 (2,399) million and amortisation amounted to SEK 775 (680) million. During the year disposals were made at a value of SEK 32 (1) million. In addition, depreciations have been made with SEK 2 (84) million.

The other fixed assets consist of shares in associated companies and long-term receivables. Shares in associated companies amounted to SEK 126 (116) million. During the year the Enterprise received SEK 9 (8) million in dividends from Nord Pool AS and the share of income in affiliated companies amounted to SEK 11 (9) million. For the company's forward trading of electricity NASDAQ Clearing AB requires collateral. The security structure in part consists of a default fund determined once a quarter, partly as a security requirement, which is adjusted daily based on market value of electricity forwards. The Enterprise deposits current assets in Euros. At the beginning of the year current security requirements are dealt with by a combination of cash and cash equivalents in Euros and a bank guarantee facility with Swedbank at €100 million. The legal framework does not allow further bank guarantee as collateral any more, why all daily security requirements are handled with liquid cash deposits in Euro. In order to comply with the changed regulatory framework the security deposit has increased to SEK 252 (116) million.

Inventories

The inventories amounting to SEK 84 (83) million include fuel for gas turbines in the subsidiary Svenska Kraftnät Gasturbiner AS.

Current assets

Current assets amounted to SEK 1,696 (1,419) million, of which

cash and cash equivalents amounted to SEK 300 (197) million. The increase mainly comes from accrued income relating to balancing energy and is explained by the December invoicing occurring after year end which was not the case last year.

Shareholders' equity

At the turn of the year the equity of the Group was SEK 9,472 (9,641) million. During the year SE K729 (475) million was disbursed to the State. Consolidated net income for the year amounted to SEK 552 (1,121) million.

Non-current liabilities

The Group's non-current interest-bearing liabilities consist of the company's loans from the Swedish National Debt Office of SEK 4,918 (5,087) million. The SEK 169 million decrease was explained by the influx of capacity fees which largely have funded the investments of the Enterprise. This meant that the debt was reduced. The average interest rate on the Group's borrowings during 2016 was -0.50 (-0.25) per cent.

Non interest-bearing non-current liabilities, consisting of liable capacity fees, contributions from landowners, investment contributions from stakeholders, and advances from fibre-optic business-customers and other customers amounted to SEK 8,112 (7,160) million. The change mainly comes from this year's received capacity fees at SEK 1,095 (2 068) million. Net debt fell by SEK 325 million to SEK 5,201 (5,526) million. This affected the debt/equity ratio which decreased during the year to 62.4 (65.3%). The primary cause of the decline in net debt was increased allocation to securities in NASDAQ as well as increased cash and cash equivalents. The lower investments during the year along with the inflow of capacity fees have made the need for loans increase at a reduced rate. The regulatory letter for 2016 states that Svenska kraftnät is permitted to have a debt/equity ratio at a maximum of 135 percent.

Current liabilities

Accounts payable increased from SEK 494 million in 2015 to SEK 550 million in 2016. Accrued expenses and deferred income also increased from SEK 336 million in 2015 to SEK 620 million in 2016. Accounts payable are affected by projects' payment plans and may therefore vary between years. Increase in accrued expenses and deferred income mainly came from the balance force billing for December occurred after year end which did not happen last year.

CONSOLIDATED CASH FLOW STATEMENT (M SEK)

OPERATION	JAN-DEC 2016	JAN-DEC 2015
Operating profit before financial items	609	1 216
Adjustment for items not included in cash flow		
Depreciation and amortisation	816	792
Other items	-165	-191
Financial income and expenses	32	14
Dividend received	9	8
Tax payments	1	-4
CASH FLOW BEFORE CHANGE IN NET WORKING CAPITAL AND INVESTMENTS	1 302	1 835
Change in inventories	-1	1
Change in current receivables	-172	424
Change in current liabilities	212	-633
CASH FLOW BEFORE INVESTMENTS	1 341	1 627
INVESTMENTS		
Change in long-term receivables	-140	-125
Changes in other financial assets	-15	-8
Investment in intangible fixed assets	-135	-56
Investment in tangible fixed assets	-1 323	-2 297
Sale of assets	-	3
NET OPERATIONAL INVESTMENTS	-1 613	-2 483
CASH FLOW AFTER INVESTMENTS	-272	-856
FUNDING		
Change in interest-bearing loans	-169	-1 114
Change in other long-term liabilities	1 273	2 433
Dividend paid	-729	-475
Transfer of retained earnings for Excisable activities to the Swedish Energy Agency	-	-16
Funding	375	828
CHANGE IN LIQUIDITY		
Cash and cash equivalents including short-term investments at beginning of year	197	225
Ditto at the end of the period	300	197
Change in cash and cash equivalents	103	-28

COMMENT TO CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement intends to describe the Svenska kraftnät Group's ability to generate cash and cash equivalents and is a supplement to the income statement and balance sheet description of profitability and financial position. Cash and cash equivalents refer to cash and bank deposits.

Cash flow from operating activities before changes in working capital decreased by SEK 533 million compared with the previous year and amounted to SEK 1,302 (1,835) million. The decrease is mainly due to the reduced operating result. Cash flow from working capital increased by SEK 39 million compared to the previous year, mainly explained by increased provision for accrued income.

The Group's investments dropped during the year and amounted to SEK 1,469 (2,455) million, of which investments amounted to SEK 1,458 (2,353) million. The cash flow affecting

investments are influenced by the fact that payments for the previous year's investments are included in this period (the same applies to prior year investments). In addition the cash flow has been adjusted for investments for non-cash items, such as activated building interest.

Svenska kraftnät's deposit for securities to the NASDAQ Clearing AB regarding financial trade amounted to SEK 252 (116) million.

The change in interest-bearing loans was SEK 169 (-114) million. The reduced need for borrowing is explained by lower investment and the inflow of capacity fees during the year, which largely finances the investments. The State was awarded SEK 729 (475) million.

Cash flow amounted to SEK 103 million compared to SEK -28 million in 2015.

CHANGES IN CONSOLIDATED EQUITY (M SEK)

	State capital	Other tied-up capital	Balanced profit/loss incl. this year's results	Total equity
OPENING BALANCE	600	3 633	4 793	9 026
Dividend	-	-	-475	-475
Reversal of capitalised funds relating to electricity certificates and guarantees of origin to the Swedish Energy Agency	-	-	-16	-16
Conversion differences	-	-	-15	-15
Displacement bound/free capital	-	17	-17	0
Net profit for the year	-	-	1 121	1 121
CLOSING BALANCE 2015	600	3 650	5 391	9 641
OPENING BALANCE 2016	600	3 650	5 391	9 641
Dividend	-	-	-729	-729
Conversion differences	-	-	8	8
Displacement bound/free capital	-	17	-17	0
Net profit for the year	-	-	552	552
CLOSING BALANCE 2016	600	3 667	5 205	9 472

Shareholders' equity amounted to SEK 9,472 (9,641) million, including restricted equity amounted to SEK 4,267 (4,250) million. The profits disposition proposed in the annual report of 2015 was adopted by the Government.

BALANCE SHEET - ENTERPRISE (M SEK)

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY	NOTE	2016-12-31	2015-12-31
RESTRICTED EQUITY			
State capital		600	600
Other net assets		3 314	3 314
		3 914	3 914
UNRESTRICTED EQUITY			
Retained earnings/loss		4 770	4 394
Net profit for the year		537	1 105
		5 307	5 499
TOTAL SHAREHOLDERS' EQUITY		9 221	9 413
PROVISIONS			
Provisions for pensions and similar obligations	24	873	781
Other provisions	25	72	7
TOTAL PROVISIONS		945	788
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	26	4 918	5 087
Non-interest-bearing liabilities	27	8 112	7 160
		13 030	12 247
CURRENT LIABILITIES			
Accounts payable		527	481
Liabilities to Group companies		10	9
Other liabilities	28	51	101
Accrued expenses and deferred income	29	617	331
		1 205	922
TOTAL LIABILITIES		14 235	13 169
TOTAL EQUITY AND LIABILITIES		24 401	23 370
ASSETS PLEDGED AS COLLATERAL		NONE	NONE
CONTINGENT LIABILITIES	30, 31		

INCOME STATEMENT - ENTERPRISE (M SEK)

OPERATING REVENUE	NOTE	JAN-DEC 2016	JAN-DEC 2015
- Revenue from transmission of electricity	1	3 711	4 190
- Income from balance and frequency control		4 724	3 812
- Income from power reserve		72	91
- Governmental funding contingency planning	2	197	262
- Other revenues	3	378	284
NET SALES		9 082	8 639
Activated own work	4	144	119
Other operating income		61	17
TOTAL OPERATING INCOME		9 287	8 775
OPERATING EXPENSES			
PERSONNEL COSTS	5	-577	-498
- Costs for the transmission of electricity	6	-1 493	-1 578
- Costs for balance and frequency contro		-4 519	-3 501
- Costs of disruption-reserve		-150	-137
- Cost of power reserve		-72	-91
- Operation and maintenance costs		-455	-407
-Other costs	7	-551	-588
MISCELLANEOUS EXTERNAL COSTS		-7 240	-6 302
Depreciation, amortisation and impairment loss on tangible and intangible fixed assets	13, 14	-791	-772
Other operating expenses		-97	-15
TOTAL OPERATING EXPENSES		-8 705	-7 587
OPERATING PROFIT/LOSS		582	1 188
INCOME FROM FINANCIAL INVESTMENTS			
Income from securities and receivables that are non-current assets	9	9	8
Other interest income and similar profit/loss items	10	37	15
Interest expenses and similar profit/loss items	11	-91	-106
INCOME AFTER FINANCIAL ITEMS		537	1 105
NET PROFIT FOR THE YEAR		537	1 105

THE PARENT ENTERPRISE SVENSKA KRAFTNÄT

Operating income amounted to SEK 9,287 (8,775) million, of which SEK 13 (12) million related to sales to Group companies. Profit after financial items amounted to SEK 537 (1,105) million.

Enterprise investments in tangible and intangible fixed assets amounted to SEK 1,384 (2,411) million. Cash and cash equivalents at 31 December 2016 were SEK 217 (190) million.

The Enterprise finances its activities with the funds genera-

ted by the operation, and loans in the Swedish National Debt Office. Borrowing at the end of the year was SEK 4,918 (5,087) million and equity of SEK 9,221 (9,413) million.

In 2016 the Enterprise received co-financing of several investment projects and has used received capacity fees to finance investments aiming to strengthen or maintain transmission capacity in the national grid.

BALANCE SHEET - ENTERPRISE (M SEK)

ASSETS

NON-CURRENT ASSETS	NOTE	2016-12-31	2015-12-31
INTANGIBLE FIXED ASSETS	13		
Capitalised computer software		172	90
Land rights		84	88
Utilisation rights for fibre cable connections		13	18
Construction in progress		81	58
		350	254
TANGIBLE FIXED ASSETS	14		
Buildings and land		615	552
Plants and machinery		14 279	11 622
Construction in progress		7 054	9 307
		21 948	21 481
FINANCIAL FIXED ASSETS			
Shares in Group companies	15	9	9
Receivables from Group companies	16	154	51
Shares in associated companies	17	66	66
Receivables from associated companies	18	38	23
Other long-term receivables	19	281	141
		548	290
TOTAL FIXED ASSETS		22 846	22 025
CURRENT ASSETS			
SHORT-TERM RECEIVABLES			
Customer receivables		533	597
Receivables from Group companies		33	23
Receivables from associated companies		9	24
Other receivables	20	18	5
State settlement	21	81	99
Prepaid expenses and accrued income	22	664	407
		1 338	1 155
SHORT-TERM INVESTMENTS			
Cash and cash equivalents		217	190
TOTAL ASSETS		24 401	23 370
CONTINGENT ASSETS	30		

CASH FLOW - ENTERPRISE (M SEK)

OPERATION	JAN-DEC 2016	JAN-DEC 2015
Operating profit before financial items	582	1 188
Adjustment for items not included in cash flow		
Depreciation and amortisation	791	772
Other items	-158	-182
Financial income and expenses	33	14
Dividend received	9	8
CASH FLOW BEFORE CHANGE IN WORKING CAPITAL AND INVESTMENTS	1 257	1 800
Change in current receivables	-180	426
Change in current liabilities	207	-640
CASH FLOW BEFORE INVESTMENTS	1 284	1 586
INVESTMENTS		
Change in long-term receivables	-140	16
Changes in other financial assets	-119	-100
Investment in intangible fixed assets	-135	-56
Investment in tangible fixed assets	-1 238	-2 279
Sale of assets	-	3
NET INVESTMENTS IN MOVEMENT	-1 632	-2 416
CASH FLOW AFTER INVESTMENTS	-348	-830
FUNDING		
Change in interest-bearing loans	-169	-1 114
Change in other long-term liabilities	1 273	2 433
Dividend paid	-729	-475
Transfer of retained earnings for Excisable activities to the Swedish Energy Agency	-	-16
Funding	375	828
CHANGE IN LIQUIDITY		
Cash and cash equivalents including short-term investments at beginning of year	190	192
Ditto at the end of the period	217	190
Change in cash and cash equivalents	27	-2

CHANGE IN SHAREHOLDERS' EQUITY - ENTERPRISE (M SEK)

	State capital	Miscellaneous bound capital	Balanced profit/loss incl. this year's results	Total shareholders' equity
OPENING BALANCE 2015	600	3 314	4 885	8 799
Dividend	—	—	-475	-475
Transfer of retained funds relating to certificates and guarantees of origin to Swedish Energy Agency	-	-	-16	-16
Net profit for the year	—	—	1 105	1 105
CLOSING BALANCE 2015	600	3 314	5 499	9 413
OPENING BALANCE 2016	600	3 314	5 499	9 413
Dividend	-	-	-729	-729
Net profit for the year	-	-	537	537
CLOSING BALANCE 2016	600	3 314	5 307	9 221

of which non-restricted equity amounted to SEK 3,914 (3,914) million.

Dividend income is recorded in the following title:

INCOME TITLE (K SEK)	AMOUNT TO DELIVER	THE RECEIVED AMOUNT
2016 The Enterprise's received dividends and corresponding payment of state tax	729 000	729 000

SUPPLEMENTARY INFORMATION AND NOTES

ACCOUNTING AND VALUATION PRINCIPLES

Basis for report preparation

Svenska kraftnät's accounting complies with Regulation (2000:606) about the authorities' accounting and the Swedish National Financial Management Authority's regulations and general advice. This regulation corresponds to the accounting act, but is adapted to the specific conditions applicable to state authorities, incl. enterprises. The annual report is, with some additions as announced in regulatory letters, drawn up in accordance with the Regulation (2000:605) on the annual accounts and the budget documents and the financial management authority's regulations and general advice. Part of Svenska kraftnät's business operation, Contingency planning, is financed through Government funding. The funding regulation (2011:223) applies also to this activity, which, among others regulates the principles for grant settlement and how unused funds may be accounted for between different financial years. Capacity fees received are accounted for in accordance with European Parliament and Council Regulation (EC) no 714/2009.

Basis for the preparation of the consolidated financial statements

The Enterprise's operational currency is the Swedish krona (SEK), which is also reporting currency for the Enterprise, and for the Group. All amounts are rounded to the nearest million of SEK unless otherwise specified. Profit/loss-related items concern the period 1 January to 31 December. Balance-related items refer to 31 December. Amounts in brackets refer to the previous year's values..

GROUP ACCOUNTING PRINCIPLES

The Group's scope

Svenska kraftnät Group comprises the parent company, the Enterprise Svenska kraftnät, one subsidiary and seven associates. The parent company is a Swedish State enterprise which has its registered office in Sundbyberg. The Group is controlled by the Swedish State.

The subsidiary and associated companies are limited liability companies or equivalent legal form abroad.

Consolidation principles

The consolidated accounts are prepared in accordance with the acquisition method, which in short means that the acquisition cost of the shares in the subsidiary is eliminated against the equity that existed in the subsidiary at the date of acquisition.

Intra-group profits are eliminated in full.

Associated companies are accounted for under the equity method, which means that the book value of shares and participations in associated companies in the consolidated financial statements is estimated at the Group's share of the associate's equity. Thus Svenska kraftnät's share of the associate's profit is included in the Group's earnings and dividends paid. This share is included in retained earnings.

Untaxed reserves/year-end appropriations

In the preparation of the consolidated financial statements, untaxed reserves and appropriations in the subsidiary have been split between tax deferred and non-restricted equity. The deferred tax liability has been calculated at current tax rate.

Revenue recognition

Revenue is recorded to the extent that it is probable that the economic benefits will be available to the Group, provided that the revenue can be estimated reliably. Revenue is recorded net of sales taxes. In the consolidated financial statements, intra-group sales are eliminated.

Income from transmission of power

Income from transmission of electricity consists of capacity fees and usage fees, and transit compensation. Capacity fees are fixed annual charges for subscriptions that are recorded as revenue on a straight-line basis over the period to which the fee is to cover, while usage fees are recorded as revenue when Svenska kraftnät' services are used.

Transit revenue is obtained when the national grid is used for transmission of power through Sweden to other countries. The compensation agreement for transit, Inter TSO Compensation, is an agreement between 42 transmission system operators in 35 countries in Europe. The purpose of the agreement and its method of calculation is that each contracting party shall receive and provide economic compensation for using the network for transmission of power through one country to another. In theory the remuneration consists of two parts; compensation for infrastructure and compensation for losses.

Income from balance and frequency regulation

Revenues consist primarily of sold balancing power. If the customer has made a net purchase of balancing power over the settlement period this is recorded as Svenska kraftnät income for Svenska kraftnät. If the customer rather has a net sale of balancing power this is reported as a balancing power cost.

Revenues from power reserve

Under the Act (2003:436) Svenska kraftnät has responsibility for a power reserve to be available during the winter period. The power reserve is funded by a special charge to Svenska kraftnät from the balance providing companies.

Governmental funding for contingency preparedness

Svenska kraftnät is authority for electricity contingency planning and receives grant funds for this.

Other external income

Other income consists, among other things, of income from capacity fees and grants, utilisation of the Ediel IT system, and revenue for work performed.

Revenue from capacity fees is compensation from the obtained capacity fees to cover this year's expenses for counter trade and revenue from activated capacity fees. Revenues from activated capacity fees are settled with the same periodicity as depreciation of those investment projects to which the capacity fees have contributed.

Other revenues are recorded when the service is provided.

Department reporting

The Group's primary segment is the business department. The Group's activities are divided into four (4) departments, which are Transmission of electricity in the national grid, System responsibility for electricity, Telecom, and Electricity contingency planning. A business department is an activity in Svenska kraftnät that is identifiable in record-keeping, and from other activities based on the risks and opportunities that Svenska kraftnät's mission entails.

Allocation of income and expenses across business departments

Income and expenses relating to several branches are distributed among these according to the following allocation keys:

- > Costs for the disruption reserve are allocated with one third each to Transmission of electricity in the national grid, System responsibility for electricity and Electricity contingency planning. There is a ceiling of SEK 24 million for disruption reserve cost to the service department Electricity contingency planning, excess amounts after allocation by one-third per business department are split between Transmission of electricity and System responsibility.
- > Revenues and costs for primary regulation by disturbed operation (FCR-D) are divided with one-third to Systems responsibility and two-thirds to Transmission of electricity. Revenues and costs for the primary control normal opera-

tion (FCR-N) and secondary Regulation (aFRR) are charged 100% to System responsibility.

- > Income and expenses common to the Enterprise are allocated according to the following distribution formula for 2016. Previous year's formula is indicated in brackets: Transmission of electricity in the national grid: 76 (80%), System responsibility for electricity: 15 (13%), Electricity contingency planning: 6 (5%) and Telecoms: 3 (2%).
- > Business department Telecom provides a nationwide communications network for telecommunications and data which constitute an important prerequisite for sustaining a high operational reliability in the grid. Transmission of electricity uses the service and is charged with internal costs

Interest income

Interest income is recorded as it is earned in the income statement for the period in which it arises.

Interest expenses

Interest expense consists of interest and other costs arising from the loan capital. The interest expenses are recorded in the period they relate to. Interest costs during construction are activated for fixed assets exceeding SEK 500 million. Interest is charged when the total amount of investment amounts to SEK 10 million.

Receivables and liabilities

Assets and liabilities have been valued at acquisition cost unless otherwise indicated. Unsecured receivables are stated at the amount expected to be paid after individual assessment.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at year-end exchange rates. The difference between value at acquisition and on the closing day is included in the result.

Inventories

Group inventories consist of fuels for gas turbine operation. It has been estimated at the lower of acquisition cost and current value according to the FIFO principle.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks.

Derivative instruments

The Enterprise uses derivative financial instruments to hedge financial risks, mainly electricity price risks and currency risks for electrical losses.

Valuation of electricity forwards

The electricity forwards that reflect the actual need for the company without deliberate extra hedging are not recorded in the balance sheet. The forwards that exceed actual needs are valued according to the Lowest value principle (LVP), which means that a contract, which includes extra hedging, shall be recorded as an expense immediately after it occurs. Any profit

will not be recorded. Further, LVP means that changes in value are reported on a continuous basis from the time when the contract is entered.

The actual need for electricity is defined as the minimum annual volume of Svenska kraftnät's electricity losses over the past five years, broken down by quarter.

Accounting for leases

All leases are operational leases and reported as such. They are expensed on a straight-line basis. Financial leasing agreements do not exist

Tangible fixed assets

Tangible fixed assets are reported at gross acquisition cost less accumulated planned depreciation and impairment losses. As investment is considered new construction, and extensions and conversions, which in the long term increase standard, quality or performance.

From the financial year 2016 the Enterprise applies component accounting, which means that all purchases have been divided into components. Each component is seen as an asset and amortised individually based on the respective component's useful life.

Expenses for repairs and maintenance are reported in the period in which they arise. As maintenance is seen work required for the plant to be used as originally intended, but without increasing its performance or substantially prolongs its life span.

Interest charges during construction period are activated for construction of installations exceeding SEK 500 million.

Intangible fixed assets

Expenditure for land rights, rights in fibre-optic connections, licenses, construction in progress, and development costs for computer software are capitalised and are amortised on a straight-line basis over their useful life span. All intangible assets have finite useful life spans. Land rights are amortised according to the line concession period which usually is forty years.

Utilisation rights relate to fibre connections and amortised between 15 and 25 years in accordance with the duration of the contract. The Enterprise's settlement system and operation monitoring system are expected to have a useful life of 10 years. The assessment is based on development time, its complexity and difficulty to replace.

Investment grants submitted

When Svenska kraftnät initiates structural changes in the national grid, it can affect other network owners. A network owner who causes impaired reliability must pay the other grid owners for the measures necessary to maintain operational security. If the measure is taken in another owner's plan, but to be borne by the Authority, it is handled by a submitted investment grant. The investment grant is recorded as a prepaid expense (long-term) and amortised at the same rate as the plant to which the grant is linked.

Depreciation and amortisation

Depreciation according to plan is based on the acquisition value and the estimated useful life. Straight-line depreciation is used for all fixed assets.

The assets' residual values and useful lives are assessed on an ongoing basis and adjusted as necessary.

ANNUAL DEPRECIATION RATES	(%)
Transmission lines, excluding submarine cables and associated transmission lines	2,5
Land and sea cables with associated wiring	3,3
Control plant parts in stations	6,7
Other station parts	3,3
Tunnels	1,67
Fibre connections	4,0 - 6,7
Spare parts	6,7
Telecommunications and information systems	6,7 - 20,0
Gas turbine plants	5,0
Personal computers and office equipment	33,3

Impairment

In conjunction with the financial statements, it is examined if there are indications that some asset has decreased in value, and thus the existence of impairment on tangible and intangible assets. A fixed asset that has a lower fair value than the carrying value is written down to this value, if it can be assumed that the decline in value is permanent. The value to the business is the higher of the replacement cost to procure the corresponding asset and the asset's net selling price. Impairment is charged to earnings.

Provisions

A provision is recorded in the balance sheet when there is a legal or informal obligation as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation, and that the amount can be estimated reliably.

Taxes

Svenska kraftnät's subsidiaries are obliged to pay income taxes for limited liability companies, while the Svenska kraftnät as a State enterprise and part of the Swedish State is exempt from income tax. Deferred tax for the difference between the carrying amount and taxable income is not reported by the Enterprise and Svenska kraftnät Group, with the exception of deferred tax on untaxed reserves in the subsidiary. Deferred tax assets are recorded to the extent it is considered probable that sufficient taxable profit will be available in the foreseeable future.



Pensions

Since 2016 the pension agreement, PA-16 for state employees born in 1943 or later, applies. For employees born in 1942 or earlier PA-91 applies. Pension debt is calculated by the National Government Employee Pensions Board (SPV). PA-16 includes retirement pensions, survivor's pension and a disability pension.

PA-16 includes the defined contribution pensions – individual old-age pensions and supplementary old age pension, Kåpan. For employees born in 1988 or later, old-age pension flex, Kåpan Flex, also applies. For these, premiums are paid. It further includes the defined benefit pensions – retirement pensions on earnings over 7.5 income base amount and a retirement pension under the transitional rules for employees born in 1943 – 1972. These obligations are reported under the heading Provisions for pensions.

This year's allocation to the pension liability has been recorded together with expensed premiums. The interest portion of the pension cost is recorded as interest expense.

Less than half a percent of the employees were not harmonised, which means that the pension liability for these has been calculated at flat rate. Harmonisation means that the SPV is doing a comprehensive review of all positions for a state employee, - state, municipal and private. If there are gaps in employment, pension liability is calculated at flat rate. This means, among other things that SPV estimates that the employee has had state employment from the age of 28, and that debt is calculated by the factor 0.95. This means that the real liability can be smaller or larger. Svenska kraftnät assumes that the pension liability is not estimated too low, and has chosen to book the pension liability estimated by SPV.

Pension liabilities comprise the actuarially projected assumptions that Svenska kraftnät is responsible for under the pension agreements PA-91 and PA-16.

The booked pension liability is calculated on the basis established by the Board of the SPV. The determination allows use of either the 2016 or 2017 basis when calculating the 2016 pension liability. The difference between them is in brief that the 2017 basis assumes a lower interest earning (-0.3 instead of 0.0%). Svenska kraftnät reports the liability on the 2017 basis which is the most recently available calculation of the liability. The portion of the pension liability changes resulting from the transition to the 2017 basis is recorded as interest expense.

Svenska kraftnät pays separate salaries tax on pensions paid under Regulation (1991:704) on calculation of separate salaries tax on the state's pension costs, not based on the provisions for pensions. Because the pension liability relates to future pension payments, a provision is made for the salaries tax based on pension liability at the end of the year.

Received investment grants

External contributions to investments do not reduce the procurement value, but is reported as a liability in the balance sheet with the received amount. As the fixed asset is written down, an income from activated investment grants is booked

in the profit/loss statement.

Capacity fees

Capacity fees received are booked on a continuing basis in the balance sheet as long-term debt and settled primarily against counter trade costs during the fiscal year. On the other hand, they may be used as investment grants to investments that maintain or increase national grid transmission capacity. Thereafter any balance remaining is reported on a separate account in the balance sheet until it becomes possible to use it in accordance with the regulations.

Research and development expenses

Development work is an integral part of the business and relates to long-term improvement measures which are expensed as incurred over the year. Svenska kraftnät is engaged in R & D work in order to increase the reliability, efficiency and environmental adaptation of network and system operations. Therefore no expenses for research are activated.

Financing analysis

The cash flow statement is prepared according to the indirect method. The reported cash flow covers transactions involving payments and receipts. This means that variance may occur compared to changes in individual balance sheet items.

Borrowing

Borrowings are carried at nominal value.

Shares in Group companies

Shares in Group companies are stated at cost less any impairment losses. Dividends received are recorded when the right to receive them is deemed safe.

Supervisory authority

The Energy Market Inspectorate is supervisor of network operation.

NOTE 1. INCOME FROM TRANSMISSION OF POWER

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Connection fees	2 277	2 328	2 287	2 339
Usage fees	1 234	1 638	1 234	1 638
Transit revenues	190	213	190	213
TOTAL	3 701	4 179	3 711	4 190

NOTE 2. FUNDING FOR ELECTRICITY CONTINGENCY PLANNING
GRANT ACCOUNTING FOR ENTERPRISE

K SEK APPROPRIATION	Opening transfer amount	This year's award according to Regulatory letters	Withdrawal	Total available amount	Expenditure	Outgoing transfer amount
EXPENSE AREA 21 ENERGY						
1:9 ELECTRICITY CONTINGENCY PLANNING						
Estimate item 1, Electricity contingency planning	52 986	255 000	-52 986	255 000	-196 902	58 098
TOTAL	52 986	255 000	-52 986	255 000	-196 902	58 098

**CONDITIONS FOR ALLOCATION UNDER REGULATORY LETTERS
(M SEK)**

	MAXIMUM AMOUNT	RESULT
Management cost of operations	30	30

The funds spent during the year, SEK 197 (262) million, have been used for emergency preparation measures SEK 7 million, repair readiness of SEK 26 million, measures for robust power supply SEK 98 million, security protection and information security measures SEK 14 million, electronic communications SEK 10 million, dam safety measures SEK 12 million and management SEK 30 million. Of the funds expended during the year SEK 109 million were transferred.

A framework for authorisation of the grant exists, such as judicial binding commitments which involve future spending, as shown in the table below.

**EXPENSE AREA
21 - ENERGY
1:9 Electricity
contingency planning**

	Authorised for outstanding commitments	Opening commitments	Outstanding commitments	Split per year	
				2017	2018
Estimate item 1, Electricity contingency planning (K SEK)	330 000	158 779	126 971	119 468	7 503

This year's expenditure and the use of the authorisation framework are 2016 lower than estimated. It depends, among other things, on personnel changes in the Enterprise and delays in companies where the measures are performed. Consequently, the planned measures could not be implemented according to the original plan.

NOTE 3. OTHER EXTERNAL INCOME

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Revenue from activated capacity fees	216	152	216	152
Revenue from capacity fees (countertrade)	21	19	21	19
Revenue from activated investment grants	51	22	51	22
Telecom revenue	61	64	61	65
Revenue from the surcharge activities	-	-	-	-
Other income	34	32	29	26
TOTAL	383	289	378	284

NOTE 4. WORK PERFORMED FOR OWN ACCOUNT

Item pertains to labour costs for Svenska kraftnät's own employees which have been activated against investment projects. The investment projects are partly constructions in progress, and in part activated IT development projects.

GROUP AND ENTERPRISE (M SEK)	2016	2015
Construction in progress	119	101
Activated software development	25	18
TOTAL	144	119

NOTE 5. PERSONNEL COSTS

The Group's personnel expenses amounted to SEK 577 (498) million, including salary costs amounting to SEK 355 (306) million. Pension costs of SEK 66 (55) million and social security contributions on SEK 131 (112) million come in addition. All personnel costs are attributable to the Enterprise since the subsidiary Svenska Kraftnät Gas Turbines has no employees.

The number of full-time equivalents in the Group was 576 (547), of which 576 (547) in the Enterprise. On 31 December, the Group had 599 (565) salaried employees, of which 599 (565) in Enterprise.

The average number of employees during the year was 591 (563). The breakdown between men and women is shown below.

EMPLOYEES GROUP ENTERPRISE	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Number of				
Women	211	198	211	198
Men	380	365	380	365
TOTAL	591	563	591	563

The Director General's salary was SEK 1.5 (1.4) million and pension costs SEK 0.7 (0.8) million, according to estimates from the Pensions Board. Deputy Director General was salaried SEK 1.2 (1.2) million and pension costs to SEK 0.7 (1.1) million.

THE BOARD OF DIRECTORS, NUMBER OF	2016	2015
Women	3	3
Men	7	7
TOTAL	10	10

Remuneration to the Board of Directors, etc. is shown in the table below.

MEMBER OF THE BOARD OF DIRECTORS	POSITION	BORN	ACCESSION	MISSION AS A BOARD OR COUNCIL MEMBER IN OTHER GOVERNMENT AUTHORITIES	BOARD MEMBER IN STOCK COMPANY	FEE
Bo Netz	Chairman, Deputy Director General, Swedish Transport Administration	1962	2013	Swedish Arts Council	AB Trav och Galopp	83 004
Anna-Stina Nordmark-Nilsson	Vice Chairman, CEO of Luleå AB. Advisor and consultant in own company.	1956	2004		Sveaskog AB (publ), Sveaskog Förvaltnings AB, Dedicare AB (publ)	69 000
Mikael Odenberg	Director General	1953	2008	Chairman of Karolinska Institute's consistory, Member of the Government's crisis management council.		-
Björn Carlsson	CEO Ackkärrs Use Consulting in Investment Banking	1952	2010			56 004
Bo Normark		1947	2010	Member of the Energy Development Board at the State Energy Authority.		56 004
Charlotte Zackari	Chief Legal Officer Customs Service	1954	2014			56 004
Charlotte Bergqvist	CEO Trinda Energy	1977	2015		President of Power Circle AB	56 004
Mikael Berglund	Electrician	1964	2015			56 004
Erik Böhlmark	Employee representative SACO	1985	2015			-
Stefan Ekberg	Employee representative ST	1956	2012			-
TOTAL						432 024

According to the Authority's direction, Svenska kraftnät shall have a Council with access into the business about electrical contingency issues and a Council which shall assist in the work on dam safety issues. The members of the Advisory Council for electrical contingency planning at Svenska kraftnät are appointed by the Government while the Director General appoints the members of Dam Safety Council.

The appointments of member to the Advisory Council for electrical contingency planning at Svenska kraftnät expired 31/12/2015. The Government has not appointed new members and thus no compensation has been paid.

Payments to Dam Safety Council in 2016 were in SEK:

DAM SAFETY COUNCIL	FEE
Henrik Löv	36 000

Compensation for representation in the Telecom interference board 2016 amounted to:

TELECOM INTERFERENCE BOARD	FEE
Katarina Grén	36 000

Of the above amount SEK 32 000 was paid out in 2017.

NOTE 6. COSTS FOR THE TRANSMISSION OF ELECTRICITY

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Purchase of electricity loss	1 080	1 174	1 080	1 174
Energy compensation	264	282	264	282
Transit costs	149	122	149	122
TOTAL	1 493	1 578	1 493	1 578

NOTE 7. OTHER EXTERNAL COSTS

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Grid countertrade	21	19	21	19
R & D measures	21	23	21	23
Electrical contingency measures	134	209	158	233
Other external costs	366	326	351	313
TOTAL	542	577	551	588

NOTE 8. RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP (M SEK)	2016	2015
Nord Pool AS	18	15
eSett Oy	-8	-7
STRI AB	-1	1
Kraftdragarna AB	2	0
Other	0	0
TOTAL	11	9

NOTE 9. PROFIT FROM SECURITIES AND FIXED ASSETS RECEIVABLES

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Dividends on shares and participations in associated companies	-	-	9	8
Interest income on long-term receivables from subsidiaries	-	-	0	0
Interest income on long-term receivables from associated companies	0	0	0	0
TOTAL	0	0	9	8



NOTE 10. OTHER INTEREST INCOME AND SIMILAR ITEMS

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Interest income from bank deposits	0	0	0	0
Interest Income, Swedish National Debt Office	25	14	25	14
Other interest income	12	1	12	1
TOTAL	37	15	37	15

Share in results of associated companies are reported in note 8.

NOTE 11. INTEREST EXPENSES AND SIMILAR ITEMS

M SEK	GROUP		ENTERPRISE	
	2016	2015	2016	2015
Interest expenses, pension liabilities	-48	-86	-48	-86
Interest expenses, long-term loans	-	-	-	-
Interest expenses, Credit Office Loans	-	-	-	-
Interest expenses, current liabilities	0	0	0	0
Interest expenses, currency futures	0	-3	0	-3
Capitalised interest on construction	-38	-16	-38	-16
Exchange rate differences	-	-	-	-
Miscellaneous	-5	-1	-5	-1
TOTAL	-91	-106	-91	-106

Interest and exchange differences should be seen in the same context whether conversion differences are positive or negative.

NOTE 12. TAX ON THE YEAR'S PROFIT

GROUP (M SEK)	2016	2015
Current tax	-1	-2
Deferred tax	-2	-2
TOTAL	-3	-4

Since most of the Group's pre-tax profit is earned in the Enterprise, which is exempt from income tax, the link between the tax expense for the year and reported earnings before tax in the Group is not reported.

NOTE 13. INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of land rights in the form of easements and line rights, rights for fibre-optic connections, licenses and capitalised software.

GROUP AND ENTERPRISE 31/12/2016 (M SEK)	Balanced expenditure for data software	Land rights	Utilisation rights for fibre	Construction in progress	Total
Opening acquisition values	243	221	86	58	608
Acquisitions	-	-	-	123	123
Retirement	-	-	-5	-	-5
Impairment loss	-	-	-	-	-
Reclassifications	112	-1	1	-100	12
CLOSING ACCUMULATED ACQUISITION VALUES	355	220	82	81	738
Opening depreciation and amortisation	153	132	69	-	354
Retirement	-	-	-5	-	-5
The year's depreciation	30	4	5	-	39
CLOSING ACCUMULATED DEPRECIATION AND AMORTISATION	183	136	69	-	388
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	172	84	13	81	350
Depreciation and amortisation in the prior financial year	19	4	5	-	28

GROUP AND ENTERPRISE 31/12/2015 (M SEK)	Balanserade utgifter för dataprogram	Mark- rättigheter	Nyttjande- rättigheter för opto	Pågående ny- anläggningar	Total
Opening acquisition values	203	180	82	66	531
Acquisitions	-	-	-	56	56
Retirement	-20	-	-	-	-20
Reclassifications	60	41	4	-64	41
CLOSING ACCUMULATED ACQUISITION VALUES	243	221	86	58	608
Opening depreciation and amortisation	151	128	64	-	343
Retirement	-17	-	-	-	-17
The year's depreciation	19	4	5	-	28
CLOSING ACCUMULATED ACQUISITION VALUES	153	132	69	-	354
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	90	89	17	58	254
Avskrivningar föregående räkenskapsår	15	3	5	-	23

NOTE 14. TANGIBLE FIXED ASSETS

GROUP 31/12/2016 (M SEK)	Buildings and land	Machinery and other technical plants	Construction in progress	Total
Opening acquisition values	944	24 891	9 307	35 142
Acquisitions	11	55	1 280	1 346
Retirement	-10	-101	-	-111
Impairment losses	0	-	-2	-2
Reclassifications	88	3 410	-3 509	-11
CLOSING ACQUISITION VALUES	1 033	28 257	7 076	36 364
Depreciation, opening balance	379	13 076	-	13 455
Retirement	-11	-68	-	-79
The year's depreciation	27	748	-	775
CLOSING ACCUMULATED DEPRECIATION AND AMORTISATION	395	13 758	-	14 151
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	638	14 499	7 076	22 213
Depreciation and amortisation in the prior fiscal year	26	654	-	680
ENTERPRISE 31/12/2016 (M SEK)	Buildings and land	Machinery and other technical plant	Construction in progress	Total
Opening acquisition values	924	23 600	9 307	33 831
Acquisitions	0	3	1 258	1 261
Retirement	-10	-96	-	-106
Impairment losses	-	-	-2	-2
Reclassifications	88	3 408	-3 509	-13
CLOSING ACQUISITION VALUES	1 002	26 915	7 054	34 971
Depreciation, opening balance	372	11 978	-	12 350
Retirement	-11	-66	-	-77
The year's depreciation	26	724	-	750
CLOSING ACCUMULATED DEPRECIATION AND AMORTISATION	387	12 636	-	13 023
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	615	14 279	7 054	21 948
Depreciation and amortisation in the prior fiscal year	26	634	-	660

GROUP 31/12/2015 (M SEK)	Buildings and land	Machinery and other technical plants	Construction in progress	Total
Opening acquisition values	808	22 413	9 660	32 881
Acquisitions	1	50	2 348	2 399
Retirement	-	-14	-	-14
Impairment losses	-	-	-84	-84
Reclassifications	135	2 442	-2 617	-40
CLOSING ACQUISITION VALUES	944	24 891	9 307	35 142
Depreciation, opening balance	353	12 432	-	12 785
Retirement	-	-10	-	-10
The year's depreciation	26	654	-	680
CLOSING ACCUMULATED DEPRECIATION AND AMORTISATION	379	13 076	-	13 455
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	565	11 815	9 307	21 687
Depreciation and amortisation in the prior fiscal year	23	614	-	637
ENTERPRISE 31/12/2015 (M SEK)	Buildings and land	Machinery and other technical plants	Construction in progress	Total
Opening acquisition values	790	21 164	9 660	31 614
Acquisitions	-	7	2 348	2 355
Retirement	-	-11	-	-11
Impairment losses	-	-	-84	-84
Reclassifications	134	2 440	-2 617	43
CLOSING ACQUISITION VALUES	924	23 600	9 307	33 831
Depreciation, opening balance	346	11 354	-	11 700
Retirement	-	-10	-	-10
The year's depreciation	26	634	-	660
CLOSING ACCUMULATED DEPRECIATION AND AMORTISATION	372	11 978	-	12 350
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	552	11 622	9 307	21 481
Depreciation and amortisation in the prior fiscal year	23	593	-	616

The concept of Machinery and other technical plants includes switchgear equipment, power lines, sub-marine cables, control equipment parts, fibre-optic installations, and tele- and information systems. Retirements occur mainly in connection with plants having been recommissioned for operation after reinvestments. The assessed value of real estate in the Group amounted to SEK 71 (71) million.

NOTE 15. SHARES IN GROUP COMPANIES (MILLION) 31/12/2016

COMPANY	COMPANY REGIS- TRATION NUMBER	HEAD OFFICE	SHARE (%)	NUMBER OF	NOMINAL VALUE	BOOK VALUE
Svenska Kraftnät Gasturbiner AB	556451-0260	Stockholm	100	900	9	9
TOTAL					9	9

NOTE 16. RECEIVABLES FROM GROUP COMPANIES

ENTERPRISE (MNKR)	31/16/2016	31/12/2015
Loan receivable from subsidiaries	154	51
TOTAL	154	51

Relates to conditionally repayable loan. During the year, two loans totalling 134 million were paid, of which 125 million relates to the non-current portion. During the year, 22 million have been repaid.

NOTE 17. SHARES IN ASSOCIATED COMPANIES (MILLION) 31/12/2016

COMPANY	ORGANISATION- NUMBER	HEAD OFFICE	SHARE (%)	NUMBER	GROUP	ENTERPRISE
Nord Pool AS	984058098	Lysaker	28,20	4 320	88	42
STRI AB	556314-8211	Ludvika	25	375	20	4
Kraftdragarna AB	556518-0915	Västerås	50	5 000	16	1
Elforsk AB	556455-5984	Stockholm	25	750	0	0
Energiforsk AB	556974-2116	Stockholm	20	1 000	0	1
Triangelbolaget D4 AB	556007-9799	Stockholm	25	525	0	0
eSett Oy	2582499-7	Helsingfors	33,33	1 250	2	18
TOTAL					126	66

The acquisition cost is equal to the book value in the Enterprise.

NOTE 18. LONG-TERM RECEIVABLES FROM ASSOCIATED COMPANIES

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Loan to Associates	38	23	38	23
TOTAL	38	23	38	23

NOTE 19. OTHER LONG-TERM RECEIVABLES

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Security for financial trading on Nasdaq/OMX	252	116	252	116
Other long-term receivables	29	26	29	25
TOTAL	281	142	281	141

NOTE 20. OTHER RECEIVABLES

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Sales tax receivable	2	-	-	-
Tax asset	1	3	-	-
Review vendor invoices	3	5	0	5
Current receivables investment grants	18	-	18	-
Other short-term receivables	0	2	0	-
TOTAL	24	10	18	5

NOTE 21. STATE OFFICE SETTLEMENT

Outgoing claim on SEK 81 (99) million consists of the difference between the selected/ deposited funds from the State Office's current account and settled expenses/reported income for the State budget.

M SEK	ENTERPRISE	
	31/12/2016	31/12/2015
Collection		
Booked against income (dividends)	-729	-475
Collected funds paid to non-interest-bearing account	729	475
	0	0
APPROPRIATION IN NON-INTEREST-BEARING FLOW		
Opening balance sheet (debt + debt-)	99	77
Booked against appropriation	197	262
Funds attributable to transfers, etc. paid to non-interest-bearing account	-215	-240
CLOSING BALANCE	81	99

NOTE 22. PREPAID EXPENSES AND ACCRUED INCOME

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Prepaid costs for premises	8	8	8	8
Prepaid expenses, other	12	24	12	24
Accrued net income	181	231	181	231
Accrued income, balance sheet and transmission system operators	437	144	437	144
Accrued revenue, power reserve	10	-	10	-
Accrued income, other	16	1	16	-
TOTAL	664	408	664	407

NOTE 23. DEFERRED TAX LIABILITIES

GROUP (M SEK)	31/12/2016	31/12/2015
Deferred tax liability	36	34
TOTAL	36	34

Deferred tax liabilities are attributable to untaxed reserves.

NOTE 24. PROVISION FOR PENSIONS

GROUP AND ENTERPRISE (M SEK)	31/12/2016	31/12/2015
OPENING BALANCE	781	663
Paid pension	-14	-14
Annual enumeration pension liability	39	23
Interest pension liability	-	4
Appropriation salary tax	18	23
Adjustment of pension liabilities and salary tax due to altered calculation principles (lowered interest rate assumption)	49	82
CLOSING BALANCE	873	781

In the annual report to the State other technical principles are used for the calculation of retirement pension debt. This means that the Svenska kraftnät pension liabilities in the financial report to the State 2016 amount to SEK 695 (636) million, of which pay tax at SEK 136 (124) million.



NOTE 25. OTHER PROVISIONS

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening provisions for local conversion work	7	6	7	6
This year's provision for local conversion work	1	1	1	1
CLOSING PROVISION FOR LOCAL CONVERSION WORK	8	7	8	7
Closing provision for dismantling and demolition costs	64	-	64	-
CLOSING PROVISION FOR DECOMMISSIONING AND DEMOLITION COSTS	64	-	64	-
TOTAL	72	7	72	7

Svenska kraftnät, Saco and ST have signed a local conversion agreement aimed at contributing to financing of long-term local conversion work based on operational needs. The financing is done through the provision of 0.3 percent of salaries. The local adjustment work shall support both company and employee development to "workfare" and a longer working life, through proactive measures and activities.

Svenska kraftnät makes provision for expenses related to decommissioning and demolition costs of obsolete components in connection with starting new- and reinvestment projects. Provisions are written off over the project's expected life period; any residual amount at project conclusion is written down.

NOTE 26. NON-CURRENT INTEREST-BEARING LIABILITIES

GROUP AND ENTERPRISE

M SEK	31/12/2016	31/12/2015
Opening balance	5 087	6 202
New loans during the year	5 260	4 374
This year's amortisation	-5 429	-5 489
DEBT TO THE SWEDISH NATIONAL DEBT OFFICE	4 918	5 087

Granted loan limit amounted to SEK 10,500 million.

NOTE 27. NON-INTEREST-BEARING LIABILITIES

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Balanced contributions from landowners	218	353	218	353
Balanced investment grants	122	267	122	267
Activated investment grants	1 096	700	1 096	700
Cleared investment grants	-91	-58	-91	-58
Balanced capacity fees	475	1 723	475	1 723
Activated capacity fees	6 908	4 586	6 908	4 586
Cleared capacity fees	-653	-436	-653	-436
Advances from fibre customers	37	25	37	25
TOTAL	8 112	7 160	8 112	7 160

NOTE 28. OTHER LIABILITIES

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Advances from customers	11	12	11	12
Employee-related liabilities	20	17	20	17
Derivatives, negative change in value	-	21	-	21
Sales tax payable	20	51	20	51
Other current liabilities	0	0	0	0
TOTAL	51	101	51	101

NOTE 29. ACCRUALS/PREPAID INCOME

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Accrued expenses, balance/system providers	332	109	332	109
Accrued expenses, balance regulation	70	27	70	27
Accrued expenses, power reserve	15	17	15	17
Accrued expenses, energy credits	28	28	28	28
Accrued expenses, disruption reserve	6	6	6	6
Accrued expenses, transit compensation	56	39	56	39
Accrued salaries costs	38	12	38	12
Accrued maintenance costs	38	43	38	43
Accrued electrical contingency costs	11	7	11	7
Accrued expenses, investments	-	0	-	0
Accrued expenses, other	24	48	21	43
Prepaid Telecom revenues	2	0	2	0
TOTAL	620	336	617	331

NOTE 30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Alstom Grid has sued Svenska kraftnät at the Stockholm District Court for €8.3 million plus SEK 7.6 million, claiming that the court should provide Alstom the right to compensation for damages, interest costs and goodwill costs. In defence Svenska kraftnät challenged Alstom's submissions and for its part sought in a counter lawsuit that Alstom should pay SEK 65 million with interest and costs to Svenska kraftnät. The amount related to the refund of money paid over, damages resulting from the termination, and late payment penalty. In March 2016 Svenska kraftnät and Alstom reached a settlement and as a consequence the parties repealed their actions. The District Court has dismissed the case from further processing.

The Energy Market Inspectorate has on retraction of concession for two line stretches (Tälle - Nässjö and Nässjö - Värnamo) decided that as recovery measure the Enterprise shall dig up all buried pole foundations along the corridors. Svenska kraftnät has appealed the decision because the company does not concur with the Energy Market Inspectorate's assessment regarding the stretch Tälle - Nässjö. Based on extensive research and analysis Svenska kraftnät believes that the overall environmental impact will be less by leaving the creosote impregnated plates in the ground, and considers it of principal importance that the environment court may rule on this assessment. The cost of digging up the 578 foundations on the Tälle - Nässjö stretch is estimated to be about SEK 115 million. Svenska kraftnät will, however, dig up the 243 wooden sleeper foundations that exist between Nässjö - Värnamo.

It has in fact been shown that the foundations are largely salt impregnated, but as the environmental impact of such impregnation is not at all well explained, Svenska kraftnät does not have grounds to object to the Energy Market Inspectorate's requirement that they should be dug up. The work is estimated to cost about SEK 65 million.

In an interim judgment 30 November 2016 the Land and Environment Court at the Nacka District Court has given permission for the Enterprise to build a tunnel under Stockholm. The judgment has been appealed by a number of property owners and does not have legal effect. Since the judgment may be reconsidered (if leave to appeal is granted), Svenska kraftnät has also appealed for a couple of terms. The outcome of the case is not considered to have any significant economic impact of the work.

NOTE 31. FUTURE LEASING COMMITMENTS

Agreed future leasing commitments become payable as shown below. All leases relate to operational leases. The amounts for the Enterprise also include commitments to the subsidiary Svenska Kraftnät Gasturbiner AB.

M SEK	GROUP		ENTERPRISE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Within a year	307	256	419	345
After one year but within five years	829	669	1 373	1 109
Later than five years	126	259	510	859
TOTAL	1 262	1 184	2 302	2 313

TARGET ACHIEVEMENTS COMPARED TO THE FEEDBACK REQUIREMENTS IN THE REGULATORY LETTER

TARGET	FEEDBACK REQUIREMENTS	CF. CHAPTER
1.1	<p>For business department Electricity transmission the enterprise Svenska kraftnät shall account the results achieved, detailed among Grid operation and System responsibility for electricity. For these two, the Enterprise shall account for and assess costs, revenues, business volume, quality and effects of the activities and accomplishments undertaken. The result, as far as possible, shall be reported in quantitative terms. The annual report shall state how costs that are common to both areas are divided.</p> <p>Revenue from capacity fees (so-called congestion revenues) that occurs when the electricity market is split into separate bidding zones shall be shown separately, and also the direct costs caused by countertrading.</p> <p>Results of operations at the Nordic level through further development of co-operation between the Nordic and Baltic system operators shall be reported, among other things with regard to the identified needs for future harmonisation measures. Results of operations at the European level should also be reported.</p>	<p>Income statement</p> <p>Business departments Transmission of electricity in the grid and System responsibility for electricity</p> <p>Financial position and cost efficiency, capacity fees</p> <p>Business departments, Transmission of electricity in the grid. Notes 3 and 27</p> <p>Research and development and international cooperation</p>
1.2	<p>The enterprise Svenska kraftnät shall account for business Telecom separately from other activities. For the business Telecom, the Enterprise shall account for results achieved in relation to established targets. The result should be reported in quantitative terms as far as possible. The accounting of Telecom operation shall be in the form of a breakdown in internal and external activities. This accounting separation shall include income and expense records, including common costs and profit.</p>	Business departments, Telecom Notes 3 and 29
2	<p>Svenska kraftnät should report goals and achievements for the competence management in relation to the business' goals and results. The report shall state</p> <ul style="list-style-type: none"> - the extent to which the Enterprise' goals for competence management in 2016 have been reached, - which measures have been taken, and - which goals that apply to the Enterprise's competence supply 2017 and 2018-2019. <p>Within this framework, the Enterprise' efforts to promote ethnic and cultural diversity, good health, achieving a rational age structure, sex ratio, and mobility of staff, shall be reported. The report shall be broken down by sex and be made for groups of employees within the three categories of competence - management, core and support skills, as appropriate.</p>	Employees
3	<p>MISSION</p> <p>Electricity 1. Under Government decision of 25 June 2015 the Enterprise Svenska kraftnät has been assigned (M2015/2635/Ee) to develop and operate a central information management model, a service hub, for the Swedish electricity market. The mission shall be reported no later on 1 June 2016.</p> <p>Electricity 2. Together with other Nordic grid transmission company the enterprise Svenska kraftnät shall give account for network development plans for the Nordic power network with Northern socio-economic benefit. Network development plans shall include the net investments required to transmit new renewable electricity production. The mission has its background in the report on further development toward an unbounded Nordic electricity market, adopted by the Nordic Energy Ministers on 25 October 2010. The third biennial plan shall be reported to the Nordic Ministerial meeting 2017. A progress report on the preparation of the Nordic network development plan shall be reported to the Nordic electricity market group and the Government (Ministry of environment and energy) 25 August 2016.</p> <p>Contingency Within its area of responsibility the enterprise Svenska kraftnät shall work for operators with tasks within the society's emergency preparedness joining the common radio communication system Raket. The effort shall be made in collaboration with the Swedish Civil Contingencies Agency</p>	<p>31/05/2016 Reference number 2015/1263/2</p> <p>15/08/2016 Annex to the report Challenges and Opportunities for the Nordic Power Systems www.svk.se/en/about-us/news/european-electricity-market/report-challenges-and-opportunities-for-the-nordic-power-system/</p> <p>Business departments, Electrical contingency planning</p>

PROPOSAL FOR NET PROFIT APPROPRIATION

The State's share of the retained earnings amounts to SEK 5,205 million, of which this year's result is SEK 552 million. In line with the dividend policy it is proposed that SEK 359 million is appropriated for dividend and the excess amount carried forward.

The Enterprise' unrestricted equity amounts to SEK 5,307 million, SEK 537 million of which is the results.

The Board of Directors proposes that the Enterprise' income statement and balance sheet and the consolidated income sta-

tement and balance sheet be approved for 2016.

We certify that the annual accounts give a true and fair view of the company's results and costs, revenues, and the Authority's and the Group's financial position.

In our opinion the internal governance and control at the Authority are satisfactory.

Sundbyberg on 17th of February 2017

Bo Netz
PRESIDENT

Anna-Stina Nordmark-Nilsson
VICE PRESIDENT

Mikael Odenberg
DIREKTOR GENERAL

Björn Carlsson

Bo Normark

Charlotte Zackari

Charlotte Bergqvist

Mikael Berglund

Erik Böhlmark
EMPLOYEE REPRESENTATIVE SACO

Stefan Ekberg
EMPLOYEE REPRESENTATIVE ST

AUDIT REPORT FOR SVENSKA KRAFTNÄT 2016

REPORT ON THE ANNUAL REPORT WITH THE CONSOLI- DATED ACCOUNTS

Dated: 24/02/2017

Under section 5 of the Act (2002:1022) concerning audits of government activities, the National Audit Office has examined the annual report with the consolidated accounts for the enterprise Svenska Kraftnät for 2016, dated 17/02/ 2017.

Statement

According to the National Audit Office's opinion, the Authority has, in all material respects:

- > prepared the annual accounts with the consolidated financial statements according to the Regulation (2000:605) on annual accounts and budget information, instruction, regulatory letters and special Government decision for the authority.
- > presented an accurate picture of the enterprise Svenska Kraftnät and the Group's financial results, financing, and financial position as of December 31, 2016.
- > submitted a management report and information in general that is consistent with and supports a fair presentation in the annual report as a whole.

Basis for the statement

The National Audit Office has conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) for financial audits, and the Audit Office' manual for the review of results and other information in the annual report (RRI). Our liability under these standards is described in more detail in the section Auditor's Responsibility. We are independent of the authority in accordance with ISSAI 30 Code of Ethics and have fulfilled our obligations in accordance with this code of ethics. We regard the audit evidence obtained as sufficient and appropriate as a basis for the National Audit Office' statements.

Authority's responsibilities for the financial statements

It is the Authority's management that is responsible for preparing annual financial statements which give a true and fair view in accordance with the Regulation (2000:605) on the annual accounts and the budget documents and in accordance with instructions, regulatory letters and other directives for the authority. The authority management is also responsible for the internal governance and control as considered necessary for

the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts the authority management is responsible for the assessment of the authority's ability to continue operations. They inform, as appropriate, on conditions that can affect the ability to stay in business and to apply the assumption of continued operation, unless there are specific reasons not to.

Auditor's responsibility

Our goal is to achieve a reasonable degree of certainty that the annual report as a whole does not contain any material misstatement, whether due to fraud or error, and to submit an auditor's report containing the National Audit Office' statements. Reasonable assurance is a high degree of certainty, but there is no guarantee that an audit carried out under ISSAI and RRI will always detect a material misstatement, if any. Inaccuracies may occur due to fraud or error, and are considered to be essential if they individually or jointly can reasonably be expected to affect the economic decisions that the user makes on the basis of the annual report.

As part of a revision under ISSAI, we use professional judgment and have a professionally sceptical attitude throughout the audit. In addition:

- > identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures, among other things on the basis of these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement due to irregularities is greater than for a material misstatement due to errors, because irregularities may include conduct in collusion, falsification, deliberate omissions, misinformation or non-compliance with internal control.
- > we acquire an understanding of the part of the Authority's internal governance and control relevant to our audit in order to design audit measures adequate for the circumstances, but not to express an opinion on the effectiveness of the Authority's internal management and control.
- > we evaluate the appropriateness of the accounting policies used and the reasonableness of management's assessments in the report and related information.
- > we draw a conclusion on the appropriateness of management's assumption of going concern when preparing the annual accounts. We also draw a conclusion, on the basis of the acquired audit evidence, whether there is any material uncertainty relating to such events or conditions that can lead to significant doubt about the Authority's ability to continue

operations. If we conclude that there is a significant uncertainty factor, we shall draw attention in the audit report to the information contained in the annual report on the significant uncertainty and the assessment provided or, if such information is insufficient, modify our statements in the annual report.

- > we evaluate the overall presentation, structure and content of the annual report, including information, and whether the financial statements reflect the underlying transactions and the events in such a way as to give a true and fair view.

As part of the review process in accordance with the RRI, we have also planned and conducted the audit in order to:

- > for essential information, by financial or non-financial nature provided in the management report to obtain sufficient and appropriate audit evidence that such information has been prepared with a view, together with other parts of the annual report to provide a true and fair view of the operations on the basis of the regulatory framework.
- > implement the necessary measures regarding other information to ensure that this is consistent with the other parts of the annual accounts and free from material error, based on our knowledge of the Authority.

Our communication with the management includes planned scope and focus for the audit and significant results from the audit, including any significant deficiencies in internal control and control that we identified.

REPORT ON OTHER LEGAL REQUIREMENTS AND ADMINISTRATIVE STATUTES

Management's compliance with applicable regulations for the use of appropriations and revenue

Statement

According to the National Audit's opinion, based on our audit of the financial statements, the authority has in all material respects used the appropriation and revenue in accordance with Parliament's declared purposes and in compliance with applicable regulations.

Basis for the statement

We have conducted our audit in accordance with ISSAI and RRI. Our liability under these is described in more detail in the section on the auditor's responsibility.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for National Audit's statement.

Management's responsibility to comply with applicable regulations for the use of appropriations and revenue

It is the responsibility of the Authority's management that accounting and use of grant funds and proceeds are in accordance with applicable regulations and in accordance with the financial conditions set out in the regulatory letters and particular Government decisions for the authority.

Auditor's responsibility

Our responsibility is to audit the Authority annual accounts in accordance with ISSAI and RRI. According to our standards, we

will consider compliance with laws and regulations and the possible effects of significant deviations from the applicable regulations on the financial elements of the annual report. Our responsibility is also to examine whether the management complies with the relevant regulations and specific decisions. In addition to the regulatory framework and specific decisions that directly affect the accounting, this includes the provisions that are directly attributable to the use of funds, which the Parliament and the Government decide. On the basis of the completion of the audit of the annual accounts, we submit a statement on the Authority's compliance with those regulations.

Management's assessment of internal governance and control

Statement

In our audit of the annual report, nothing has emerged that would indicate that management's assessment of internal control does not comply with the Ordinance (2007:603) on internal governance control.

Basis for the statement

We have conducted our audit in accordance with ISSAI and RRI. Our liability under these is described in more detail in the section on the auditor's responsibility. We believe that the obtained evidence is sufficient and appropriate to provide a basis for National Audit's statement.

Management's responsibility for internal governance and control

The Authority's management is responsible for submitting a statement on the internal governance and control of the authority, in accordance with the requirements of the Regulation (2000:605) on the annual accounts and the budget information, instruction, regulatory letters and special Government decisions for the Authority.

Revisorns ansvar

Our responsibility is to express an opinion on the annual accounts based on our audit. We have conducted our audit in accordance with ISSAI and RRI. In the planning and execution of the audit we have considered the elements of internal governance and control relevant to the Authority's preparation of the annual report to provide a true and fair view. Our responsibility is not to do an audit of the effectiveness of the Authority's internal governance and control. Our statement regarding management's assessment of internal governance and control is therefore based on the measures we have taken to examine the annual financial statements, and does therefore not have the assurance of a statement based on an audit.

Responsible auditor Tomas Kervehed has presided in this case. Assignment manager Anders Lexner has been rapporteur.

Tomas Kervehed

Anders Lexner

Copy for information:

Enterprise Svenska kraftnät

The Ministry of environment and energy

The Ministry of finance, Budgeting Department

¹ Bulletin Regulation (2011:223), Fees regulation (1992:191), Regulation (2011:211) on loans and guarantees, Capital supply regulation (2011:210), Regulation (1996:1190) on the transfer of State property, Regulation (1996:1191) concerning the transfer of movable State property.



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