Translation from the Swedish original

The Annual Accounts and Consolidated Accounts as of and for the period January 1, to December 31, 2016

NorCell Sweden Holding 3 AB (publ)
Corp.ID.no: 556859-4195
Registered office: Stockholm

The Annual Accounts and Consolidated Accounts have been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish original and the translation, the former will take precedence.

Board of Directors' Report

The Board of Directors and the Chief Executive Officer of NorCell Sweden Holding 3 AB (publ), corp. ID. no. 556859-4195, hereby submit the annual accounts for the Group and the Parent Company for 2016.

Apart from the company, the annual accounts for the Group comprise Com Hem Communications AB, Com Hem AB, Phonera Företag AB, iTUX Communication AB and Boxer TV-Access AB.

NorCell Sweden Holding 3 AB (publ) and subsidiaries are described below as the "company," "the Group" or "Com Hem."

Ownership and Group Structure
At the end of 2016 NorCell Sweden Holding 2 AB (publ) owned all the shares in the company. Com Hem Holding AB was at the end of 2016 Parent company to NorCell Sweden Holding 2 AB (publ). Com Hem Holding AB is listed on Nasdaq Stockholm, Large Cap.

At the end of 2016, NorCell Sweden Holding 3 AB (publ) owned all the shares in Com Hem Communications AB (corp. ID no. 556689-2104). At the end of 2016 Com Hem Communications AB was the Parent company of the wholly owned subsidiaries Com Hem AB (corp. ID no. 556181-8724), Phonera Företag AB (corp. ID no. 556434-4397) and iTUX Communication AB (corp. ID no. 556699-4843) and Boxer TV-Access AB (corp. ID no. 556548-1131).

NorCell Sweden Holding 3 AB (publ) is a Swedish public company with its registered office in Stockholm, Sweden.

In January 2017 it was resolved to merge the parent company, NorCell Sweden Holding 2 AB (publ) and the wholly owned subsidiary Com Hem Communications AB into the subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

The annual accounts and consolidated accounts are available at NorCell Sweden Holding 3 AB (publ)'s head office at Fleminggatan 18, 104 20 Stockholm, Sweden.

Parent Company
The Parent company NorCell Sweden Holding 3 AB (publ)'s operations focus on group-wide administration and financing of Group companies.

Operations
The Com Hem Group offers broadband, TV & Play and telephony services to Swedish households and companies. Our powerful and future-proofed broadband network with speeds up to 1 Gbit/s, covers half of the country's households, making the Com Hem Group an important driver of creating a digital Sweden. Com Hem bring 1.5 million customers the widest range of digital tv channels and play services via set-top-boxes as well as on-the-go for tablets and smartphones. The business was established in 1983 and operations are today conducted by the four subsidiaries Com Hem AB, Boxer TV-Access AB, Phonera Företag AB and iTUX Communication AB. Following the acqusition of Boxer as per September 30, 2016 the Group is divided into two operating segments Com Hem and Boxer. The operating segment Com Hem offers services to consumers (digital-TV, broadband and fixed telephony), B2B (broadband and telephony) and landlord (basic TV offering) via fibreCoax, fibre and LAN. The services to consumers and landlords are mainly delivered to multi-dwelling unit buildings. The B2B services are mainly delivered to small and medium sized enterprises. The operating segment Boxer offers services (digital-TV and broadband) to consumers in the SDU market through the Swedish digital terrestrial network provided by Teracom and through unbundled fibre. The average number of employees for 2016 was 1,046 (1,083) people, of which 280 (302) women, and 766 (781) men.

Market
Com Hem operates in Sweden, which as of June 2016 had approximately 4.7 million dwellings according to Swedish Post and Telecom Authority ("PTS"). Out of the 4.7 million dwellings, 2.6 million are multiple dwelling units ("MDU") and 2.1 million are single dwelling units ("SDU"). Com Hem has about 2 million addressable households in the MDU market and aims to add 800,000 addressable SDU households over the coming years as many of them will get upgraded from DSL to fibre. In addition, the Group will connect SDU households to fibre via Boxer. Com Hem's market consists of broadband, TV, and fixed telephony services for consumers as well as broadband and telephony services for small and medium sized companies. The Swedish market for the services that Com Hem provides can be split into fixed access via coax, fibre and copper, satellite & terrestrial as well as mobile.

The fixed broadband market has grown steadily over the past couple of years. In June 2016 there were 3.3 million fixed broadband subscribers in the Swedish market, corresponding to an annual growth of 4.9%. Com Hem's market share was 20.3% by the end of June 2016 which was an increase of 0.1 percentage points since June 2015.

In June 2016 there were 5.2 million TV subscriptions in Sweden (digital and analogue). The market for digital TV has been stable in recent years, but did in H1 2016 resume growth of approximately 1.5 percent year onyear. The growth comes from an increased demand for IPTV. In June 2016, Com Hem had a market share of 22.4% , which was unchanged from the previous year, while Boxer's market share declined to 17.8% from 19.5%.

The market for fixed telephony has declined over the past years. In June 2016, there were 2.5 million fixed telephony subscriptions in Swedish households, a decline of 255,000 subscriptions or 9.4 percent compared to the previous year. The decrease was mainly due to a decline of 204,000 (16.4%) PSTN subscriptions, but also a decline in the previously growing IP telephony. The latter declined by 51,000 subscriptions or 3.5% from June 2015. Com Hem's market share remained stable at 12.3%as of June 2016.

The demand for mobile services has continued to increase in the Swedish B2B market. The unique number of mobile subscriptions grew by 3.1% in 2016 to a total of 3.5 million subscriptions. The market for fixed telephony has seen a declining trend over the past years. In June 2016, the total number of subscriptions was 877,000, which is an increase of 1.1% year-over-year. Demand for fixed broadband increased by 9.4% in 2016. In June 2016 the number of subscriptions amounted to 199,000.

Significant events in the financial year

Rebranding of Com Hem to a premium brand launched in April.

In June the expansion into the SDU market was communicated as the next large growth driver expected to expand footprint by 40% or 800 000 households in coming years (addressable footprint).

The acquisition of Boxer TV-Access AB was communicated in June and Boxer is consolidated as per September 30, 2016. The acquisition added approximately 500,000 new customers situated in the SDU market. The acquisition closed with an Enterprise Value of SEK 1,330m, representing an estimated LTM Underlying EBITDA[1] multiple of 4.3x. For further information see note 4 Business combinations.

Part of the Group's debt portfolio has been refinanced during the year and the average blended interest rate decreased from approximately 3% in the first nine months of 2016 to 2.5% in December. In June new notes of SEK 1,750m were issued with a fixed rate coupon of 3.625% with due date June 23, 2021. The new notes were utilized for amortisation of borrowings. In June a new credit facility of SEK 800m was obtained in order to finance the acquisition of Boxer TV-Access AB.

In November new notes to a total amount of SEK 2,250m were issued to a fixed rate coupon of 3.5% with due date February 25, 2022. The proceeds from the new notes were, together with existing unutilised credit facilities, used to redeem the SEK 2,500m 2014/2019 Notes in full, which was completed on November 25, 2016. In connection with the redemption a premium of SEK 66m was paid.

Expectations of future progress

Com Hem has made great progress toward our goals this year to further improve customer satisfaction by improving products and services, the rebranding of Com Hem, the SDU expansion programand the acquisition of Boxer.

To boost the SDU expansion programme the Com Hem Group acquired Boxer in September, 2016. Boxer is the pay TV operator in the digital terrestrial network in Sweden with 495,000 subscribers predominantly in the SDU market. In addition to integrating Boxer into the Com Hem platform to utilize synergies and make the current business more profitable, we launched the Boxer fibre expansion in the beginning of 2017. Com Hem's goal is to connect as many Boxer customers as possible to available fibre networks in 2017. Com Hem see this as an excellent opportunity to increase profitability of the existing Boxer customer base as well as retaining customers that are being overbuilt by competitor fibre and potentially expand the customer base over time. Com Hem has first-hand experience of turning a well-known TV brand into a profitable broadband provider. With a strong brand and a large customer base in the SDU market, Come Hem foresee a great potential in Boxer to further capitalize on the SDU market outside of the Com Hem segment SDU expansion program

[1] The Company applies Alternative Performance Measures in the Board of Director's report and in other parts of the annual report in order to describe the business of the Group. The company applies guidelines for Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). See page 73 for definitions of financial key metrics and Alternative Performance Measures.

In the beginning of 2017 a process to integrate the B2B started and the process will run through the first half of 2017. The integration will result in an increased focus on the high-margin OnNet business and reduced cost of servicing the legacy OffNet business. Most functions are moved to shared functions in order to fully utilise synergies across the Group.

2017 will be a pivotal year for Com Hem as we fully enter the SDU market, launch another leg in the SDU market with the integration of Boxer and the fibre launch, and reorganise the B2B business.

Events after the reporting date
In January 2017 it was resolved to merge the wholly owned subsidiaries, NorCell Sweden Holding 2 AB (publ) and Com Hem Communications AB into the wholly owned subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

Material risks and risk management
The operations of the Parent Company and the Group are affected by a number of external factors. The following is a description of the significant risk factors for the Group’s future development.

Increased competition
New companies are becoming established in the market for digital services with the help of alternative technologies, which increases competition. Tougher competition can lead to price pressure and have a negative financial impact.

To manage competition, the Group continually develops its service offering through new interactive digital TV services, more HD channels and improved broadband service at competitive prices. Com Hem mainly delivers its services using fibreCoax, which competes well with LAN. Through the Group’s communication operator iTUX, which operates open LANs, the Group is strengthening its ability to provide services regardless of infrastructure in order to meet the competition.

Changes to laws and regulations
New or changed laws and regulations as well as new policies can affect the Group’s conditions to provide and develop its services and/or entail higher costs. Such changes are typically related to tax, network and operational reliability, information protection, energy and environmental requirements and consumer protection.

The Board and management closely monitor developments in the regulatory area in order to meet changes proactively. The Group also works actively with these types of issues and engages in ongoing dialogue with the relevant authorities and interest groups in order to achieve fair and balanced conditions for the Group to operate and develop in the market.

Key employees
The Group’s future development and competitiveness is highly dependent on the company’s ability to attract and retain key employees. The Group recruits employees with extensive experience in the telecom industry, whose expertise and efforts are of particular value to the company. Should the Group not succeed in attracting and retaining key employees, this could have a negative impact on the business.

The Group has recruited a number of key employees and works continuously to provide incentives for them to remain and contribute to the continued development of the company. These include share-savings incentive programmes and warrant incentive programmes to strengthen opportunities for retaining and recruiting additional key employees.

Mobile Telephony replacing fixed telephony
An increasing share of traffic is moving to the mobile network. Homes are increasingly opting for mobile over fixed telephony, which has a negative impact on the Group’s telephony operations.

The demand for the Group’s broadband and digital TV services is strong, creating an opportunity to offer bundled services that include fixed telephony. However, the total market for fixed telephony is shrinking as a result of changing consumer behaviors. The Group does not currently offer mobile subscriptions to consumers.

Technological advances
The Group's competitive edge may be affected by rapid and significant technology shifts, new services or upgrades of existing services in connection with the introduction of new technology, new industry standards and new practice through which the company's current technology and systems become outdated and the company may lack sufficient resources to upgrade existing networks. There is also a risk for an accelerated structural decline within terrestrial digital-TV ("DTT"), which may have a negative impact on the Group.

To remain competitive, the Group must continue to launch new services and increase and improve the functionality, availability and features of its existing services and networks, in particular by ensuring that the company's bandwidth capacity is sufficient to cope with increased demand for bandwidth-intensive services.

Ability to retain and attract new customers
Tougher competition and an increasingly high degree of movement between operators are placing high demands on the Group's ability to attract and retain customers. The competition situation may lead to the Group losing contracts with landlords or communications operators, which is crucial for agreements with consumers. If the company fails to renew existing contracts or enter into new contracts, this may have a significant negative impact on operations. If demand for digital services does not increase as anticipated, this could have a substantially negative effect on the company's operations, financial position and earnings. Failure to introduce new services and unsuccessful acquisitions may also have a significant negative impact on the company's operations.

The Group continuously works to improve the customer experience, which has resulted in a decreased level of consumer churn within the Com Hem operating segment over time. The rate of improvement indicates clear progress in enhancing the customer experience and customer satisfaction, which will continue to be the company's focus in future years. During the year, the number of consumer RGUs increased for both digital TV and broadband services.

Content
The Group does not produce its own content and is dependent on relationships and partnerships with broadcasters. If a broadcaster decided not to deliver content, this would have a negative impact on the Group's digital TV services.

The Group has a large market share and represents a key counterparty to the broadcasters. The company places high emphasis to having good relationships with broadcasters and regularly addresses the risks that could have a negative impact on our digital TV services.

Suppliers
The Group has signed a number of leases with network owners and is dependent on them fulfilling their commitments in order for the Group to provide services in major parts of its network. In the event that the company cannot meet its commitments under these agreements, the agreements may be terminated. In many cases, it would be difficult to find new and suitable alternative providers at a comparable cost within a reasonable period of time. The Group has partnerships with a number of suppliers of hardware, software and network related investment support. Should these suppliers not meet their commitments or discontinue deliveries of their products and services to the Group, it may, prove difficult to find suitable solutions within a short period of time. For delivery of the terrestrial digital-TV services in the Boxer operating segment the company is dependent on Teracom.

The Group has good relationships, and close partnerships, with its suppliers. A long-term agreement was signed in connection to the acquisition of Boxer in order to secure the delivery of the terrestrial digital-TV services. The Group continuously manages and assesses the risks associated with the supply chain in order to maintain a competitive and well-functioning infrastructure.

Other risks and uncertainties
Com Hem is affected by several risks and uncertainty factors other than those presented above. Management works continuously on identifying and managing all the risks and uncertainty factors the company is exposed to.

Financial Risks
Through their operations, the Parent Company and Group are exposed to various financial risks, including liquidity risks, interest rate risks, currency risks and credit risks. The Group's treasury policy for management of financial risks has been adopted by the Board of Directors and provides a framework of guidelines and regulations in the shape of risk mandates and limits for financing activities. The overarching objective for the finance function is to provide cost effective financing and to minimise the negative effects of unfavourable market fluctuations on the Group's earnings. For further information about financial risk management, see Note 26.

Non-financial performance Indicators

Com Hem is a knowledge-based company whose success is heavily dependent on the skills of its employees. Creating involvement, motivation, commitment and enjoyment among employees, are our responsibility as an employer, and important for enabling us to achieve our objectives. Com Hem works on a goal-oriented basis on promoting the development of a high-performance organisation by developing and continuing to train our employees, ensure competitive compensation systems, developing an inspirational corporate culture and build a clear corporate identity based on our shared values. Com Hem puts a high emphasis on all employees feeling that they are playing an important role in our relationship with the customer, and that they are contributing to creating the possibilities for the customer to have a positive experience of Com Hem.

In order to create an attractive workplace for all employees, it is fundamental to first understand how they perceive their job situations. Com Hem regularly conducts employee surveys. The results of the 2016 survey were very positive and marked a dramatic increase compared to 2015 in all areas and particularly leadership and engagement.

Com Hem has a leadership development programme in collaboration with an external party, whose foundations include values and corporate culture, as well as the company’s business challenges, to consolidate leadership competence within Com Hem.

Corporate Governance Report

Corporate Governance Principles

This Corporate Governance Report has been prepared in accordance with the standards set by chapter 6 §6 of the Swedish Annual Accounts Act. The company has decided not to apply the Swedish Code of Corporate Governance because it only has debt instruments listed for trading on a public market place, and does not have any listed shares in Sweden.

Articles of association

The Articles of association are a central document for governing the company. The Articles of Association specify items including corporate name, registered office, business focus, information on share capital, the number of Board members, specification of the invitation procedure for shareholders' meetings and the business to be considered by the Annual General Meeting (AGM).

The AGM should be held yearly within six months after the end of the financial year. The invitation can be sent at the earliest six weeks, and the latest four weeks, prior to the Meeting.

The agenda of the AGM includes items such as adoption of the company's Income Statement and Balance Sheet, resolving on the appropriation of earnings, approval of Directors' fees and Auditors' fees, election of the Board of Directors and discharging Board members and the Chief Executive Officer from liability.

The Articles of association do not include any special stipulations regarding the appointment and dismissal of Board members, or on amendments to the Articles of association.

Board of directors

According to the Articles of Association, the Board of NorCell Sweden Holding 3 AB (publ) shall consist of a minimum of three and a maximum of ten AGM-elected members with a maximum of five deputies.

Rules of procedure of the Board of directors

The rules of procedure of the Board of Directors should satisfy the need for information and an appropriate division of responsibilities between the Board of Directors and Chief Executive Officer. The rules of procedure specify the responsibilities and duties of the Board of Directors, the duties of the Chairman of the Board, the meeting schedule of the Board of Directors and the duties and rights to make decisions of the Chief Executive Officer.

According to the current rules of procedure, statutory meeting shall be held after the AGM or if required after extraordinary AGM. The board of directors shall also meet in case the Chairman of the Board finds it necessary and if someone of the board members or the CEO demands it. The chairman of the Board shall ensure that meetings are held in accordance with the rules of procedure.

Chief Executive Officer and the Executive Management Team

The Chief Executive Officer, also the President, is appointed by the Board of Directors and works according to instructions approved by the Board of Directors. The CEO is responsible for ongoing administration of the company in accordance with the Board of Directors' guidelines and instructions. The CEO is responsible for the Board of Directors receiving regular information and necessary decision-support data for the Board of Directors to be able to judge the Group's and the company's financial position, results of operations, liquidity and progress, and reach the necessary decisions.

The instructions for the CEO include guidelines regarding financial reporting. The CEO should keep the Board of Directors and investors regularly informed of the progress of operations, sales, liquidity and the financial position.

The Group's CEO is employed by the Parent company Com Hem Holding AB. The Group of executive management amounted to 7 (7) positions in 2016, of which two persons ended the employment during 2016, at the end of 2016 5 (6) positions remained.

The Work of the Board of Directors

The Board of Directors meets in accordance with the rules of procedure that the Board of Directors approves each year. NorCell Sweden Holding 3 AB (publ) is a subsidiary of Com Hem Holding AB, and in accordance with the practice of Swedish Groups, the Board of Directors of NorCell Sweden Holding 3 AB (publ) only deals with those matters prescribed by law, such as approval of the Annual Accounts. In the period from 1 January to 31 December 2016, the Board of Directors of NorCell Sweden Holding 3 AB (publ) held 7 meetings.

Composition of the Board of Directors in April 2017

The Board of Directors of NorCell Sweden Holding 3 AB (publ) consists of five members, one of which is the Chief Executive Officer.

Board member and Chairman:	Nicholas Stathopoulos
Board member and CEO:	Anders Nilsson
Board member:	Joachim Ogland
Board member:	Mikael Larsson
Board member:	Andrew Barron

The Board of Directors of Com Hem Holding AB consists of six members, one of which is the Chief Executive Officer and two employee representatives with two Deputy employee representatives. In the period from 1 January to 31 December 2016, the Board of Directors of Com Hem Holding AB held 13 meetings, including statutory meetings and meetings by correspondence.

Board member and Chairman:	Andrew Barron
Board member and CEO:	Anders Nilsson
Board member:	Nicholas Stathopoulos
Board member:	Monica Caneman
Board member:	Joachim Ogland
Board member:	Eva Lindqvist
Ordinary employee representatives:	Marianne Bolin and Tomas Kadura
Deputy employee representatives:	Åsa Borgman and Fredrika Jonson

Chairman of the Board

The duty of the Chairman of the Board is to lead the Board of Directors' work so that it is executed in accordance with the Swedish Companies Act, other laws and ordinances and the Board of Directors' internal control documents. The Chairman monitors operations in dialogue with the Chief Executive Officer and is responsible for other members receiving the information that is necessary for discussion and decisions. The Chairman is also responsible for appraising the work of the Board of Directors.

The Chairman and Chief Executive Officer ensure that agendas and decision-support data for Board meetings is prepared and sent to Board members one week prior to each meeting.

The Board of Directors' Controls over Financial Reporting

The Chairman of the Board leads, and is responsible for, the work of the Board of Directors being well organised and conducted efficiently. The Board of Directors monitors the quality of financial reporting through instructions to the Chief Executive Officer. With the Chief Financial Officer, the Chief Executive Officer's duty is to quality-assure all external financial reporting including interim reports, annual reports, press releases with financial content and presentation material for meetings with owners and financial institutions.

Statutory meeting

The Board of Directors holds a statutory meeting each year immediately after the AGM. This meeting adopts the rules of procedure for the Board of Directors, company signatories and election of the Chairman.

Remuneration

Remuneration to the Board of Directors for the coming financial year is resolved each year by the AGM.

Auditors

The company's Auditor, elected by the AGM, reviews Com Hem's Annual Accounts and the annual accounts for the Group, the Board of Directors' and Chief Executive Officer's administration, and the Annual Accounts of subsidiaries, and presents an Audit Report. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Internal Controls and Risk Management in Financial Reporting

The purpose of internal controls over financial reporting is to ensure compliance with adopted principles of financial reporting and internal controls, and that financial reports are prepared in accordance with generally accepted accounting principles, applicable laws and ordinances and other standards. The Board of Directors bears overall responsibility for the company having effective internal controls.

Control Environment

The control environment is the base of internal control and consists of the values and ethics that the Board of Directors, CEO and management communicate and operate from, combined with a number of company-wide instructions, policies and guidelines. These include the Board's rules of procedure, the company's Code of Conduct, anti-corruption policy, whistleblower policy, guidelines for gifts, entertainment and hospitality, treasury policy, authorisation policy and financial manual. These instructions and policies are updated regularly and communicated to affected staff. Com Hem's values are another important control instrument. These values constitute a long-term undertaking and shared foundation linked to the company's business concept and strategies that guide employees in daily activities.

Risk Assessment

The risk assessment of financial reporting is intended to identify and assess the material risks that affect internal controls over financial reporting. Com Hem has established a control framework for accounting, processes and detailed schedules for financial statements and forecasts to minimise these risks. Com Hem's Board of Directors and management evaluate reporting from a risk perspective on an ongoing basis. Over and above assessing risks in financial reporting, the Board of Directors and management work continuously on identifying and managing material risks that affect Com Hem's operations from operational and financial perspectives.

Control Activities and monitoring

Control activities are designed to detect and prevent errors in financial reporting. These activities limit the risks identified and ensure accurate and reliable financial reporting. These include the monitoring of budget deviations, earnings trends and key ratios, account reconciliations, checklists, reviews of IT- and business system logs, approval of business transactions and clear procedures for important decisions such as investments and the entering into agreements.

Information and Communication

One important component of internal control is the disclosure of information at all levels of the Group, and with relevant external stakeholders. Pertinent policies, guidelines and principles for accounting are available to all relevant employees, to ensure complete, accurate and timely financial reporting. Information about, and changes to accounting policies and reporting and information disclosure requirements are regularly communicated to the relevant employees. To ensure that the external information disclosure is accurate, complete and meets the requirements imposed on listed companies, the company has a communication policy outlining how, by whom and the manner in which external information is to be communicated.

Results of Operations and Financial Position

Group

The company's net sales in the period were SEK 5,665m (5,000), comprising revenue from the three consumer services, digital TV, broadband and telephony, as well as revenue from Network operator, B2B revenue and other revenue. Revenue from the consumer services, digital TV, broadband and telephony amounted to SEK 2,277m (1,785), SEK 1,869m (1,666) and SEK 253m (304) respectively. Revenue from B2B services and network operator amounted to SEK 317m (311) and SEK 777m (786) respectively, and other revenue was SEK 32m (40).

Operating profit was SEK 866m (745).

Net financial income and expenses was SEK -615m (-1,259), of which SEK -421m (-347) thousand was interest expenses on external borrowings. Net financial income/expenses was also affected by exchange rate gain/losses of SEK -m (124) on credit facilities denominated in EUR, and the change in fair value of derivatives of SEK 0m (-39).

Income taxes for the year was SEK -59m (112).

The Group's result after financial items was SEK 251m (-514) and net profit/loss was SEK 192m (-402) for the financial year.

The Group's loans from credit institutions are subject to the continuous satisfaction of covenants, which are evaluated quarterly in the Parent company NorCell Sweden Holding 2 AB (publ), see Note 20. The Group has interest-bearing debt comprising borrowing from credit institutions, bond issues and lease facilities, as well as liabilities to Group companies.

Parent company

The Parent company's revenue consist of intragroup service assignments and amounted to SEK 6m (9).

The Parent company provides group-wide management, and administrative expenses for the period were SEK -6m (-9) and consist of general administration expenses.

Net financial incomeand expenses was SEK -46m (-607), and mainly consists of interest income and interest expenses from Group companies, and interest expenses on bank facilities and outstanding notes. For more information, see Note 10.

Profit/loss after financial items was SEK -46m (-607).

Proposed appropriation of earnings

The following funds are at the disposal of the Annual General Meeting (SEK in thousand):

Retained earnings	597,568
Share premium reserve	1,340,937
Net result for the year	-36,118
Total	**1,902,386**

The Board of Directors proposes that the funds at the disposal of the AGM and non-restricted reserves are appropriated as follows (SEK in thousand):

Brought forward to new account	1,902,386
of which share premium reserve	*1,340,937*
Total	**1,902,386**

The company has received group contributions recognised in equity from the parent company Com Hem Holding AB of SEK 260m, and from the parent company NorCell Sweden Holding 2 AB (publ) of SEK 19m.

Consolidated Income Statement

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Total revenue	2,3	5,665	5,000
Cost of services sold		-2,964	-2,464
Gross profit		**2,701**	**2,536**
Selling expenses		-1,557	-1,516
Administrative expenses		-291	-269
Other operating income	5	42	18
Other operating expenses	6	-29	-24
Operating profit	7,8,9,26,27	**866**	**745**
Financial income and expenses			
Financial income		47	138
Financial expenses		-662	-1,397
Net financial income and expenses	10	**-615**	**-1,259**
Result after financial items		**251**	**-514**
Income taxes	11	-59	112
Net result for the year		**192**	**-402**
Earnings per share	33		
Basic earnings per share (SEK)		320	-669
Diluted earnings per share (SEK)		320	-669

Consolidated Statement of Comprehensive Income

SEKm	Jan 1 - Dec 31 2016	1 Jan - 31 Dec 2015
Net result for the year	**192**	**-402**
Other comprehensive income		
Items that will not be reclassified to net profit or loss		
Revaluation of defined-benefit pension obligations	-59	75
Tax on items that will not be reclassified to profit or loss	13	-16
Other comprehensive income for the year, net of tax	**-46**	**58**
Comprehensive income for the year	**146**	**-343**

Consolidated Balance Sheet

SEKm	Note	Dec 31 2016	Dec 31 2015
ASSETS			
Non-current assets			
Intangible assets	12	16,765	15,451
Property, plant and equipment	13	1,564	1,531
Financial assets	14, 25	2,780	942
Total non-current assets		**21,109**	**17,924**
Current assets			
Inventories	15	48	45
Trade receivables	16, 25	159	121
Prepaid expenses and accrued income	17, 25	205	161
Other receivables	14, 25	323	672
Cash and cash equivalents	18, 25, 26	454	713
Total current assets		**1,190**	**1,713**
TOTAL ASSETS		**22,298**	**19,637**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		1	1
Other paid-in capital		11,933	3,887
Retained earnings incl. net result for the year		-11,521	-3,843
Total equity		**413**	**45**
Non-current liabilities			
Non-current interest-bearing liabilities	20, 25, 26	18,267	17,061
Pension provisions	21	244	173
Other provisions	22	139	3
Deferred tax liabilities	11	677	261
Total non-current liabilities		**19,327**	**17,498**
Current liabilities			
Current interest-bearing liabilities	20, 25, 26	517	528
Trade payables	25	570	476
Other current liabilities	23, 25	142	101
Accrued expenses and prepaid income	24, 25	1,300	989
Current provisions	22	29	-
Total current liabilities		**2,558**	**2,094**
TOTAL EQUITY AND LIABILITIES		**22,298**	**19,637**

Consolidated Statement of Changes in Equity

Equity attributable to Parent Company shareholders

SEKm	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total Equity
Opening equity, Jan 1 2016	**1**	**3,887**	**-3,843**	**45**
Comprehensive income for the year				
Net result for the year	-	-	192	192
Other comprehensive income for the year	-	-	-46	-46
Comprehensive income for the year	**-**	**-**	**146**	**146**
Contributions from and value transfers to owners				
Shareholders' contribution	-	-	4	4
Group contribution	-	279	-	279
Tax on group contribution	-	-61	-	-61
Total transactions with Group's owners	**-**	**217**	**4**	**221**
Closing equity, Dec 31 2016	**1**	**4,104**	**-3,693**	**412**

SEKm	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total Equity
Opening equity, Jan 1 2015	**1**	**3,739**	**-3,501**	**239**
Comprehensive income for the year				
Net result for the year	-	-	-402	-402
Other comprehensive income for the year	-	-	58	58
Comprehensive income for the year	**-**	**-**	**-343**	**-343**
Contributions from and value transfers to owners				
Repurchase of warrants	-	-2	-	-2
Dividend	-	-357	-	-357
Shareholders' contribution	-	-	1	1
Group contribution	-	650	-	650
Tax on group contribution	-	-143	-	-143
Total transactions with Group's owners	**-**	**147**	**1**	**149**
Closing equity, Dec 31 2015	**1**	**3,887**	**-3,843**	**45**

Consolidated Statement of Cash Flows

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Operating activities			
Result after financial items		251	-514
Adjustment for items not included in cash flow	34	1,888	2,317
Cash flow from operating activities before changes in working capital	34	**2,139**	**1,803**
Change in working capital			
Increase (-)/decrease (+) in inventories		-3	-6
Increase (-)/decrease (+) in current receivables		62	74
Increase (+)/decrease (-) in current liabilities		-5	54
Cash flow from operating activities		**2,193**	**1,925**
Investing activities			
Acquisition of subsidiaries	4	-1,375	-
Divestment of subsidiaries	4	-	0
Acquisition of non-current intangible assets		-396	-381
Acquisition of property, plant and equipment		-497	-594
Sales of property, plant and equipment		2	-
Loans to Group companies		-1,187	-580
Cash flow from investing activities		**-3,453**	**-1,556**
Financing activities			
Redemption of warrants		-	-2
Dividend		-	-357
Borrowings		6,600	2,000
Amortisation of borrowings		-5,578	-1,861
Payment of borrowing costs, including discounts		-63	-21
Received Group contribution		42	-
Cash flow from financing activities		**1,001**	**-242**
Net change in cash and cash equivalents		**-259**	**127**
Cash and cash equivalents at beginning of year		**713**	**586**
Cash and cash equivalents at year-end		**454**	**713**

Note 1 The Group's accounting Policies

Compliance with standards and legislation
The Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee as endorsed by the EU. Additionally, the Swedish Financial Reporting Board's (RFR) standard RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting principles as the Group except in the cases stated in note A1 in the Parent Company's financial statements. The differences between the policies applied by the Parent Company and those applied by the Group are due to restrictions in the Parent Company's ability to apply IFRS as a consequence of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act, and taking account of the link between accounting and taxation.

These annual accounts and consolidated accounts were authorised for issue by the Board of Directors and CEO on April 7, 2017. The consolidated statement of comprehensive income and other comprehensive income and statement of financial position, and the Parent Company's income statement and balance sheet are subject to the approval of the AGM on April 28, 2017.

Assumptions in preparing the Parent Company and consolidated financial statements
The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded to the nearest million. Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments at fair value through profit and loss.

Adjustments
Certain financial information and other amounts and percentages presented in this report have been rounded and therefore the tables may not tally. The abbreviation "n/m" ("not meaningful") is used in this report if the information is not relevant.

Estimates and judgments in the financial statements
Preparing the financial statements in accordance with IFRS requires management to make estimates and judgments, and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and various other factors considered reasonable under current circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not otherwise clearly evident from other sources. Actual results may differ from these estimates and judgments.

Estimates and assumptions are reviewed on a periodic basis. Changes in estimates are recognised in the accounts for the period in which the change is made if the change only affects that period, or in the period the change is made and in later periods if the change affects current and future periods.

The Group's accounting policies have been consistently applied to all periods presented in these financial statements and when consolidating the Parent Company and subsidiaries.

Impairment testing of goodwill
In accordance with IFRS, goodwill is not amortised but instead tested for impairment annually or when there is an indication of impairment. This is done by determining the recoverable amounts of cash generating units to which goodwill is allocated by calculating the value in use. When calculating value in use, future cash flows are discounted, which includes assumptions of future circumstances. The test for the financial year showed no indication of impairment since the calculated recoverable amount exceeded the total carrying amount at the end of 2016. In the opinion of Management and the Board, no reasonably possible changes to the relevant key assumptions listed would reduce the recoverable amount to a value that is lower than the carrying amount. A more detailed account is given in Note 12, which also states the carrying amount for goodwill for the two cash-generating units of SEK 11,321m.

Changes in accounting policies due to new or amended IFRS
New and revised standards and interpretative statements applicable from 1 January 2016, have not resulted in any material effects on the financial statements.

Adoption in advance
The Group has decided to adopt in advance IAS 7 Statement of Cash Flows which shall apply on financial years commencing January 1, 2017 or later. The purpose of the new amendment is that dislosures shall be presented related to changes of liabilities that according to IAS 7 are assignable to financing activities. IAS 7 requires presentation of changes both affecting cash flow and changes not affecting cash flow. The change of liabilities shall be divided into cash flow related to borrowings and amortisation, changes linked to disposals and acquisitions of subsidiaries, exchange rates differences, change in revaluation of fair value and other changes. These disclosures can be presented as an analyse of the opening and closing balances of the liabilities. If these disclosures are presented in combination with for example changes of net debt, disclosures shall be presented concerning changes of the liabilities that are related to the financing activities in accordance with IAS 7, separately from changes of other assets and liabilities that are part of the net debt. It's not necessary to present comparable disclosures the first time this amendment is applied.

New and amended IFRS not yet applied
A number of new or amended IFRS will take effect in the coming financial year and have not, except from the adoption in advance of IAS 7 Statement of Cash Flows described above, been early adopted when preparing these financial statements.

IFRS 9 Financial instruments will replace IAS 39 Financial instruments: Recognition and measurement from 2018. The Group does not plan to apply IFRS 9 in advance. IFRS 9 contains new requirements for the classification and measurement of financial instruments, introducing an impairment model that are based on expected credit losses instead of losses occurred, and changes of principles for hedge accounting with the purpose among other things as simplification and increasing the consistency with company's internal risk management strategy.

The new impairment model will require allowance for expected credit losses over the next 12 months at initial recognition and if the credit risk rises substantially, the impairment amount is to correspond to the expected credit losses over the remaining time. The Group has investigated which impact the implementation of the standard will have on the Group's accounting principles. The estimation is that provision for credit losses will be affected since these shall be recognised earlier but that it will not have any material impact on the Group's financial statements since the credit losses have been low historically (see the credit risk section in Note 26). A quantitative estimation has not yet been performed. IFRS 9 will also entail more extensive disclosure requirements, especially for hedge accounting, credit risks and credit losses.

IFRS 15 Revenue from Contracts with Customers will replace all existing revenue recognition guidance, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. EU endorsed the standard during the third quarter of 2018. Earlier adoption is permitted but the Group doesn't plan to apply the standard in advance. Sectors considered to be most affected include companies in the telecom industry. Under IFRS 15, revenue will be recognised when a customer obtains control of the goods or service which differs from existing basis of transferring of risks and rewards. IFRS 15 implements new ways to determine how and when revenue shall be recognised, which means new ways of thinking compared to how revenue is recognised at the moment.

IFRS 15 demands significantly extended disclosure requirements such as information about disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has completed an assessment of the implementation of IFRS 15 where the Group's actual revenue recognition and the different offerings and packages to customers have been analysed and compared to the revenue model in IFRS 15. After the performed analysis the estimation is that this standard will not have any significant impact on the Group's revenue recognition except from more extensive disclosure requirements.

IFRS 16 mostly affects lessees and the central effect is that all leasing agreements that today are accounted for as operating lease agreements shall be accounted for in a similar way as financial lease agreeements. This means that also for operating leases an asset and liability will have to be recognised, including recognition of depreciation, amortisation and interest, in comparison with today when there is no recognition for a leased asset and related liability, and the rental expenses are recognised as a straight-line expense.

IFRS 16 will apply to financial years commencing January 1, 2019 or later. Earlier application is permitted provided that IFRS 15 is also applied from the same time. EU are expected to endorse the standard during 2017. The Group will as a lessee be affected by the implementation of IFRS 16. A scrutinisation of the agreements that may be affected by the implementation has begun but it's to early to draw any conclusions. The disclosures related to operating leases in Note 27 gives an indication of the nature and extent of the existing agreements.

Other published standards with effect from 2017 or later are not expected to have any significant impact on the Group's accounts, with the exception of extended disclosure requirements.

Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses and the operating results are reviewed regularly by the chief operating decision maker, to make decisions about allocation of resources to the operating segments and also to assess their performance and for which financial information is available. See note 2 for additional information about operating segments.

Classifications, etc.

Non-current assets primarily comprise amounts that are expected to be recovered or settled subsequent to 12 months from the reporting date while current assets and short-term liabilities primarily comprise amounts expected to be recovered or settled within 12 months of the reporting date. Long-term liabilities consists primarily of amounts that the company as of the reporting period have an unconditional right to choose to pay more than twelve months after the reporting period. If the company has not such a right at the end of the reporting period - or if the liability is held for trading or the liability is expected to be settled within the normal operating cycle - the liability is reported as a current liability.

Consolidation policies and business combinations

Subsidiaries

Subsidiaries are companies over which NorCell Sweden Holding 3 AB (publ) has a controlling influence. Controlling influence exists if NorCell Sweden Holding 3 AB (publ) has control over an investment object, is exposed or entitled to variable returns on its involvement and can exercise its control of the investment to influence the size of return. In determining whether one company has control over another, potential shares with an entitlement to vote and whether de facto control exists are taken into account. Subsidiaries are recognised in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The fair value of acquired identifiable assets and liabilities assumed and any identified non-controlling interests as of the acquisition date are determined in the acquisition analysis. Transaction expenses, except for those related to the associated issue of equity instruments or debt instruments, are recognised directly in profit or loss for the year.

For business combinations in which payment is transferred, if any non-controlling interests and fair value of previously owned participations (in the event of step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, what is known as a bargain purchase, this is recognised directly in profit or loss for the year.

Payments made in conjunction with the acquisition do not include payments relating to the settlement of previous business relationships. This type of settlement is recognised in profit or loss. A subsidiary's financial statements are consolidated from the acquisition date until the date that control ceases.

Transactions eliminated on consolidation

Intragroup receivables, liabilities, income and expenses and unrealised gains or losses arising from intragroup transactions between Group companies are eliminated when the consolidated financial statements are prepared.

Foreign currency

Transactions denominated in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Functional currency is the currency in the primary economic environments in which the company operates. Foreign currency monetary assets and liabilities are translated into the functional currency at the respective exchange rate applicable at the reporting date. Exchange rate differences arising from these translations are recognised in profit or loss for the year. Non-monetary assets and liabilities stated at historical acquisition cost are translated at the exchange rate applicable at the time of transaction. Exchange rate differences arising from these translations are recognised in profit or loss. Exchange rate differences on operating receivables and liabilities are included in operating income and differences in financial receivables and liabilities are included in financial items. The Group uses currency forward contracts to reduce its exposure to fluctuations in various exchange rates. Currency forward contracts are recorded at fair value at the reporting date.

Revenue
Revenue is recognised when it is likely that future economic benefits will flow to the company, and these benefits can be reliably measured. Revenue only includes the gross inflows of economic benefits received or receivable by the company on its own account.

The company's total revenue consists primarily of services to Consumers (digital TV, broadband and fixed telephony), B2B (broadband and telephony) and network operator (basic television services and revenue from communication operator services). Billing of consumers and business customers mainly takes place monthly in advance. Revenue from landlords relating to periodic charges for basic television services are invoiced largely quarterly in advance and recognised as they are utilised.

Revenue from sales of hardware that are not directly linked to a subscription is recognised when the significant risks and rewards have been transferred to the customer, i.e. normally at the time of delivery.

Start-up fees, activation fees and other one-time fees are recognised at the time of sale when the fee relates to costs incurred when a customer signs an agreement. If one-time fees exceed the costs incurred when a customer signs an agreement, the excess amount is distributed over the duration of the subscription.

Revenue is recognised at the fair value of the consideration received or receivable, net of any discounts given.

Operating costs
Operating expenses
Operating expenses are classified according to function, as described below. Depreciation, amortisation and personnel costs are stated by function.

Cost of services sold
Cost of services sold refer to broadcaster costs, transmission costs, costs for fibre and ducting, call charges for telephony, internet capacity, maintenance and service and other cost of services sold. Personnel costs related to field service and other parts of the organisation are also included. Cost of services sold includes depreciation and amortisation of non-current assets.

Selling expenses
Selling expenses relate to costs for sales, products and marketing. This cost structure includes costs for customer service, advertising, telemarketing, sales commissions, bad debt losses and other sales-related costs. Personnel costs pertaining to sales, products and marketing are included in selling expenses. Selling expenses include depreciation and amortisation of non-current assets.

Administrative expenses
Administrative expenses refer to costs for such support functions as purchasing, accounting and other joint support functions as well as costs for leased office space. Administrative expenses include depreciation and amortisation of non-current assets.

Other operating income
Other operating income includes exchange rate gains and recovered, previously written-off bad debt losses and insurance compensation etc.

Other operating costs
Other operating costs include exchange rate losses, disposal of intangible assets and property, plant and equipment, and transaction expenses in conjunction with business combinations etc.

Leasing
Operating leases
Expenses for operating leases are recognised in profit or loss for the year on a straight-line basis over the lease term. Benefits received in conjunction with signing an agreement are recognised in profit or loss for the year as a reduction in lease payments on a straight-line basis over the term of the lease. Variable expenses are expensed in the periods they arise.

Finance leases
Minimum lease payments are allocated between interest expenses and repayment of the outstanding liability. Interest expenses are allocated over the lease term so that each reporting period is charged with an amount corresponding to a

fixed interest rate for the liability recognised in the relevant period. Variable expenses are expensed in the periods they arise.

Financial income and expenses
Financial income and expenses comprise interest income on bank balances and receivables, dividend income, exchange rate differences, interest expenses on borrowings, unrealised and realised gains and losses on derivative instruments used in financing activities.

Interest income on receivables, and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate at which the present value of all estimated future receipts and payments during the anticipated fixed-interest period is equal to the carrying amount of the receivable or liability. Interest expenses include allocated amounts of issue expenses and similar direct transaction expenses to raise borrowings.

Financial Instruments
Financial instruments recognised in the balance sheet include primarily cash and cash equivalents, trade receivables, loans receivable, accrued revenue and derivatives on the asset side. The liabilities include primarily trade payables, borrowings, accrued expenses and derivatives. Financial instruments that are not derivatives are initially recognised at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, except those in the category of financial assets and liabilities at fair value through profit or loss, which are measured at fair value excluding transaction costs. The classification of a financial instrument determines how it is measured after initial recognition as described below.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation exists for the counterparty to pay, even if the invoice has not been sent. Trade receivables are recognised in the balance sheet when an invoice is sent. Liabilities are recognised when the counterparty has performed under the agreement and the company is contractually obliged to settle the obligation, even if the invoice has not yet been received. Trade payables are recognised when an invoice is received.

A financial asset is derecognised when the contracted rights are realised, expire, or when control of the contractual rights is lost. This also applies to a portion of a financial asset. A financial liability is derecognised when the contracted commitment is discharged, or otherwise expires. This also applies to a portion of a financial liability.

A financial asset and a financial liability are offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amount and there is an intention to settle the items with a net amount or simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the transaction date, which is the date the company undertakes to purchase or sell the asset.

The company evaluates whether there are objective indications that a financial asset or group of financial assets is impaired at each reporting date.

For measurement purposes, financial instruments are allocated to categories pursuant to IAS 39. The category an asset or liability belongs to depends on the purpose of the holding and is determined on initial recognition.

The categories are as follows:
- Financial assets at fair value through profit or loss.
This category comprises two sub-groups: held-for-trading financial assets and other financial assets that the company has initially chosen to classify in this category (according to the Fair Value Option). Financial instruments in this category are measured at fair value on an ongoing basis, with any changes in value recognised in profit or loss. Derivatives with positive fair value are included in the first sub-group.

-Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. The receivables arise when the company supplies funds, goods and services directly to the borrower. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated on the date of acquisition. Trade receivables are recognised at the amount expected to be received, which is after deduction for doubtful debt.

-Financial liabilities at fair value through profit or loss
This category consists of two sub-categories, financial liabilities held for trading, and other financial liabilities that the company has chosen to recognise in this category (the Fair Value Option). For further information see above under ‘‘Financial assets at fair value through profit or loss.” Derivatives with negative fair value are included in the first category. Changes in fair value are recognised in net result for the year.

-Other financial liabilities
Financial liabilities not held for trading are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as other direct issue costs are allocated over the term of the liability.

Cash and cash equivalents
Cash and cash equivalents consist of cash funds and immediately available balances with banks and corresponding institutions.

Derivatives
Derivative instruments comprise forward contracts and swaps utilised to hedge risks of exchange rate fluctuations, and of exposure to interest-rate risk.

Derivative instruments are initially recognised at fair value, meaning that transaction expenses are charged to net profit for the period. After initial recognition, derivative instruments are accounted for as described below. Hedge accounting is not applied. Increases or decreases in the value of derivatives are recognised as income or expenses in operating income or in net financial income and expenses based on the purpose of the use of the derivative instrument and whether such use relates to an operating item or a financial item. When using interest-rate swaps, the interest coupon is recognised as an interest expense and other changes in value of the interest-rate swap are recognised as financial income or financial expense.

Foreign currency receivables and liabilities
Currency forward contracts are used to hedge assets or liabilities against exchange-rate risk. The hedged item is recognised at the price on the reporting date and the hedging instrument is measured at fair value, with changes in value recognised in profit or loss for the year as exchange-rate differences. Changes in value of derivatives related to trade receivables and liabilities are recognised in operating income, while changes in value of derivatives related to financial receivables and liabilities are recognised in net financial income and expenses.

Impairment of financial assets
At each reporting date, the company evaluates whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable circumstances that have occurred and have a negative impact on the prospects of recovering the cost.

The recoverable value of assets in the loans and receivables categories, which are recognised at amortised cost, is calculated as the present value of future cash flows discounted by the effective interest rate that applied on the asset’s initial recognition. Assets with a short maturity are not discounted. Impairment losses are recognised as an expense in profit or loss for the year. Trade receivables are classified as doubtful from a collective assessment based on age and potential recovery attempts via debt collection agencies.

Reversal of impairment
Impairment losses for loans and receivables that are measured at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment loss was recognised.

Intangible Assets

Intangible assets are recognised only when the asset is identifiable, there is control over the asset and it is expected to generate future economic benefits.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Acquisition costs for subscriptions

Acquisition costs for subscriptions are recognised as intangible assets, and consist of sales commissions and reseller subsidies for set-top boxes that arise in conjunction with a customer entering a fixed-term agreement for at least 12 months. The condition is that the commission or subsidy can be linked to an individual customer agreement.

Other intangible assets

Other intangible assets that the Group acquires are measured at cost less accumulated amortisation and impairment losses.

Subsequent costs

Subsequent costs for capitalised intangible assets are recognised as assets in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate. All other costs are expensed as incurred.

Amortisation policies

Amortisation is recognised in profit or loss for the year on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is tested annually for impairment, or whenever there is an indication that the asset's value may be impaired. Intangible assets with finite useful lives are amortised from the date that they are available for use.

Estimated useful lives:

Customer relationships	5–18 years
Other	
- Capitalised development expenses	3–5 years
- Licenses	3–5 years
- Acquisition costs for subscriptions	1–2 years
- Other intangible assets	3–20 years

Property, plant and equipment

Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to bringing the asset to the location and in the condition for use pursuant to the purpose of the acquisition. Borrowing costs that relate directly to the purchase, construction or production of assets that take significant time to complete for intended use or sale are included in cost. The accounting policies for impairment are described below.

Property, plant and equipment that comprise components with varying useful lives are considered separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or divestment, or when no future economic benefits are expected from its use, disposal or divestment. Gains or losses that arise from the disposal or divestment of an asset comprise the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income or other operating expenses.

Subsequent costs

Subsequent costs are only added to the cost base if it is likely that the future economic benefits associated with the asset will flow to the company, and the cost can be estimated reliably. All other subsequent costs are recognised as expense in the period they arise. Whether a charge relates to the exchange of identified components, or parts thereof, is decisive to the judgment of whether an additional charge is added to costs, whereupon such charges are capitalised. Even in cases where new components are constructed, the expense is added to the cost. Potential undepreciated carrying amounts of exchanged components, or parts of components, are retired and expensed in conjunction with their replacement. Repairs are expensed when incurred.

Depreciation policies
Depreciation takes place on a straight-line basis over the estimated useful life of the asset. Component depreciation is applied, which means that the estimated useful lives of components form the basis for depreciation.

Estimated useful lives:

Machinery, equipment	3-5 years
Computers	3 years
Production facilities	
- Backbone network	10 years
- Equipment in switching centers	5 years
- Residential network	5 years
- PlayOut (transmission stations for TV)	3–5 years
- Telephony equipment	5 years
Customer equipment	
- Modems	3 years
- Set-top-boxes	3–5 years

Capitalised conversion expenses on rented premises are amortised over the lease term including a supplement for exercise of extension options. The residual value, depreciation method and useful life of assets are reviewed annually.

Inventories
Inventories mainly comprise equipment for upgrading the Group's network and hardware for sale. Inventories are measured to the lower of cost and net realisable value.

The cost of inventories is calculated using the first in first out (FIFO) formula, and includes costs incurred when acquiring the inventory items and bringing them to their current place in their present condition.

Impairment
The Group's recognised assets are reviewed at each reporting date to decide whether there is an indication of impairment. IAS 36 is applied for the impairment of assets other than financial assets (which are recognised according to IAS 39), inventories, plan assets used for financing employee benefits and deferred tax assets. For assets exempt from the above, the carrying amounts are reviewed according to the relevant standard.

An impairment loss is recognised when an asset's or cash-generating unit's (group of units) carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in profit or loss for the year. When an impairment is identified for a cash-generating unit (group of units), the impairment loss is primarily assigned to goodwill. After this, a proportional impairment of all other assets included in the unit (group of units) is implemented.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount factor that considers the risk-free interest rate and the risk associated with the specific asset.

Reversal of impairment
An impairment of assets included in the application segment of IAS 36 is reversed if there is both an indication that the impairment no longer exists, and that the assumptions forming the basis of the calculation of the recoverable amount have changed. However, goodwill impairment is never reversed. Reversals are only conducted to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation or amortisation where relevant, if no impairment was applied. Impairment losses on loans and receivables recognised at amortised cost are reversed if the previous reasons for impairment no longer exist, and full payment is expected from the customer.

Earnings per share

Computation of earnings per share is based on the net profit or loss of the Group attributable to equity holders of the Parent company and the weighted average number of shares outstanding in the year. There are no potential diluting ordinary shares.

Employee Benefits

Defined-contribution pension plans

In defined-contribution plans, the company pays fixed fees to a separate legal entity and has no obligation to pay additional fees. In such cases, the size of an employee's pension depends on the fees paid by the company into the plan or to an insurance company and the return on capital generated by the fees. Consequently, it is the employee who bears the actuarial risk (of the compensation being lower than expected) and the investment risk (of the invested assets being insufficient to generate the expected compensation). The costs are charged to Group income as earnings are generated.

Defined-benefit plans

In the Group, the pension expense and pension commitment for defined-benefit pension plans are computed using the "Projected Unit Credit Method" individually for each plan. This method allocates the expense for pensions as employees render services for the company that increase their entitlement to future benefits. The company's obligation is computed annually by independent actuaries. The obligation consists of the present value of expected future disbursements. The discount rate used are determined with support from external actuaries. As guideline the interest rate for mortgage covered bonds with a maturity that will equal the average maturity of the obligation is used. The most important actuarial assumptions are described in Note 21. The net of the estimated present value of the commitments and fair value of the plan assets is recognised in the balance sheet as a provision, adjusted for any asset ceilings. Special employer's contributions form part of the actuarial assumptions and are thus recognised as part of the net commitment/asset.

The defined-benefit pension plans may be funded (partly or wholly) and non-funded. In the funded plans, assets have been separated in a pension trust. These plan assets may only be used to pay benefits under pension agreements.

Net interest expense/income on the defined-benefit commitment/asset is recognised in profit or loss for the year under net financial income and expenses. Net interest income is based on the interest generated by discounting the net commitment, meaning the interest on the commitment, plan assets and the effect of any asset ceilings. Other components are recognised in operating income.

Revaluation effects comprise actuarial gains and losses, the difference between the actual return on associated plan assets and interest recognised in net interest income and any changes in the effects of asset ceilings (excluding interest recognised in net interest income). Revaluation effects are recognised in other comprehensive income.

When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the lower of the pension plan surplus and the asset ceiling calculated using the discount rate. The asset ceiling comprises the present value of the future economic benefits in the form of reduced future contributions or a cash refund. When calculating the present value of future reimbursements or payments, any minimum funding requirements are taken into account.

Commitments for family pensions for salaried employees are secured through insurance with Alecta. Pursuant to statement UFR 10 from the Swedish Financial Reporting Board, this is a defined-benefit multiemployer plan. For the 2016 financial year, the company does not have access to such information that would enable it to recognise the plan as a defined-benefit plan.

Termination of employment remuneration

An expense for remuneration in connection with termination of employees are recognised at the earliest when the company can no longer withdraw the offer to the employees or the company reported restructuring expenses. The benefits expected to be settled after twelve months are recognised at their present value. Benefits that are not expected to be settled wholly within twelve months are recognised as long-term benefits.

Short-term remuneration

Short-term remuneration to employees is calculated without discounting and recognised as an expense when the related services are received.

Share-savings incentive programme

In the Parent company Com Hem Holding AB, there are two share-savings incentive programme "LTIP 2015" and "LTIP 2016" in which employees in subsidiaries to NorCell Sweden Holding 3 AB (publ) participates. The share-savings incentive programme is an equity-settled arrangement and allocated over the vesting period with recognition as personnel costs, and with corresponding recognition directly in equity.

For social fees payable on the value of the shares earned by programme participants, cost and provision is allocated across the vesting period. Recognised cost and provision is based on fair value of the share options at each reporting date and on the number expected to be, and that is ultimately, earned.

Personnel information
The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender composition of the Board and management. Information about the gender composition reflects the situation on the reporting date. “Members of the Board” refers to AGM-elected Board members of the Parent Company. Executive Management for 2016 refers to the positions specified in note 7.

Provisions
A provision differs from other liabilities in that there is uncertainty over the payment date or the size of the amount to settle the provision. A provision is recognised in the balance sheet when there is an existing legal or constructive obligation resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are made at the best estimate of the expenditure required to settle the present obligation on the reporting date. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and if applicable, the risks associated with the liability.

Income taxes
Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, whereupon the associated tax effect is also recognised in other comprehensive income or in equity.

Current tax is tax payable or recoverable for the current year, using tax rates enacted or substantively enacted as of the reporting date, which also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax bases of assets and liabilities. The following temporary differences are not considered: temporary differences arising from the initial recognition of goodwill, initial recognition of assets and liabilities that are not a business combination and that on the transaction date have no impact on the recognised or taxable profit, nor temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates or tax regulations enacted or substantively enacted by the reporting date. Deferred tax assets related to deductible temporary differences and loss carryforwards are only recognised to the extent that management considers it probable that they will be utilised against taxable profits in the coming years. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Contingent liabilities
A contingent liability is recognised whenever there is a possible obligation originating from past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation not recognised as a liability or provision because it is unlikely that an outflow of resources will be required or cannot be measured with sufficient reliability.

Statement of Cash flows
When preparing the statement of cash flows, the indirect method is applied in accordance with IAS 7 Statement of cash flows. In addition to cash and bank flows, cash and cash equivalents includes current investments with a maturity of less than three months from the date of acquisition, for which the conversion to bank balances can be accomplished at an amount known beforehand.

Note 2 Operating segment

The Group operates in a single market, Sweden and is divided in two operating segments, Com Hem and Boxer. The division is based on the Group's management structure and infrastructure for delivery of services and structure for internal reporting, which is controlled by the Group's CEO, who has been identified as its chief operating decision-maker.

The operating segment Com Hem offers services to consumers (digital-TV, broadband and fixed telephony), B2B (broadband and telephony) and landlord (basic TV offering) via fibreCoax, unbundled fibre and LAN. The services to consumers and landlords are mainly delivered to multi-dwelling unit buildings. The B2B services are mainly delivered to small and medium sized enterprises (SMEs). The infrastructure that is the basis for enabling delivery of services to customers is the same for all services in the operating segment. Expenses for distribution (fibre, ducting, etc.) and for operation and servicing of the services are collective. Customers connect to services through a single point in their home.

Boxer mainly offers services (digital-TV) to consumers in the SDU market through the Swedish digital terrestrial network provided by Teracom.

The operating segment information is based on the same accounting principles as for the Group, IFRS. The pricing of intercompany transactions is determined on a commercial basis.

Performances and the business' earnings are evaluated based on a number of established key ratios, of which the principal key ratios in the income statement are total revenue, operating profit/loss (EBIT) and Underlying EBITDA (EBITDA before disposals excluding items affecting comparability and operating currency gains/losses). Operating segment assets comprise of intangible assets, property, plant and equipment, inventories and current receivables. Operating segment liabilities comprise of non-current liabilities and provisions.

Capital expenditure includes intangible assets and property, plant and equipment but excludes the effect of goodwill, intangible assets and property, plant and equipment through acquisitions which are presented separately.

	Jan 1-Dec 31 2016				Jan 1-Dec 31 2015
MSEK	**Com Hem**	**Boxer[1)]**	**Eliminations**	**Group**	**Com Hem**
Revenue external	5,218	446	-	5,665	5,000
Revenue internal	1	-	-1	-	-
Total revenue	**5,219**	**446**	**-1**	**5,665**	**5,000**
Operating Profit (EBIT)	**863**	**3**	**-**	**866**	**745**
Depreciation & Amortisation	1,600	67	-	1,667	1,545
Disposals	4	-	-	4	9
Operating currency loss/gains	6	1	-	7	8
Items affecting comparability	11	6	-	17	49
Underlying EBITDA	**2,485**	**77**	-	**2,562**	**2,357**
Net financial income and expenses				-615	-1,259
Income taxes				-59	112
Net result for the year				**192**	**-402**
CAPEX	-851	-42	-	-893	-991
CAPEX in relation to business combinations	-	-1,705	-	-1,705	-

1) Boxer was acquired on September 30, 2016. The Group only reported one operating segment 2015, Com Hem. For comparative numbers see section Financial Overview in the Board of Directors' report.

	Dec 31 2016				Dec 31 2015
MSEK	Com Hem	Boxer	Eliminations	Group	Com Hem
Operating segment assets	**16,882**	**2,184**	**-1**	**19,064**	**17,982**
-of which goodwill	*10,899*	*421*	*-*	*11,321*	*10,899*
-of which customer relationships	*2,527*	*1,392*	*-*	*3,919*	*3,097*
Unallocated assets to group companies				2,780	942
Other unallocated assets				454	713
Total assets				**22,298**	**19,637**
Operating segment liabilities	**2,045**	**994**	**-1**	**3,038**	**1,959**
Unallocated liabilities to group companies				8,087	7,910
Other unallocated liabilities				10,760	9,723
Total liabilities				**21,885**	**19,592**

Note 3 Categories of Revenue

Operations cover two operating segments, see Note 2. Consumer, B2B and Landlord services are provided for customers in Sweden.

Revenue by service	Jan 1 - Dec 31	Jan 1 - Dec 31
SEKm	**2016**	**2015**
Total revenue		
Consumer	4,539	3,863
- of which digital TV	*2,277*	*1,785*
- of which broadband	*1,869*	*1,666*
- of which telephony	*253*	*304*
- of which other	*140*	*108*
B2B	317	311
Network operator	777	786
Other	32	40
Total	**5,665**	**5,000**

Reclassification of revenue

All revenue derived from securing our connected households, earlier reported separately as “Landlord revenue” for our vertical network as well as income from the Group’s communication operator business (iTUX), previously included within “Other revenue”, has from Q1 2016 been grouped together and reported on the line “Network operator revenue”. In addition, billing fees related to our consumer business, which have earlier also been reported within “Other revenue”, have been reported under “Consumer revenue”. Consumer revenue together with reported unique consumer subscribers will now reconcile with the reported consumer ARPU as ARPU was also previously calculated on this basis. All earlier reported periods have been recalculated in accordance with the above.

Note 4 Business combinations

Business combinations 2016

Boxer TV-Access AB (“Boxer”)

On June 8, 2016 Com Hem through its wholly owned subsidiary Com Hem Communications AB signed an agreement to acquire all shares in Boxer TV-Access AB (“Boxer”) a wholly owned subsidiary of Teracom Boxer Group AB. Boxer is the pay TV operator in the digital terrestrial television (“DTT”) network in Sweden. The fibre expansion in the single dwelling unit (“SDU”) market has over the last years put pressure on Boxer’s customer base. The Com Hem SDU expansion programme will enable Boxer to sell market leading bundled broadband- and TV-services to its customer base. The acquisition of Boxer thereby represents a highly attractive opportunity for Com Hem to accelerate its reach in the SDU market. The Boxer brand is included in the transaction and Boxer will continue to operate as part of the Com Hem Group.

At September 1, 2016 the Swedish State approved the acquisition and at September 21, 2016 the Swedish Competition Authority also resolved to approve the acquisition. Completion took place on September 30, 2016 when controlling influence of operations was obtained and the entity was consolidated from that date. The acquisition closed with an Enterprise Value of SEK 1,330m, representing an estimated LTM Underlying EBITDA multiple of 4.3x.

The acquisition has been recognised by applying the purchase method, and the table below states the fair value of the acquired assets and liabilities. The acquisition was funded through external borrowings and own cash. No equity instruments were issued in conjunction with the acquisition.

MSEK	Carrying amounts in the Group
Intangible assets	1,552
Property, plant and equipment	153
Other current assets	167
Cash and cash equivalents	258
Deferred tax liabilities	-305
Non-current liabilities	-141
Other current liabilities	-472
Net identifiable assets	**1,212**
Goodwill	421
Purchase price (paid in cash)	**1,633**
Less cash in acquired business	-258
Net effect on Group´s cash	**1,375**

A preliminary purchase price allocation has been prepared. The recognised fair value of intangible assets and goodwill was SEK 1,973m of which customer relationships SEK 1,427m, trademark SEK 101m, goodwill SEK 421m and other SEK 24m. The goodwill recognised for the acquisition relates to future revenue from new customers, increased revenue from existing customers through continued growth of the number of services sold per customer, undocumented know-how and technology. No portion of the goodwill amount is expected to be tax deductible.

An existing long-term fixed price transmission network access contract has been measured to a negative fair value of SEK 174m, which will be released over the contract term, ending March 31, 2020. Lower annual price levels will apply as from April 1, 2020 which was negotiated as part of the transaction.

The total consideration for Boxer amounted to SEK 1,633m and the total net cash outflow was SEK 1,375m after deducting acquired cash and cash equivalents of SEK 258m. Acquisition related expenses were SEK 11m and have been recognised as other operating expenses in the income statement.

Boxer is reported as a separate operating segment and contributed with SEK 446m to consolidated revenue and SEK 3m to operating profit since closing of the acquisition.

If the acquisition had been conducted on January 1, 2016, management estimates that the contribution to consolidated revenue would have been SEK 1,833m and the contribution to operating profit would have been SEK 57m.

Business combinations 2015

No business combinations occurred during the 2015 financial year.

Divestments 2015

The dormant subsidiary Com Hem Acquisition AB was divested and wound up during the year, which had a positive impact of SEK 0m on cash and cash equivalents.

Note 5 Other Operating Income

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Exchange gains on trade receivables/liabilities	5	6
Recovered trade receivables	8	7
Other	29	5
Total	**42**	**18**

Note 6 Other Operating Expenses

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Losses from disposals of non-current assets	-6	-9
Exchange losses on trade receivables/liabilities	-12	-15
Acquisition-related costs	-11	-
Total	**-29**	**-24**

Note 7 Employees and Personnel Expenses

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Salaries and remuneration	542	549
Social security expenses	188	181
Pension expenses	59	58
Capitalised work by employees	-133	-131
Other personnel costs	24	28
Total personnel expenses	**680**	**685**

The number of employees at year-end was 1,178 (1,177). The average number of full-time employees was 1,046 (1,083), of which 280 (302) were women.

Directors and senior management

	Dec 31 2016	Dec 31 2015
Board of Directors, excluding employee representatives	5	5
- of which women	*0*	*0*
- of which men	*5*	*5*
Executive Management	5	7
- of which women	*2*	*2*
- of which men	*3*	*5*

Salary, Other Benefits and Social Security Expenses for the Chief Executive Officer and other Executive Management

	Jan 1 - Dec 31 2016		Jan 1 - Dec 31 2015	
SEKm	**Salaries and remuneration**	**Social security expenses**	**Salaries and remuneration**	**Social security expenses**
CEO	-	-	-	-
Pension expenses	-	-	-	-
Other Executive Management	17	5	19	6
- of which bonus	*4*	*1*	*4*	*1*
Pension expenses	-	4	-	4
Total	**17**	**9**	**19**	**10**

The number of people in Executive Management amounted to 5 (7), at the end of the financial year. Executive Management at year end includes the following positions: CEO, CFO, Director of Human Resources, Director of IR and Corporate Communications and CEO of Phonera Företag AB. The Group's CEO has been employed by the Parent company Com Hem Holding AB during 2015 and 2016.

Guidelines on remuneration to the CEO and other Executive Management
Remuneration to the CEO and other Executive Management shall consist of fixed salary, variable short-term incentives (STI) paid annually in cash which are linked to the achievement of Com Hem's financial targets and individual performance targets, and the long-term share-based incentive programme (LTIP 2015 and 2016), in addition to pension and other customary benefits.

For 2016, the CEO was entitled to a fixed annual salary of SEK 5,242,880 (excluding holiday bonus) and an STI target corresponding to 75% of fixed salary. In the event that the financial targets set in the budget are fully achieved, and that the individual targets are substantially exceeded, the CEO's STI can be a maximum of 169% of his fixed salary, subject to Board approval. The retirement age is 65 and every month until the agreed retirement age, the company is to allocate an amount corresponding to 20% of the fixed salary in pension benefits.

For 2016, other Executive Management received an STI target of up to 50% of fixed salary. In the event that the financial targets are fully achieved, and that the individual targets are substantially exceeded, the STI for other Executive Management can be a maximum of 113% of fixed salary. Pension payments to other Executive Management were up to 30% of fixed salary, alternatively, in accordance with ITP (collective pension plans). If approved by the Board, Executive Management who are resident abroad may be offered pension benefits that are paid in a cash amount equivalent to the premium that would otherwise be paid to insurance companies.

Notice period
The company and the CEO have a mutual 12-month notice period. According to the CEO's employment contract, the CEO is not entitled to severance pay if the company terminates his employment. However, there is a non-compete clause entitling the CEO to a maximum of 60% of fixed salary per month (subject to reduction for other income) if the CEO does not find a new job within 12 months of receiving notice. For the termination of other Executive Management, a maximum notice period of 12 months applies. Upon resignation, a notice period of 6-12 months applies.

Remuneration to the Board
Matters of significance to NorCell Sweden Holding 3 AB (publ) and subsidiaries are primarily discussed at Board meetings of the Parent company Com Hem Holding AB. No board fees have been paid from NorCell Sweden Holding 3 AB (publ) or its subsidiaries during 2016.

The Group has no outstanding pension obligations to the Board of Directors or to the current Chief Executive Officer since the pension premiums are paid directly. When the Group company Com Hem AB was part of Telia Company AB (publ), the CEO had pension agreements in addition to the ITP plan (supplementary pensions for salaried employees) for the portion of salary exceeding 30 basic amounts, in relation to retirement pensions and family pension. The Group's outstanding pension obligations for these amounted to SEK 2m (2) at year-end.

Incentive programme in the Parent company Com Hem Holding AB

There are four incentive programmes in the Parent company. Two long-term share savings incentive programme (LTIP 2015 and LTIP 2016) and two incentive programmes that comprise a total of 4,949,092 issued and paid warrants. In these four incentive programmes, employees in NorCell Sweden Holding 3 AB (publ) and it's subsidiaries to do also participate.

Note 8 Fees and Reimbursements to Auditors

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
KPMG AB		
Audit assignments	2	2
Assignments in addition to audit	-	0
Tax consulting	-	0
Other assignments	0	0
Total	**2**	**2**

Note 9 Operating Expenses by Type

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Personnel expenses	-680	-685
Depreciation and amortisation	-1,667	-1,545
Cost of production of services	-1,798	-1,467
Cost of goods sold	-27	-
Sales and marketing expenses	-273	-223
Acquisition-related costs	-11	-
Other operating expenses	-342	-335
Total	**-4,798**	**-4,255**

Other operating costs include consulting fees and IT costs.

Note 10 Net Financial income and expenses

SEKm	**Jan 1 - Dec 31**	**Jan 1 - Dec 31**
Financial Income	**2016**	**2015**
Interest income		
- bank balances	0	0
- loans and receivables	2	3
- loan receivables from Group companies	44	11
Foreign exchange gains, net	-	124
Other financial income	1	0
Total	**47**	**138**

SEKm	**Jan 1 - Dec 31**	**Jan 1 - Dec 31**
Financial Expenses	**2016**	**2015**
Interest expenses		
*- financial liabilities measured at amortised cost**	-421	-307
- interest coupon on derivatives	-	-40
*- defined benefit pension commitments***	-7	-6
- financial liabilities to Group companies measured at amortised cost	-219	-987
Foreign exchange loss, net		
Change in fair value		
- financial liabilities measured to fair value through profit or loss (derivatives)	-	-39
Other financial expenses	-15	-18
Total	**-662**	**-1,397**
Total net financial income and expenses	**-615**	**-1,259**

* The item “Financial liabilities measured at amortised cost” above includes items affecting comparability pertaining to allocated borrowing cost of SEK 29m (-) related to repayment of bank loans and bonds with an original amortisation period until 2019, and redemption premiums on bonds totaling SEK 66m (-).

** Interest income and interest expenses on plan assets are netted from 2016. Figures for the comparison year have been restated.

Note 11 Income Taxes

SEKm	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Current tax		
Income taxes for the period	65	143
	65	**143**
Deferred tax		
Deferred tax on capitalised loss carryforwards	-250	-154
Deferred tax relating to temporary differences	126	123
Total deferred tax	**-124**	**-31**
Total recognised tax in the Group	**-59**	**112**

Reconciliation of Effective Tax

SEKm	%	Jan 1 - Dec 31 2016	%	Jan 1 - Dec 31 2015
Result before tax		251		-514
Tax according to the current tax rate				
for the Parent Company	22.0%	-55	22.0%	113
Non-taxable income		0		1
Non-deductable expenses		-4		-1
Deferred tax relating to previous years		0		0
Recognised effective tax	**23.5%**	**-59**	**21.9%**	**112**

Tax attributable to other comprehensive income

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Actuarial gains/losses, before tax	-59	75
Tax attributable to actuarial gains/losses	13	-16
Total	**-46**	**58**

Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Tax Liabilities
Deferred tax assets (+) tax liabilities (-) relate to the following:

	Dec 31 2016			Dec 31 2015		
SEKm	**Deferred tax assets**	**Deferred tax liabilities**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**	**Net**
Non-current intangible assets	6	-1,047	-1,042	7	-851	-844
Property, plant and equipment	4	-20	-16	3	-5	-2
Trade receivables	4	-	4	2	-	2
Prepaid expenses	5	-	5	-	-	-
Provisions	86	-	86	35	-	35
Financial liabilities	6	-	6	13	-	13
Derivatives	-	-	-	-	0	0
Current liabilities	4	-	4	1	-	1
Tax allocation reserve	-	-10	-10	-	-	-
Other	1	0	1	0	0	0
Loss carryforwards	285	-	285	535	-	535
Tax receivables/liabilities	**401**	**-1,077**	**-677**	**596**	**-857**	**-261**
Set-off	-401	401	-	-596	596	-
Net tax receivables/liabilities	**-**	**-677**	**-677**	**-**	**-261**	**-261**

The Company management assesses that the recognised tax loss carryforwards can be used against taxable profits in subsequent years.

Change in Deferred Tax in Temporary Differences and Loss Carryforwards

SEKm	Jan 1 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other*	Dec 31 2016
Non-current intangible assets	-844	139	-	-336	-1,042
Property, plant and equipment	-2	3	-	-17	-16
Trade receivables	2	1	-	1	4
Prepaid expenses	-	1	-	5	6
Provisions	35	1	13	39	88
Financial liabilities	13	-7	-	-	6
Derivatives	0	0	-	-	0
Current liabilities	1	0	-	4	4
Tax allocation reserve	-	-10	-	-	-10
Other	0	1	-	-	1
Loss carryforwards	535	-250	-	-	285
Total	**-261**	**-124**	**13**	**-305**	**-677**

SEKm	Jan 1 2015	Recognised in profit or loss	Recognised in other comprehensive income	Other	Dec 31 2015
Non-current intangible assets	-973	132	-	-2	-844
Property, plant and equipment	-4	3	-	-1	-2
Trade receivables	1	1	-	-	2
Provisions	49	2	-16	-	35
Financial liabilities	15	-5	-	3	13
Derivatives	-9	9	-	-	0
Current liabilities	1	0	-	-	1
Untaxed reserves	-1	1	-	-	-
Other	19	-19	-	-	0
Loss carryforwards	689	-154	-	-	535
Total	**-214**	**-31**	**-16**	**-**	**-261**

* The item ‘Non-current intangible assets’ in the Other column above 2016 refers primarily to deferred income tax liabilities resulting from business combinations.

Note 12 Non-current Intangible Assets

	Externally acquired				
SEKm	**Goodwill**	**Customer relations***	**Trademark**	**Other*** **	**Total**
Accumulated cost					
At beginning of year	10,899	5,457	691	2,374	19,422
Business combinations	421	1,427	101	47	1,996
Capital expenditure**	-	-	-	396	396
Divestments and disposals	-	-	-	-45	-45
At year-end 2016	**11,321**	**6,884**	**792**	**2,772**	**21,769**
Accumulated amortisation and impairment					
At beginning of year	-	-2,359	-	-1,611	-3,970
Business combinations	-	-	-	-23	-23
Amortisation for the year	-	-606	-	-450	-1,056
Divestments and disposals	-	-	-	45	45
At year-end 2016	**-**	**-2,965**	**-**	**-2,039**	**-5,004**
Carrying amount at year-end 2016	**11,321**	**3,919**	**792**	**734**	**16,765**

	Externally acquired				
SEKm	**Goodwill**	**Customer relations***	**Trademark**	**Other*** **	**Total**
Accumulated cost					
At beginning of year	10,899	5,457	691	2,008	19,055
Capital expenditure**	-	-	-	392	392
Divestments and disposals	-	-	-	-25	-25
At year-end 2015	**10,899**	**5,457**	**691**	**2,374**	**19,422**
Accumulated amortisation and impairment					
At beginning of year	-	-1,791	-	-1,223	-3,014
Amortisation for the year	-	-569	-	-411	-979
Divestments and disposals	-	-	-	23	23
At year-end 2015	**-**	**-2,359**	**-**	**-1,611**	**-3,970**
Carrying amount at year-end 2015	**10,899**	**3,097**	**691**	**764**	**15,451**

* The remaining amortisation period of the customer relationships is considered to be approximately 3-13 years.

** Non-current assets funded through finance lease arrangements of SEK -m (10) are included in investments, see Note 27.

*** The Other column above mainly comprises capitalised development expenses SEK 1,463m (1,239) and investments in licenses and acquisition costs for subscriptions totalling to SEK 858m (769). Of total acquisition costs of SEK 2,772m (2,374) SEK 2,537m (2,193) were externally acquired and SEK 235m (182) internally generated.

All intangible assets, except goodwill and trademark with indefinite useful lives, are amortised. The trademark represents “Com Hem” (SEK 691m) and “Boxer”(SEK 101m) which are included in the respective operating segment assets. The company management is of the opinion that these trademarks are to be used for an indefinite period. For further information on depreciation, amortisation and impairment see Note 1.

Amortisation

Amortisation is included in the following functions of the Income Statement:

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Cost of services sold	277	237
Selling expenses	779	742
Adminstrative expenses	0	0
Total	**1,056**	**979**

Impairment Testing

All cash-generating units are tested for impairment. A cash-generating unit comprise of an operating segment, which in 2016 was Com Hem and Boxer, see further in note 2 operating segment. Carrying value for impairment testing corresponds to the consolidated value of each operating segment, whereof goodwill corresponding SEK 10,899m in operating segment Com Hem and SEK 421m in operating segment Boxer.

The test is based on calculating value in use. The key assumptions are sales growth, changes in EBITDA margin, the discount rate (Weighted Average Cost of Capital) and the growth in terminal value in free cash flow. Value in use consists of the present value of future cash flow. This value is based on cash flow forecasts based on a five-year business plan approved by the Executive Management Team and the Board of Directors.

The forecasts for sales growth are based on estimates of market penetration for each service and estimated market shares over time. This is based on both external and internal market analyses, and on comparisons with other cable TV operators and telecom companies. Estimated ARPU (average revenue per unit) is based partly on the Group´s product strategies and partly on external information. EBITDA margin forecasts are based on expected gross margin and revenue mix. The number of forecast periods is assumed to perpetuity.

2016	Operating segment Com Hem	Operating segment Boxer
Forecast period	5 years	5 years
Growth after forecast period	2%	2%
WACC after taxes	7.32%	10.30%
WACC before taxes	8.84%	13.92%

2015	Group
Forecast period	5 years
Growth after forecast period	2%
WACC after taxes	8.10%
WACC before taxes	9.87%

The conclusion of the aforementioned impairment test is that the recoverable amount exceeded the carrying amount at year-end. Executive Management believes that a reasonable and possible change in the key assumptions described would not have such an effect that they will reduce the recoverable amount to a lower value than the carrying amount.

Note 13 Property, Plant and Equipment

SEKm	Production facility	Customer equipment	Machinery equipment and computers	Total
Accumulated cost				
At beginning of year	6,968	1,480	443	8,891
Business combinations	-	276	0	276
Capital expenditure*	229	232	38	499
Divestments and disposals	-1	-152	-37	-190
At year-end 2016	**7,196**	**1,836**	**444**	**9,476**
Accumulated depreciation and impairment				
At beginning of year	-6,150	-803	-407	-7,360
Business combinations	-	-123	-	-123
Depreciation for the year	-291	-299	-21	-611
Divestments and disposals	0	147	35	183
At year-end 2016	**-6,441**	**-1,078**	**-393**	**-7,912**
Carrying amount at year-end 2016	**755**	**758**	**51**	**1,564**

SEKm	Production facility	Customer equipment	Machinery equipment and computers	Total
Accumulated cost				
At beginning of year	6,729	1,246	443	8,418
Capital expenditure*	240	341	18	599
Divestments and disposals	-2	-107	-19	-127
At year-end 2015	**6,968**	**1,480**	**443**	**8,891**
Accumulated depreciation and impairment				
At beginning of year	-5,852	-667	-394	-6,913
Depreciation for the year	-298	-242	-25	-566
Divestments and disposals	1	107	13	120
At year-end 2015	**-6,150**	**-803**	**-407**	**-7,360**
Carrying amount at year-end 2015	**818**	**677**	**36**	**1,531**

* Non-current assets funded through finance lease arrangements of SEK - (5) m are included in investments, see Note 27.

Depreciation

Depreciation is included in the following functions of the Income Statement:

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Cost of services sold	590	541
Selling expenses	0	0
Adminstrative expenses	22	25
Total	**611**	**566**

Note 14 Non-current financial assets and Other Receivables

SEKm	Dec 31 2016	Dec 31 2015
Non-current financial assets		
Non-current receivables from Group companies	2,780	942
Derivates	-	0
Total	**2,780**	**942**

SEKm	Dec 31 2016	Dec 31 2015
Other receivables that are current assets		
Receivables from Group companies	279	650
Other receivables	44	22
Total	**323**	**672**

Note 15 Inventories

Inventories consist primarily of equipment for upgrading the Group's cable network and hardware for sale. Impairments amounting to SEK - (-)m took place during the financial year.

Note 16 Trade Receivables

SEKm	Dec 31 2016	Dec 31 2015
Invoiced receivables	176	129
Provision for doubtful debts	-16	-8
Total	**159**	**121**
Invoiced receivables are due as follows:		
Not overdue	24	19
1-30 days overdue	125	87
31-60 days overdue	8	17
61-90 days overdue	4	3
91 and more days overdue	14	4
Total	**176**	**129**

Change in Provision for doubtful trade receivables

SEKm	Dec 31 2016	Dec 31 2015
Provision for doutful trade receivables at beginning of year	-8	-5
New provisions	-4	-6
Provisions from business combinations	-9	-
Utilisation of provisions during the period.	8	4
Reversal of unutilised provisions	-3	-1
Total	**-16**	**-8**

See Note 26 for a review of the Group's credit risks.

Note 17 Prepaid Expenses and Accrued Income

SEKm	Dec 31 2016	Dec 31 2015
Prepaid support expenses	33	29
Prepaid leases	16	27
Accrued income	83	64
Other prepaid expenses	73	41
Total	**205**	**161**

Note 18 Cash and Cash Equivalents

SEKm	Dec 31 2016	Dec 31 2015
Cash and bank balances	454	713
Total	**454**	**713**

The Group has a granted bank overdraft facility of SEK 400m (125), of which SEK 0m (0) was utilised as of December 31, 2016. For information on other available credit facilities, see Note 26, Financial risks and treasury policy.

Note 19 Equity

Share Capital
As at December 31 2016, registered share capital comprised 600,000 shares. The nominal value per share is SEK 1. According to the Articles of Association, share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

Other Paid-in Capital
Refers to equity contributed by the owners. This includes premiums paid in connection with new issues.

Retained Earnings including Net Profit or Loss for the Year
Retained earnings including net result for the year include profit earned in the Parent company and its subsidiaries.

Note 20 Interest-bearing Liabilities

SEKm	Dec 31 2016	Dec 31 2015
Non-current liabilities		
Bond loans	3,948	2,463
Non-current liabilities to credit institutions	6,229	6,667
Non-current liabilities to Group companies	8,087	7,910
Finance lease liabilities*	3	20
Total	**18,267**	**17,061**

* See Note 27 for information.

At the end of 2016, the Group had two outstanding notes maturing June 23, 2021 and February 25, 2022, respectively. The notes are or will be listed on Nasdaq Stockholm and amount to SEK 1,750m and SEK 2,250m, respectively with a coupon rate of 3.625% and 3.5%, respectively.

In November 2016, the Group made an early redemption of the outstanding SEK 2,500m notes with a coupon rate of 5.25%, registered on Nasdaq Stockholm.

Non-current liabilities to credit institutions accrue interest at STIBOR plus a margin of 1.8-2.25%.

Liabilities to Group companies carry an interest rate at STIBOR plus a margin of 3%.

SEKm	Dec 31 2016	Dec 31 2015
Current liabilities		
Current liabilities to credit institutions	500	500
Finance lease liabilities*	17	28
Total	**517**	**528**

* See Note 27 for information.

Liabilities to credit institutions accrue interest at STIBOR plus a margin of 1,50%.

Loan Covenants
The loan facilities with credit institutions are conditional on the Group continually meeting specified financial key metrics, referred to as the covenant. The covenant is consolidated net debt in relation to consolidated Underlying EBITDA LTM in NorCell Sweden Holding 2 AB (publ) with subsidiaries.

In addition, there are provisions and limitations in loan agreements for the credit facilities with credit institutions and the bond loans regarding further debt gearing, guarantee commitments and pledging, material changes to operating activities, as well as acquisitions and divestments. At December 31,2016 and 2015, the conditions had been met by a solid margin.

Note 21 Pension Provisions

Pension plans
The Group has a number of both defined-contribution and defined-benefit pension plans, with an increasing number of employees being gradually covered by defined-contribution plans, rather than the defined-benefit pension plans that are presented below. Com Hem AB and Boxer TV-Access AB apply collective bargaining, and therefore offers pension benefits to all employees under the ITP plan, while Phonera Företag AB and iTUX Communication AB are not bound by collective agreements, and therefore offer pension benefits based on individual contribution-based pension agreements.

The ITP is an individual occupational pension plan for employees and serves as a complement to the Swedish national pension system. The ITP plan is divided into ITP 1 and ITP 2. ITP 1 is a defined-contribution pension plan applicable to employees born in 1979 or later with continuous premiums paid to external insurance companies based on the employee's pensionable income. ITP 2 is a defined-benefit plan applicable to employees born in 1978 or earlier. The defined-benefit plans are exposed to actuarial risks such as longevity risk, interest rate risk, and investment risk. An employee with a pension plan according to ITP 1 takes the full responsibility for his or hers future retirement pension. The level of the retirement pension will amongst others depend on the salary level, for how many years the employee has been connected to the ITP plan and how she or he has choosen to invest the pension contribution paid by the employer, which implies that the employee takes the full financial risk for the level of the future retirement pension. An employee with retirement pension according the ITP 2 pension plan do not take the financial risk for his or her future level of retirement pension. ITP 2 is a defined-benefit pension plan where the level of the employees' future retirement is determined in advance but not the level of the premiums to be paid by the employer.

In addition to the ITP 2 defined-benefit plan, there are also smaller defined-benefit pension plans for former CEOs (management pension) and a conditional early retirement plan, see also below.

Expenses recognised in net result for the year

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Pension Expense		
Defined-benefit plans		
Expenses for pensions earned in the period	12	13
Interest expenses	6	6
Expense, defined-benefit plans	**18**	**19**
Expense, defined-contribution plans	50	46
Special employer's contribution	12	13
Total expense for post-employment remuneration	**80**	**78**
Expense for defined-benefit plans is recognised in the following income statement items:		
Administrative expenses	12	13
Financial expenses	6	6
Expense, defined-benefit plans	**18**	**19**
Actual return on plan assets	**9**	**4**
Expenses recognised in other comprehensive income		
Revaluations		
Actuarial gain (+) /loss (-)	-62	74
Difference between actual return and return under the discount rate on plan assets	4	0
Recognised in other comprehensive income, net	**-59**	**75**

Defined-benefit pension plans

SEKm	Dec 31 2016	Dec 31 2015
Defined-benefit commitments and value of plan assets		
Full or partly funded commitments		
Present value of defined-benefit commitments	406	326
Fair value of plan assets	-170	-161
Total fully or partly funded commitments	**236**	**165**
Present value of non-funded defined-benefit commitments	8	8
Net amount in balance sheet (commitments +, assets -)	**244**	**173**
Net amount is recognised in the following items in the balance sheet:		
Pension provisions	**244**	**173**

ITP/PRI

Com Hem is affiliated with PRI Pensionsgaranti, and the company's obligations under the ITP 2 plan are recognised as a liability in the balance sheet in relation to retirement pension, while those parts pertaining to family pension are secured through premiums to Alecta, see below. The retirement pension under ITP 2 is based on a certain percentage of the employee's salary on the date of retirement. It is also possible for employees covered by ITP 2 who earn more than 10 income base amounts to opt out of certain defined-benefit elements and make them defined-contribution, known as alternative ITP. Com Hem AB has employees linked to both the ITP 1 and the ITP 2 pension plan while Boxer TV-Access AB has employees linked to the ITP 1 pension plan.

For companies affiliated with PRI Pensionsgaranti, the company's obligations under the ITP plan's retirement pension are recognised as a liability in the balance sheet. This method of financing requires that credit insurance is taken out with the insurer PRI Pensionsgaranti. The credit insurance with PRI Pensionsgaranti, a mutual insurance company, enables the company to hold insurance capital in the business operations rather than paying premiums to an insurance company. All companies with credit insurance have a mutual liability that does not exceed 2% of the company's pension commitments, and that is recognised as a contingent liability. Should the company become insolvent, the employees' pensions are guaranteed. PRI Pensionsgaranti also calculates the value of the employees' pensions and administrates the pension payments.

For family pensions, the ITP 2 plan's defined-benefit pension obligations for salaried employees is secured through insurance in Alecta. According to the Financial Reporting Board's statement UFR 10, Classification of ITP plans financed by insurance in Alecta, this is a defined-benefit multi-employer plan. For the 2016 financial year, the company has had no access to information regarding its proportionate share of the plan's commitments, plan assets and expenses. Consequently, it was not feasible to account for the plan as a defined-benefit plan. The ITP 2 pension plan, which is secured through insurance in Alecta, was therefore recognised as a defined-contribution plan. The premium for the defined-benefit family pension is individually calculated and based on, for example, salary, previously earned pension, expected remaining period of service and assumptions about interest rates, longevity, operating costs and policyholder tax.

The collective funding ratio is the market value of Alecta assets as a percentage of insurance commitments and is calculated according to Alecta's actuarial methods and assumptions. These are noted to not comply with IAS 19. The collective consolidation level is typically permissible to vary between 125–155%. If the Alecta collective consolidation level is less than 125% or greater than 155%, measures shall be taken in order to create the conditions for the consolidation level to return to a normal range. A low consolidation level can serve as an indication to raise the agreed price for new, and/or the expansion of existing benefits. A high consolidation level can serve as an indication to introduce premium reductions. At the end of 2016, Alecta's surplus in terms of the collective funding ratio was 148% (153%). There is currently no framework in place to handle any deficit that should arise. In the first instance, losses will be borne by Alecta's collective capital and thus will not lead to increased costs through higher contractual premiums. There are no guidelines stipulating how any surpluses or deficits shall be distributed in the settlement of the plan or the company's withdrawal from the plan.

In 2016, Com Hem paid contributions of SEK 6.0m (6.0) for pension insurance in Alecta. Boxer TV-Access AB paid contributions of SEK 0 from the date of acquisition. For 2017 the contributions are expected to reach SEK 8m of which the main part of the increase is related to Boxer. The amounts refer to the above described family pensions under ITP 2 and premiums under ITP 1.

Management pension

During the period when operations were part of Telia Company AB (publ), the then CEOs of Com Hem AB had pension agreements over and above the ITP plan for that portion of salary exceeding 30 basic amounts, for retirement pensions and family pensions.

Conditional early retirement pension

According to transitional rules, some of Com Hem's employees are entitled to retire before 65 years of age. This applies to staff who had this right as of 31 December 1991 pursuant to the previous PA 91 central government collective agreement, and that have remained in the same employment as when the transition rules came into effect. This expense has been provisioned with Telia Company AB (publ). Telia Company AB (publ) invoiced Com Hem AB quarterly up to and including June 5, 2003 for the associated provisioning of additional vested conditional pension entitlements. After this date, Com Hem AB has recognised a provision for this expense. When early pension is exercised, funds are partly returned from Telia Company AB (publ) to Com Hem AB, and the remaining is utilised from Com Hem AB's own provision.

At December 31, 2016, the weighted average term for Com Hem's commitments under defined-benefit pension plans was 23.2 years (18.9 years). In 2016, Com Hem estimates that SEK 5.5m (5.0) will be paid to former employees from defined-benefit plans that are recognised as a liability in the Group's balance sheet.

Movement in the present value of defined benefit commitment

Dec 31 2016	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2016	326	1	7	334
Expense for pension benefits earned in the period	12	0	0	12
Interest expenses	11	0	0	11
Pension disbursements	-5	0	0	-5
Actuarial gains and losses on amended financial assumptions	62	0	0	62
Experience adjustments	-1	0	0	-1
At year-end 2016	**406**	**1**	**7**	**414**

Dec 31 2015	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2015	382	1	7	391
Expense for pension benefits earned in the period	13	0	0	13
Interest expenses	10	0	0	10
Pension disbursements	-5	0	-	-5
Actuarial gains and losses on amended financial assumptions	-75	0	0	-75
Experience adjustments	1	0	0	1
At year-end 2015	**326**	**1**	**7**	**334**

The present values of the commitments are distributed to members of the plans as follows:

- Active members 44% (44)
- Former employees 38% (37)
- Pensioners 18% (19)

Actuarial assumptions
The following material actuarial assumptions have been applied to calculate commitments:

Weighted average values	Dec 31 2016	Dec 31 2015
Discount rate	2.80%	3.30%
Increase in income base amount	3.00%	3.00%
Expected inflation assumption	2.00%	2.00%
Future salary increases	3.00%	3.00%
Termination rate	5.00%	5.00%
Longevity assumption	DUS14*	FFFS**

* Mortality assumption based on current mortality survey in Sweden.
** Used by the Swedish Financial Supervisory Authority for legal valuation of pension liabilities FFFS 2007:31.

From 2016 the mortality assumptions has been changed to DUS 14. The mortality assumptions of DUS 14 are based on the latest large mortality survey made in Sweden. The assumptions are divided amongst the generations and the underlying data is based on statistics on mortality from the majority of the Swedish insurance companies. The mortality assumptions used are applicable for insured officials, which is the category most in line with the company's employees. The new mortality assumptions gives increased longelivety for men as well as women.

Longevity assumptions are based on statistical publications and data sets on mortality. Commitments are calculated based on the longevity assumptions in the table below:

Dec 31 2016	ITP/PRI	Management pension	Conditional early retirement pension
Longevity assumptions at age 65 for current pensioners:			
Men	21.7	21.7	21.7
Women	24.2	24.2	24.2
Longevity assumptions at age 65 for current members aged 45:			
Men	23.4	23.4	23.4
Women	25.3	25.3	25.3

Sensitivity analysis
The table below sets out possible changes of actuarial assumptions at the reporting date, holding other assumptions constant, and how these would affect the defined-benefit commitment.

SEKm	Increase	Decrease
Discount rate (1% change)	-73	99
Expected inflation assumption (1% change)	97	-73

Funding of defined-benefit pension plans.
Com Hem's defined-benefit pension plan under ITP 2 is partially funded by assets separated into a trust. Other smaller pension plans (management pension and conditional early retirement pension) are non-funded. Com Hem AB's trust assets are invested in Telia Company AB's (publ) pension fund, which was founded in 1998 when Com Hem was a subsidiary of

Telia Company AB (publ). These plan assets may only be used to pay benefits under pension agreements. At December 31, 2016, Com Hem AB's deposits to the fund totaled SEK 74m (74). The pension fund's capital, except for index-linked bonds, is managed by various asset management companies. Any changes in the real interest portfolio is determined by the trust's Board. Com Hem AB's share of the pension fund is revalued monthly to market value. At December 31, 2016, the market value of Com Hem AB's share of the assets in the pension trust amounted to SEK 170m (161).

Changes in the present value of the commitment for defined-benefit plans

Dec 31 2016	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in the fair value of plan assets				
At beginning of 2016	161	-	-	161
Interest income recognised in net result	5	-	-	5
Actuarial gain/loss	4	-	-	4
At year-end 2016	**170**	**-**	**-**	**170**

Dec 31 2015	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in fair value of plan assets				
At beginning of 2015	157	-	-	157
Interest income recognised in net result	4	-	-	4
Actuarial gain/loss	0	-	-	0
At year-end 2015	**161**	**-**	**-**	**161**

The assets in the pension trust are as follows:

	Dec 31 2016	Dec 31 2015
Equity securities		
Swedish shares	3.9%	3.7%
Global shares	29.6%	24.4%
Interest-bearing securities		
Index-linked bonds	14.4%	14.0%
Mortgage bonds	21.9%	22.2%
Other Swedish fixed-interest securities	12.4%	19.4%
Alternative investments	17.8%	16.3%
Total	**100%**	**100%**

Note 22 Other provisions

SEKm	Dec 31 2016	Dec 31 2015
At the beginning of the year	3	1
During the year:		
Provisions	2	2
Business combinations*	174	-
Provisions used during the year	-11	-
At the end of the year	**168**	**3**
Where of:		
Long term provisions	139	3
Cuurrent provisions	29	-
Total	**168**	**3**
Maturity:		
Within 1 year	29	-
Between 1-5 years	136	0
Longer than 5 years	3	3

* In connection with the acquisition of Boxer TV-Access AB (“Boxer”) provisions were made as an existing long-term fixed-price contract for the supply of transmission was valued at a negative fair value of SEK 174m, which will be released over the contract period extending to March 31, 2020.

Note 23 Other Liabilities

SEKm	Dec 31 2016	Dec 31 2015
Other current liabilities		
Current tax liabilities	31	-
Employee withholding taxes	14	13
Value-added taxes	84	76
Other current liabilities	13	12
Total	**142**	**101**

Note 24 Accrued Expenses and Prepaid Income

SEKm	Dec 31 2016	Dec 31 2015
Prepaid income	772	544
Accrued personnel expenses	131	126
Accrued content expenses	171	98
Accrued interest expenses	62	45
Other accrued expenses	164	176
Total	**1,300**	**989**

Note 25 Financial Assets and Liabilities by Category

Fair values and carrying amounts are measured in the Balance Sheet as follows:

SEKm

Dec 31 2016	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
Non-current receivables						
Group companies	-	2,780	-	-	**2,780**	2,780
Trade receivables		159	-	-	**159**	159
Accrued income	-	83	-	-	**83**	83
Current receivables Group companies	-	279	-	-	**279**	279
Other receivables		44	-	-	**44**	44
Cash and cash equivalents	-	454	-	-	**454**	454
Non-current interest- bearing liabilities						
bond loans	-	-	-	-3,948	**-3,948**	-4,039
Non-current interest- bearing liabilities						
credit institutions	-	-	-	-6,232	**-6,232**	-6,232
Non-current interest- bearing liabilities						
Group companies	-	-	-	-8,087	**-8,087**	-8,087
Current interest- bearing liabilities				-517	**-517**	-517
Trade payables	-	-	-	-570	**-570**	-570
Other current liabilities	-	-	-	-13	**-13**	-13
Accrued expenses	-	-	-	-397	**-397**	-397
Total financial assets and liabilities by category	**-**	**3,799**	**-**	**-19,765**	**-15,966**	**-16,056**

Dec 31 2015	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair Value
Derivatives	0	-	-	-	-	-
Non-current receivables						
Group companies	-	942	-	-	**942**	942
Trade receivables	-	121	-	-	**121**	121
Accrued income	-	30	-	-	**30**	30
Current receivables Group companies	-	650	-	-	**650**	650
Other receivables	-	22	-	-	**22**	22
Cash and cash equivalents	-	713	-	-	**713**	713
Non-current interest- bearing liabilities						
bond loans	-	-	-	-2,463	**-2,463**	-2,603
Non-current interest- bearing liabilities						
credit institutions	-	-	-	-6,687	**-6,687**	-6,687
Non-current interest- bearing liabilities						
Group companies	-	-	-	-7,910	**-7,910**	-7,910
Current interest- bearing liabilities	-	-	-	-528	**-528**	-528
Trade payables	-	-	-	-476	**-476**	-476
Other current liabilities	-	-	-	-12	**-12**	-12
Accrued expenses	-	-	-	-394	**-394**	-394
Total financial assets and liabilities by category	**0**	**2,478**	**-**	**-18,470**	**-15,992**	**-16,132**

Fair value of assets and liabilities
Fair values are described below. The amounts indicated are unrealised and will not necessarily be realised.

Derivative Instruments
The fair value of collars, cross currency interest rate swaps and currency forward contracts are based on valuations conducted by intermediary credit institutions, with accuracy tested by discounting estimated future cash flows pursuant to contract terms and maturity dates, and proceeding from market interest rates for similar instruments at the reporting date. The discount rate applied is based at interest rates of similar instruments at the reporting date.

Interest-bearing Liabilities
The fair value of financial liabilities that are not derivative instruments have a floating interest rate and thus carrying amount are assumed to correspond to fair value. The fair value of the Group's listed bonds is determined based on market price (level 1).

Trade receivables and trade payables
Due to the short terms of trade receivables and trade payables, carrying amounts are assumed to be the best approximation of fair value.

Fair Value Hierarchy
The following table illustrates financial instruments measured at fair value by measurement method. Each level is defined as follows:

Level 1
Financial instruments where fair value is determined according to prices quoted on an active marketplace for the same instrument. Such instruments include: Shares, bonds and standard warrants that are actively traded.

Level 2
Financial instruments where fair value is determined on the basis of either direct (as price) or indirect (derived from prices) observable market data that is not included in level 1. Such instruments include: Bonds and certain OTC products such as interest rate swaps, currency forwards, collars and shares. The Group has only level 2 instruments comprising collars, cross-currency interest-rate swaps and currency forward contracts, see the table below.

Level 3

Financial instruments where fair value is determined on the basis of input data that is not observable on the market. Such instruments include: Unlisted shares and warrants where the underlying instrument is not priced in active markets.

SEKm	**Level 1**	**Level 2**	**Level 3**	**Dec 31 2016**
Derivatives	-	-	-	-
Financial assets / liabilities	**-**	**-**	**-**	**-**

SEKm	**Level 1**	**Level 2**	**Level 3**	**Dec 31 2015**
Derivatives (currency forward contracts)	-	0	-	0
Financial liabilities	**-**	**0**	**-**	**0**

The net result for 2016 includes an amount of SEK - (-39m) pertaining to the change in fair value of derivatives, of which SEK - (-39m) was recognised in net financial income and expenses and SEK - (0) in other operating income. Hedge accounting is not applied. When the Group's Senior Notes were redeemed in advance in November 2015, all derivatives attributable to outstanding credit were closed.

Note 26 Financial Risks and Treasury Policy

The Group is exposed to various types of financial risk through its daily operating activities. Financial risk refers to refinancing risks, liquidity risks and fluctuations in the company's income statement, balance sheet and cash flows resulting from variations in exchange rates, interest levels and credit margins. The Board of Directors has formulated the Group's treasury policy for managing financial risks, which sets a framework of guidelines and regulations for financing activities.

Refinancing Risk and Liquidity risks

Refinancing risk is defined as the risk of existing lenders being unwilling to renew their outstanding loans or the Group's loans and credit facilities not being sufficient to satisfy the company's need for capital. The treasury policy stipulates that there should be a liquidity reserve of at least SEK 500m as a buffer for unforeseen events. This liquidity reserve consists of cash and cash equivalents, potential short-term financial assets and unutilised confirmed credit facilities.

At December 31, 2016 and 2015, the liquidity reserve is divided as follows:

SEKm	Dec 31 2016	Dec 31 2015
Cash & bank balances	454	713
Unutilised Credit facilities	1,400	650
Total liquidity reserve	**1,854**	**1,363**

At December 31, 2016, the Group's total credit facilities,including the outstanding SEK bond, amounted to SEK 12,175m (SEK 10,375m) with an average remaining term of 3.3 years.

Liquidity forecasts are prepared regularly as part of the Group's budgeting and forecast process. Advance billing is usually applied which has a positive effect on the Group's liquidity and working capital. Consumers are normally billed monthly in advance. Landlords are normally billed quarterly in advance.

Liabilities overview and unutilised credit at December 31, 2016:

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	-
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	600	1,400
Incremental Facility 2	Jun 26, 2019	Floating	375	375	-
Incremental Facility 4	Jun 26, 2019	Floating	1,000	1,000	-
Incremental Facility 6	Dec 31, 2017	Floating	500	500	-
Incremental Facility 7	Jun 26, 2019	Floating	800	800	-
Outstanding notes at fixed interest rates					
SEK 1,750m 2016/2021 Notes	Jun 23, 2021	Fixed | 3.625%	1,750	1,750	-
SEK 2,250m 2016/2022 Notes	Feb 25, 2022	Fixed | 3.5%	2,250	2,250	-
Total credit facilities			**12,175**	**10,775**	**1,400**

Liabilities overview and unutilised credit at December 31, 2015:

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	-
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	1,350	650
Incremental Facility 2	Jun 26, 2019	Floating	375	375	-
Incremental Facility 3	Mar 4, 2017	Floating	500	500	-
Incremental Facility 4	Jun 26, 2019	Floating	1,000	1,000	-
Incremental Facility 5	Sep 14, 2016	Floating	500	500	-
Outstanding notes at fixed interest rates					
SEK 2,500m 2014/2019 Notes	Nov 4, 2019	Fixed | 5.25%	2,500	2,500	-
Total credit facilities			**10,375**	**9,725**	**650**

Refinancing in 2016

On June 10, 2016, the Group announced that NorCell Sweden Holding 3 AB (publ) had issued new Senior Notes, in the total amount of SEK 1,750m. The new notes have a fixed rate coupon of 3.625% and matures in June 2021. The proceeds from the issue was used to prepay Incremental Facility 3 (SEK 500m) due in March 2017, and to amortise on the Revolving Credit Facility.

Incremental Facility 7 (SEK 800m) was signed in June 2016 and was fully utilised together with Revolving Credit Facility and own cash when the acquisition of Boxer TV-access AB was closed on September 30, 2016. In April 2016 Incremental Facility 5 (SEK 500m), was replaced by an extended facility, Incremental Facility 6 (SEK 500m), due December 31, 2017.

On November 11, 2016, the Group announced that NorCell Sweden Holding 3 AB (publ) had issued new notes in the total amount of SEK 2,250m. The new notes have a fixed rate coupon of 3.50% and matures February 25, 2022. The proceeds from the new notes were, together with existing unutilised credit facilities, used to redeem the SEK 2,500m 2014/2019 Notes in full, which was completed on November 25, 2016. In connection with the redemption a premium of SEK 66m was paid. Following the refinancing the average blended interest rate of the Group's debt portfolio decreased from approximately 3% in the first nine months of 2016 to 2.5% in December.

On November 18, 2016 the Group announced that NorCell Sweden Holding 3 AB (publ) had given notice to initiate a written procedure under its SEK 1,750m 2016/2021 Notes requesting that certain terms should be harmonised with those of the SEK 2,250m 2016/2022 Notes. The written procedure was closed on December 12, 2016 after a sufficient majority of the noteholders had approved the request. Following the amendments of certain terms, which had previously been approved in relation to the loan facilities by the credit institutions, the Group was able to terminate an Intercreditor agreement and release certain securities.

Refinancing in 2015

In November 2015, the Parent company NorCell Sweden Holding 2 AB (publ) made an early redemption of the Group's Senior Notes of EUR 187m with an original maturity in 2019 and a coupon rate of 10.75%. The Senior Notes were replaced by new credit facilities of SEK 1,500m signed in September 2015 (Incremental 4 and 5), and existing unutilised credit facilities. When the share redemption procedure was implemented, all derivatives attributable to outstanding credit were closed.

Expected maturities of financial liabilities at December 31, 2016:

SEKm	Nominal amount	Within 0-1 year	Within 1-2 year	Within 2-3 year	Within 3-4 year	Within 4-5 year	Beyond 5 years	Matures
Liabilities to credit institutions	6,775	500	-	6,275	-	-	-	2017-2019
Bonds	4,000	-	-	-	-	1,750	2,250	2021-2022
Liabilites to Group companies . . .	8,087	-	-	-	-	-	8,087	-
Finance lease liabilities	20	17	3	-	-	-	-	-
Total interest-bearing liabilities .	**18,882**	**517**	**3**	**6,275**	**-**	**1,750**	**10,337**	
Interest payments		273	279	258	142	110	13	
Total Net	**18,882**	**790**	**282**	**6,533**	**142**	**1,860**	**10,350**	

Current liabilities (short-term interest-bearing liabilities, trade payables, other current liabilities and accrued expenses) are mostly due within one year of the reporting date. The Group has a short term bank debt of SEK 500m (Incremental 6 in the liabilities overview table) with the intention to extend or replace it them with another bank debt.

Expected maturities of financial liabilities at December 31, 2015:

SEKm	Nominal amount	Within 0-1 year	Within 1-2 year	Within 2-3 year	Within 3-4 year	Within 4-5 year	Beyond 5 years	Matures
Liabilities to credit institutions	7,225	500	500	-	6,225	-	-	2016-2019
Bonds	2,500	-	-	-	2,500	-	-	2019
Liabilites to Group companies	7,910	-	-	-	-	-	7,910	-
Finance lease liabilities	48	28	17	3	-	-	-	-
Total interest-bearing liabilities . .	**17,683**	**528**	**517**	**3**	**8,725**	**-**	**7,910**	
Interest payments		298	273	305	280	-	-	
Total Net	**17,683**	**826**	**790**	**308**	**9,005**	**-**	**7,910**	

Current liabilities (short-term interest bearing liabilities, trade payables, other current liabilities and accrued expenses) are due within one year of the reporting date.

Interest rate risks

Interest risk is the risk that the fair value or future cash flows from a financial instrument varies because of changes in the market interest rates. The interest risk is managed at Group level within the framework of the stipulated treasury policy adopted by the Board. Sensitivity analyses are used when considering the appropriate interest structure in a given market environment. The Group’s debt financing have both variable- and a fixed interest rates, and if needed the interest structure can be adjusted using derivatives.

Fixed interest structure

The Group’s interest expenses would increase by approximately SEK 68m (73) on an annual basis with a 1% increase in the interest rate and the same hedging conditions that existed on the reporting date.

SEKm	Nominal amount	Net exposure	Distribution %
2017	6,795	6,795	63%
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	1,750	1,750	16%
Later	2,250	2,250	21%
Total	**10,795**	**10,795**	**100%**

Currency Risks

Currency risk is the risk that the fair value or future cash flows from a financial instrument varies because of fluctuations in exchange rates. The Group has no outstanding debt in foreign currency except from trade payables.

Transaction Exposure—Operational Flows

All the Group's billing is in SEK, as are the majority of the Group's expenses. However, some purchases are denominated in other currencies, and accordingly, to reduce the earnings effect of exchange rates, the Group may hedge contracted flows in these currencies using forward contracts. Currency hedging is typically initiated when the Group enters an agreement that has a minimum exposure of SEK 10m in a foreign currency which must be met in a maximum period of 12 months. Currency hedges are reported at fair value in the balance sheet with value changes recognised in profit or loss. At the end of 2016, there were no (2) transaction-related currency forward contracts with fair value totaling SEK -m (0).

Exchange rate differences arising in operations are recognised in profit or loss and have been allocated between other operating income of SEK 5m (7) and other operating expenses of SEK -12m (-15).

Transaction Exposure by Currency

SEKm	Jan 1 – Dec 31 2016		Jan 1 – Dec 31 2015	
Currency	**Amount**	**%**	**Amount**	**%**
EUR	-74	17%	-68	14%
NOK	-12	3%	-16	3%
USD	-335	78%	-399	81%
GBP	0	0%	-	-
GBP	-3	1%	-7	1%
DKK	-2	1%	-2	1%
Total	**-427**	**100%**	**-492**	**100%**

Transaction exposure translated into SEK according to the currency distribution above representing 11% (13%) of the Group´s total supplier spending. During the period, consolidated cash flow would decrease by approximately SEK 21m (25) if the SEK had depreciated by 5% against the above currencies, assuming the same transaction exposure as during the financial year and no hedging.

Translation Exposure—Financial Items

The Group's translation exposure arises if there are financial liabilities denominated in currencies other than the presentation currency. At the end of 2016, all interest-bearing liabilities were denominated in SEK.

Credit Risk

Credit risk is the risk that the Group incurs losses due to a counterparty not fulfilling their obligations. The Group's exposure to credit risks are limited because advance billing is used for consumer, B2B and landlord services. Credit assessments are conducted for new customers, and the Group applies a fast debt recovery process, entailing termination of the customer's service if payment is not received. Due to the extensive size of the Group's customer base, there is no concentration of risk to a few major customers. Trade receivables are classified as doubtful from a collective assessment based on age and potential recovery attempts via debt collection agencies. Credit losses are small in relation to the Group's operations and cumulative credit losses for the financial year were 0.3% (0.5) of total revenue. Cash and cash equivalents are placed in credit institutions with a solid credit rating.

Capital Structure

The company defines capital as interest-bearing liabilities and equity. The company's objective is to have an effective capital structure that takes account of its operational and financial risks, helps maintain the confidence of investors, creditors and the market, and provides a stable basis for the sustainable development of the company's operations, while also ensuring shareholders receive satisfactory returns. The key ratio which the management and external stakeholders judge capital structure by is net debt in relation to Underlying EBITDA (EBITDA before disposals excluding items affecting comparability and operating currency gains/losses). At the end of the period, the Group's net debt totalled SEK 10,326m (9,030), and the net debt/Underlying EBITDA LTM was a multiple of 3.7x (3.8). The company's objective is to maintain leverage within the interval of a multiple of 3.5-4.0x Underlying EBITDA LTM. At December 31, 2016 the conditions (net debt/Underlying EBITDA LTM) had been met by a solid margin. The Board and Management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

Note 27 Leasing

Operating Lease Arrangements where the Company is the Lessee

There are assets used in operations held through operating lease arrangements. The leasing fee is included in operating expenses and amounted to SEK 309m (314) for the financial year.

The Group's future commitments mainly comprise leases for infrastructure (such as fibre) with Skanova, the Swedish Transport Administration, Ericsson and Stockholm regional ICT network provider Stokab, as well as property leases. None of these leases imply the transfer of ownership rights when the leases expire. The infrastructure leases contain a fixed cost for the number of homes connected, and a variable component for new home connections. The leases are indexed annually.

	Dec 31 2016	Dec 31 2015
SEKm	**Future minimum lease fees**	**Future minimum lease fees**
Within 1 year.	164	191
1-5 years.	267	352
More than 5 years.	2	4
Total	**434**	**546**

Finance lease arrangements in which the company is the lessee

There are assets in operations held through finance lease arrangements, which are primarily associated with customer equipment and equipment for switching centers. At 31 December 2016, the carrying amount of these was SEK 20m (47); production facilities for SEK 10m (23) and other non-current intangible assets for SEK 10m (24). For most of the lease arrangements, the assets held can be acquired after 36 months. Future payments under these lease arrangements mature as follows:

	Dec 31 2016		Dec 31 2015	
SEKm	**Minimum lease fee**	**Nominal value**	**Minimum lease fee**	**Nominal value**
Within 1 year.	17	17	28	29
1-5 years.	3	3	20	20
More than 5 years.	-	-	-	-
Total finance lease liabilities	**20**	**20**	**48**	**49**
Less interest portion		0		-1
Total finance leases	**20**	**20**	**48**	**48**

Note 28 Investment Commitments

The Group has signed agreements to acquire tangible and intangible fixed assets pursuant to the following table. These commitments are expected to be settled in the next financial year.

SEKm	Dec 31 2016	Dec 31 2015
Production facilities	23	6
Customer equipment	18	91
Non-current Intangible assets	-	5
Total	**41**	**102**

Note 29 Pledged Assets and Contingent Liabilities

SEKm	Dec 31 2016	Dec 31 2015
Pledged assets		
Other bank guarantees	0	0
Total	**0**	**0**

SEKm	Dec 31 2016	Dec 31 2015
Contingent liabilities		
Guarantee commitments, FPG/PRI	4	4
Total	**4**	**4**

Note 30 Related Parties

Related Party Relationships and related Party Transactions

The Group has related party relationships with the Company's owner and with Board members and Group management.

On December 31, 2016 the Group had non-current receivables of SEK 2,780m (942) and non-current liabilities of SEK 8,087m (7,910) and current receivables of SEK 279m (650) to Group companies.

The Group's interest income includes interest from Group companies with an amount of SEK 44m (11). The Group's interest expenses include SEK 219m (987) of interest to Group companies. All intragroup transactions are on an arm's length basis.

Note 31 Events after the reporting date

Mergers

In January 2017 it was resolved to merge the wholly owned subsidiaries, NorCell Sweden Holding 2 AB (publ) and Com Hem Communications AB into the wholly owned subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

Note 32 Details of the Parent company

NorCell Sweden Holding 3 AB (publ) is a Swedish registered limited Company with its registered office in Stockholm, Sweden. The address of the head office is Fleminggatan 18, 104 20 Stockholm, Sweden.

NorCell Sweden Holding 3 AB (publ) is a wholly owned subsidiary of NorCell Sweden Holding 2 AB (publ) (Corp. ID no. 556859-4187) which in turn is a wholly owned subsidiary of Com Hem Holding AB (Corp. ID no. 556858-6613) with its registered office in Stockholm, Sweden. Com Hem Holding AB is listed on Nasdaq Stockholm, Large Cap and prepares the annual accounts for the total Swedish Group. The Consolidated Accounts are available at NorCell Sweden Holding 2 ABs (publ) head office at Fleminggatan 18,104 20 Stockholm, Sweden.

Note 33 Earnings per Share

SEK	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Basic earnings per share	320	-669
Diluted earnings per share	320	-669

The above computation of earnings per share is based on the net result and the number of shares as stated below.

Basic and diluted Earnings per Share
Basic and diluted earnings per share are measured based on the net profit or loss for the year attributable to equity holders of the Parent company and the weighted average number of outstanding shares.

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Net result for the year attributable to owners of the Parent Company	192	-402
Average number of shares outstanding - before dilution	600,000	600,000
Average number of shares outstanding - after dilution	600,000	600,000

Note 34 Disclosures for the statement of cash flows

Adjustment for items not included in cash flow

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Depreciation/amortisation and impairment of assets	1,667	1,545
Unrealised exchange rate differences	1	-102
Unrealised change in fair value of derivatives	0	39
Change in accrued borrowing costs and discounts	60	42
Change in accrued interest expense	17	-21
Capital gain/loss on sale/disposal of non-current assets	3	9
Capital gain/loss on divestment of subsidiaries	-	0
Pension provisions	12	14
Other provisions	-9	1
Interest not settled with cash, Group companies	133	788
Other profit/loss items not settled with cash	4	1
Total	**1,888**	**2,317**

Received and paid interest

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Interest received	3	3
Interest paid	-344	-488
Interest paid to Group companies	-42	-

Net cash flow change in interest-bearing liabilities

SEKm	Dec 31 2015	Net cash flow	Non-cash items: Change in accrual borrowing costs	Non-cash items: Accrued interest	Non-cash items: Effect of changes in exchange rates	Non-cash items: Acquisition of assets through leasing	Dec 31 2016
Long-term interest-bearing liabilities	9,130	987	60	-	-	-	10,177
Long-term interest-bearing liabilities to Group companies	7,910	-	-	177	-	-	8,087
Current interest-bearing liabilities	500	-	-	-	-	-	500
Leasing liabilities	48	-28	-	-	-	-	20
Total interest-bearing liabilities	**17,589**	**959**	**60**	**177**	**-**	**-**	**18,784**

SEKm	Dec 31 2014	Net cash flow	Non-cash items: Change in accrual borrowing costs	Non-cash items: Accrued interest	Non-cash items: Effect of changes in exchange rates	Non-cash items: Acquisition of assets through leasing	Dec 31 2015
Long-term interest-bearing liabilities	7,609	1,479	42	-	-	-	9,130
Long-term interest-bearing liabilities to Group companies	9,036	-1,861	-	799	-64	-	7,910
Current interest-bearing liabilities	-	500	-	-	-	-	500
Leasing liabilities	67	-34	-	-	-	15	48
Total interest-bearing liabilities	**16,712**	**84**	**42**	**799**	**-64**	**15**	**17,588**

Parent Company Income Statement

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Total revenue	A2	6	9
Administrative expenses		-6	-9
Other operating income		0	0
Other operating expenses		0	-1
Operating profit/loss		**0**	**-1**
Income from financial items			
Result from participations in Group companies		372	-
Interest income and similar items		226	697
Interest expenses and similar items		-644	-1,303
Net financial income and expenses	A6, A13, A15	**-46**	**-607**
Result after financial items		**-46**	**-607**
Income taxes	A7	10	134
Net result for the year		**-36**	**-474**

Parent Company Statement of Comprehensive Income

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Net result for the year	**-36**	**-474**
Other comprehensive income		
Items reclassified or that can be reclassified to profit or loss	-	-
Items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year, net of tax	**-**	**-**
Comprehensive income for the year	**-36**	**-474**

Parent Company Balance Sheet

SEKm	Note	Dec 31 2016	Dec 31 2015
ASSETS			
Non-current assets			
Participations in Group companies	A16	10,371	10,371
Receivables from Group companies	A8,A12, A15	10,084	8,025
Other long-term securities		3	3
Deferred tax assets	A7	231	283
Total non-current assets		**20,689**	**18,681**
Current assets			
Receivables from Group companies	A12, A15	651	610
Prepaid expenses		1	0
Other receivables		1	0
Cash and bank balances	A10,A12,A13	-	31
Total current assets		**653**	**641**
TOTAL ASSETS		**21,342**	**19,323**
EQUITY AND LIABILITIES			
Equity	A9		
Restricted equity			
Share capital		1	1
Unrestricted equity			
Share premium reserve		1,341	1,341
Retained earnings		598	854
Net result for the year		-36	-474
Total equity		**1,904**	**1,722**
Provisions			
Other provisions		3	3
Total provisions		**3**	**3**
Non-current liabilities	A10, A12, A15		
Non-current interest-bearing liabilities		10,177	9,136
Non-current liabilities to Group companies		8,087	7,910
Total non-current liabilities		**18,264**	**17,046**
Current liabilities			
Current liabilities	A10	500	500
Current liabilities to Group companies		598	-
Accounts payable		9	3
Other current liabilities		0	1
Accrued expenses	A11,A12	64	47
Total current liabilities		**1,171**	**551**
TOTAL EQUITY AND LIABILITIES		**21,342**	**19,323**

Parent Company Statement of Changes in Equity

SEKm	Restricted equity	Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, Jan 1 2016	**1**	**1,341**	**380**	**1,722**
Comprehensive income for the year				
Net result for the year	-	-	-36	-36
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-36**	**-36**
Group contribution	-	-	279	279
Tax on group contribution	-	-	-61	-61
Closing equity, Dec 31 2016	**1**	**1,341**	**562**	**1,904**

SEKm	Restricted equity	Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, Jan 1 2015	**1**	**1,341**	**737**	**2,079**
Comprehensive income for the year				
Net result for the year	-	-	-474	-474
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-474**	**-474**
Dividend	-	-	-357	-357
Group contribution	-	-	607	607
Tax on group contribution	-	-	-134	-134
Closing equity, Dec 31 2015	**1**	**1,341**	**380**	**1,722**

Parent Company cash flow statement

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Operating activities			
Result after financial items		-46	-607
Adjustment for items not included in cash flow	A19	-342	140
Cash flow from operating activities before changes in working capital	A19	**-388**	**-467**
Changes in working capital			
Increase (-)/decrease (+) in current receivables		0	-3
Increase (+)/decrease (-) in current liabilities		3	-1
Cash flow from operating activities		**-385**	**-471**
Investing activities			
Amortisation of borrowings to Group companies		-	-1 828
Loans to Group companies, net		-627	-1 030
Repayment of loans from Group companies		-6	1 279
Cash flow from investing activities		**-633**	**-1 578**
Financing activities			
Borrowings		6 600	2 450
Payment of borrowing costs, including discounts		-63	-21
Dividend		-	-357
Amortisation of borrowings		-5 550	-
Cash flow from financing activities		**987**	**2 072**
Net change in cash and cash equivalents		**-31**	**22**
Cash and cash equivalents at beginning of year		**31**	**8**
Cash and cash equivalents at year-end		**-**	**31**

Note A1 The Parent company's accounting policies

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation Accounting for Legal Entities, RFR 2. It has also applied the statements on listed companies, published by the Swedish Financial Reporting Board. RFR 2 entails that the Parent Company, in the annual accounts of the legal entity, should apply all IFRS adopted by the EU, as far as possible within the framework of the Swedish Annual Accounts Act, and with regard to the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to IFRS.

Differences between the accounting policies of the Group and the Parent Company
The differences between the accounting policies of the Group and the Parent Company are described below. The accounting policies shown below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Classifications and presentation
The Parent Company income statement and balance sheet are presented in accordance with the Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of cash flows. The difference compared with IAS 1 Presentation of Financial Statements, which is applied for the presentation of the Group's financial statements, mainly applies to the recognition of financial income and expenses, non-current assets and equity, and the existence of provisions as a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company using the cost method. This means that transaction expenses are included in the carrying amount. In the consolidated accounts, transaction expenses attributable to subsidiaries are recognised directly in profit or loss when they arise.

The measurement of contingent consideration is based on the likelihood that the purchase price will be paid. Any changes to the provision/receivable are added to/deducted from the cost. In the consolidated accounts, contingent consideration is measured at fair value with changes in value through profit or loss.

Group contributions and shareholder contributions for legal entities
The company applies the main principle of RFR 2 and recognises Group contributions received from subsidiaries as financial income according to the same principles as for dividends received. Group contributions received from the Parent Company are recognised directly in equity in the subsidiary. Group contributions paid to subsidiaries are equated with shareholder contributions paid and are recognised as an increase in participations in subsidiaries, to the extent that impairment is not required.

Note A2 Categories of revenue

SEKm	**Jan 1 - Dec 31 2016**	**Jan 1 - Dec 31 2015**
Intragroup service assignments	6	9
Total	**6**	**9**

Note A3 Employees and personnel expenses

Salaries, other remuneration and social security expenses

	Jan 1 - Dec 31 2016		Jan 1 - Dec 31 2015	
SEKm	**Salaries and remuneration**	**Social security expenses**	**Salaries and remuneration**	**Social security expenses**
CEO	-	-	-	-
Pension expenses	-	-	-	-
Other Employees	5	1	5	1
Pension expenses	-	0	-	1
Total	**5**	**1**	**5**	**2**

The average number of employees in the Company was 1 (1) of which men 1 (1). The CEO was employed by the Parent company Com Hem Holding AB during 2015 and 2016. No remuneration to the board has been paid by the Company. The company has no outstanding pension obligations to the Board of Directors or to the current Chief Executive Officer.

Note A4 Fees and reimbursements to auditors

SEKm	**Jan 1 - Dec 31 2016**	**Jan 1 - Dec 31 2015**
Audit assignments	1	-
Other assignments	-	-
Total	**1**	**-**

The audit assignments were paid by other companies in the Group during 2015.

Note A5 Operating expenses by type

SEKm	**Jan 1 - Dec 31 2016**	**Jan 1 - Dec 31 2015**
Personnel expenses	-6	-8
Other operating expenses	0	-2
Total	**-6**	**-10**

Note A6 Net financial income and expenses

SEKm	**Jan 1 - Dec 31**	**Jan 1 - Dec 31**
Result from participations in Group companies	**2016**	**2015**
Group contribution	372	-
Total	**372**	**-**

SEKm	**Jan 1 - Dec 31**	**Jan 1 - Dec 31**
Interest income and similar items	**2016**	**2015**
Interest income		
- loan receivables from Group companies	226	659
Foreign exchange gains, net	-	37
Total financial income	**226**	**697**

SEKm	**Jan 1 - Dec 31**	**Jan 1 - Dec 31**
Interest expenses and similar items	**2016**	**2015**
Interest expenses		
*- financial liabilities measured at amortised cost **	-421	-270
- interest coupon on derivatives including redemption charges.	-	-40
- financial liabilities to Group companies measured at amortised cost	-219	-987
Other financial expenses	-4	-7
Total	**-644**	**-1,303**
Total net financial income and expenses	**-46**	**-607**

* The “Financial liabilities measured at amortised cost” item above Includes non-recurring costs pertaining to allocated borrowing cost of SEK 29m (-) related to repayment of bank loans and bonds with an original amortisation period until 2019, and redemption premiums on bonds totaling SEK 66m (-).

Note A7 Income taxes

	Jan 1 - Dec 31	**Jan 1 - Dec 31**
SEKm	**2016**	**2015**
Current tax		
Income taxes for the period	61	134
	61	**134**
Deferred tax		
Deferred tax on capitalised loss carryforwards	-51	0
Deferred tax relating to temporary differences	0	0
Total deferred tax	**-51**	**0**
Total recognised tax in the Parent Company	**10**	**134**

Reconciliation of Effective Tax

SEKm	Jan 1 - Dec 31 %	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 %	Jan 1 - Dec 31 2015
Result before tax		-46		-607
Tax according to the current tax rate for the Parent Company	22.0%	10	22.0%	133
Non-taxable income		0		-
Non-deductible expenses		0		-
Deferred tax relating to previous years		0		0
Recognised effective tax	**22.0%**	**10**	**22.0%**	**134**

Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Tax Liabilities
Deferred tax assets (+) tax liabilities (-) relate to the following:

SEKm	Dec 31 2016 Deferred tax assets	Dec 31 2016 Deferred tax liabilities	Dec 31 2016 Net	Dec 31 2015 Deferred tax assets	Dec 31 2015 Deferred tax liabilities	Dec 31 2015 Net
Provisions	1	-	1	1	-	1
Loss carryforwards	230	-	230	282	-	282
Deferred tax assets/liabilities, net	**231**	**-**	**231**	**283**	**-**	**283**

Change in Deferred Tax in Temporary Differences and Loss Carryforwards

SEKm	Jan 1 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other	Dec 31 2016
Provisions	1	0	-	-	1
Loss carryforwards	282	-51	-	-	230
Total	**283**	**-51**	**-**	**-**	**231**

SEKm	Jan 1 2015	Recognised in profit or loss	Recognised in other comprehensive income	Other	Dec 31 2015
Provisions	1	0	-	-	1
Loss carryforwards	282	0	-	-	282
Total	**283**	**0**	**-**	**-**	**283**

Note A8 Non-current financial assets and other receivables

SEKm	Dec 31 2016	Dec 31 2015
Non-current receivables that are non-current assets		
Receivables from Group companies	10,084	8,025
Total	**10,084**	**8,025**

SEKm	Dec 31 2016	Dec 31 2015
At beginning of the year	8,025	6,787
Net future and settled receivables	2,059	1,237
Total	**10,084**	**8,025**

Note A9 Equity

Restricted Equity

Share capital

At December 31, 2016, the registered share capital was 600,000 shares. The quota value per share was SEK 1. According to the Articles of Association, share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

Unrestricted Equity

Share premium reserve

When shares are issued at a premium, i.e. when more than the quota value is to be paid for the shares, an amount corresponding to the amount received above the quota value of the shares must be transferred to the share premium reserve.

Retained earnings

Retained earnings, net result for the year and the share premium reserve, comprise total unrestricted equity, i.e. the amount that is available for dividend payments to shareholders

Dividends

The Board proposes that no dividends are to be paid for the financial year.

Proposed appropriation of profits

The profit at the disposal of the annual general meeting is as follows (SEK thousand):

Retained earnings	597,568
Share premium reserve	1,340,937
Net result for the year	-36,118
Total	**1,902,386**

The Board of Directors proposes that the available profit and unrestricted reserves be distributed in the following manner, (SEK thousand):

Brought forward to new account	1,902,386
of which share premium reserve	*1,340,937*
Total	**1,902,386**

Note A10 Interest-bearing liabilities

The company´s liabilities to Group companies carry an interest rate of STIBOR plus 3.00%.

SEKm	Dec 31 2016	Dec 31 2015
Non-current liabilities		
Bond loans	3,948	2,463
Non-current liabilities to credit institutions	6,229	6,673
Non-current liabilities to Group companies	8,087	7,910
Total	**18,264**	**17,046**

SEKm	Dec 31 2016	Dec 31 2015
Current liabilities		
Current liabilities to credit institutions	500	500
Total	**500**	**500**

Note A11 Accrued expenses and prepaid income

SEKm	Dec 31 2016	Dec 31 2015
Accrued personnel expenses	1	4
Accrued interest expenses	62	42
Other accrued expenses	1	1
Total	**64**	**47**

Note A12 Financial assets and liabilities by category

SEKm

Dec 31 2016	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
Non-current receivables Group companies	-	10,084	-	-	**10,084**	10,084
Current receivables Group companies	-	651	-	-	**651**	651
Other current receivables	-	0	-	-	**0**	0
Non-current interest- bearing liabilities bond loans	-	-	-	-3,948	**-3,948**	-4,039
Non-current interest- bearing liabilities credit institutions	-	-	-	-6,229	**-6,229**	-6,229
Non-current interest- bearing liabilities Group companies	-	-	-	-8,087	**-8,087**	-8,087
Current interest- bearing liabilities	-	-	-	-500	**-500**	-500
Trade payables	-	-	-	-9	**-9**	-9
Current liabilities Group companies	-	-	-	-598	**-598**	-598
Other current liabilities	-	-	-	0	**0**	0
Accrued expenses	-	-	-	-64	**-64**	-64
Total financial assets and liabilities by category	**-**	**10,735**	**-**	**-19,435**	**-8,700**	**-8,791**

Dec 31 2015	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
Non-current receivables						
Group companies	-	8,025	-	-	**8,025**	8,025
Current receivables Group companies	-	610	-	-	**610**	610
Other receivables	-	0	-	-	**0**	0
Cash and cash equivalents	-	31	-	-	**31**	31
Non-current interest bearing liabilities						
bonds	-	-	-	-2,463	**-2,463**	-2,603
Non-current interest- bearing liabilities						
credit institutions	-	-	-	-6,673	**-6,673**	-6,673
Non-current interest bearing liabilities						
Group companies	-	-	-	-7,910	**-7,910**	-7,910
Current interest- bearing liabilities	-	-	-	-500	**-500**	-500
Trade payables	-	-	-	-3	**-3**	-3
Accrued expenses	-	-	-	-46	**-46**	-46
Total financial						
assets and liabilities						
by category	**-**	**8,666**	**-**	**-17,596**	**-8,930**	**-9,070**

Note A13 Financial risks and treasury policy

The Parent company was at the end of 2016 part in all external bank debt and bonds, except for leasing liabilities. For more information about financial risks and treasury policy see Note 26 in the Group's financial statements.

Expected maturities of financial liabilities at December 31 2016:

SEKm	Nominal amount	Within 0-1 year	Within 1-2 year	Within 2-3 year	Within 3-4 year	Within 4-5 year	Beyond 5 years	Matures
Liabilities to credit institutions	6,775	500	-	6,275	-	-	-	2017-2019
Bonds	4,000	-	-	-	-	1,750	2,250	2021-2022
Liabilites to Group companies	8,087	-	-	-	-	-	8,087	-
Total interest-bearing liabilities	**18,862**	**500**	**-**	**6,275**	**-**	**1,750**	**10,337**	

Expected maturities of financial liabilities at December 31 2015:

SEKm	Nominal amount	Within 0-1 year	Within 1-2 year	Within 2-3 year	Within 3-4 year	Within 4-5 year	Beyond 5 years	Matures
Liabilities to credit institutions	7,225	500	500	-	6,225	-	-	2016-2019
Bonds	2,500	-	-	-	2,500	-	-	2019
Liabilites to Group companies	7,910	-	-	-	-	-	7,910	-
Total interest-bearing liabilities	**17,635**	**500**	**500**	**-**	**8,725**	**-**	**7,910**	

Long-term liabilities to Group companies are due beyond five years of the reporting date. Current liabilities (short-term liabilities to Group companies, trade payables, other current liabilities and accrued expenses) are essentially all due within one year of the reporting date.

Note A14 Pledged assets and contingent liabilities

SEKm	Dec 31 2016	Dec 31 2015
Pledged assets		
Endowment insurance	3	3
Total	**3**	**3**

Contingent liabilities
The Group had no contingent liabilities at the end of 2016 or 2015.

Note A15 Related parties

Related Party Relationships and Related Party Transactions
The Parent Company has related party relationships with the company's major shareholders, subsidiaries and with Board members and Executive Management. The Parent Company's directly and indirectly owned subsidiaries are presented in Note A16.

The company's non-current receivables from subsidiaries amounted to SEK 10,084m (8,025) and non-current liabilities to subsidiaries were SEK 8,087m (7,910).

In addition to the above receivables and liabilities, the company had current receivables from subsidiaries of SEK 651m (610) and current liabilities of SEK 0m (0).

The company's total revenue pertained to intragroup service assignments and amounted to SEK 6m (9). Interest income and interest expense included interest from subsidiaries of SEK 226m (659) and SEK 219m (987), respectively. All intragroup transactions occurred on market terms.

No related-party transactions took place with persons in senior positions during the financial year except for the information provided in Note A3.

Note A16 Participations in Group companies

SEKm	Dec 31 2016	Dec 31 2015
Accumulated cost		
At beginning of year	10,371	9,846
Shareholders' contributions paid	-	525
At year-end	**10,371**	**10,371**

Breakdown of Parent Company's Direct and Indirect Holdings of Participations in Subsidiaries

			Dec 31 2016
Subsidiaries / Corporate ID No./ Registered office	No. of shares	Holding %	Carrying amount
Com Hem Communications AB, 556689-2104, Stockholm	7,286,446	100	10,371
Com Hem AB, 556181-8724, Stockholm	50,000	100	-
iTUX Communication AB, 556699-4843, Stockholm	100,000	100	-
Phonera Företag AB, 556434-4397, Malmö	1,000	100	-
Boxer TV-Access AB, 556548-1131, Stockholm	3,332	100	-
Total			**10,371**

Note A17 Events after the reporting date

In January 2017 it was resolved to merge the parent company, NorCell Sweden Holding 2 AB (publ) and the wholly owned subsidiary Com Hem Communications AB into the subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

Note A18 Details of the Parent company

NorCell Sweden Holding 3 AB (publ) is a Swedish limited liability company situated in Stockholm, Sweden. The address to the head office is Fleminggatan 18, 104 20 Stockholm.

NorCell Sweden Holding 3 AB (publ) is a wholly owned subsidiary to NorCell Sweden Holding 2 AB (publ) (556859-4187) which in turn is a wholly owned subsidiary to Com Hem Holding AB (org nr 556858-6613) situated in Stockholm, Sweden. Com Hem Holding AB is listed on Nasdaq Stockholm, and establish consolidated accounts for the total Swedish group. The consolidated accounts are available at the head office of NorCell Sweden Holding 3 AB (publ) at Fleminggatan 18, 104 20 Stockholm.

Note A19 Disclosures for the statement of cash flows

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Unrealised exchange rate differences	0	-11
Change in accrued interest expense	19	-14
Change in accrued borrowing costs and discounts	60	25
Other provisions	0	0
Interest not settled with cash, Group companies	-50	140
Other profit/loss items not settled with cash	-372	-
Totalt	**-342**	**140**

Interest received and paid

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Interest received	2	0
Interest paid	-329	-460
Interest paid to Group companies	-42	-

Cash flow Net change in interest-bearing liabilities

			Non-cash items			
SEKm	Dec 31 2015	Net cash flow	Change in accrual borrowing costs	Accrued interest	Effect of changes in exchange rates	Dec 31 2016
Long-term interest-bearing liabilities	9,136	981	60	-	-	10,177
Long-term interest-bearing liabilities to Group companies	7,910	-	-	177	-	8,087
Current interest-bearing liabilities	500	-	-	-	-	500
Total interest-bearing liabilities	**17,547**	**981**	**60**	**177**	**-**	**18,763**

			Non-cash items				
SEKm	Dec 31 2014	Net cash flow	Assumed bankdebt from Group companies	Change in accrual borrowing costs	Accrued interest	Effect of changes in exchange rates	Dec 31 2015
Long-term interest-bearing liabilities	6,658	1,929	525	25	-	-	9,136
Long-term interest-bearing liabilities to Group companies	8,949	-1,828	-	-	799	-10	7,910
Current interest-bearing liabilities	-	500	-	-	-	-	500
Total interest-bearing liabilities	**15,607**	**601**	**525**	**25**	**799**	**-10**	**17,547**

NorCell Sweden Holding 3 AB (publ)
Corp. ID no: 556859-4195

The Board and CEO declare that the annual accounts were prepared in accordance with generally accepted accounting principles in Sweden and the Group's consolidated accounts were prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's regulation (EG) No. 1606/2002 of 19 July 2002 concerning the application of international accounting standards. The annual accounts and the Group's consolidated accounts provide a true and fair picture of the performance and financial position of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Group and the Parent Company and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed.

Stockholm April 7, 2017

…………………………………..	…………………………………..
Nicholas Stathopoulos	Joachim Ogland
Chairman	Board member
…………………………………..	…………………………………..
Mikael Larsson	Andrew Barron
Board member	Board member

…………………………………..
Anders Nilsson
Board member and Chief Executive Officer

Our audit report was submitted on April 10, 2017

KPMG AB

…………………………………..
Tomas Gerhardsson
Authorized Public Accountant

Definitions of financial key metrics and alternative performance measures (APM)

IFRS-measure

Earnings per share

Net result for the period attributable to owners of the Parent Company divided by the average number of shares outstanding.

Alternative performance measures

An alternative performance measure is understood as a financial measure other than a financial measure defined or specified in the applicable financial reporting framework. The alternative performance measures presented are a complement to financial measures defined in IFRS and are used by management to evaluate ongoing operations and control activities. Alternative performance measures presented in these interim financial statements should not be considered as a substitute for measures of performance in accordance with IFRS and may not be comparable to similarly titled measures by other companies. For more information regarding the purpose with presented APMs please visit http://www.comhemgroup.se/en/investors/definitions/.

Capital expenditure (Capex)

Capital expenditure in intangible assets and property, plant and equipment, including capital expenditure financed by leasing.

EBITDA

EBIT excluding depreciation and amortisation.

EBITDA-margin

EBITDA as a percentage of revenue.

Equity/assets ratio

Equity as a percentage of total assets.

Equity free cash flow

Underlying EBITDA less Capex, interest on bank debt and notes, taxes and change in net working capital.

Equity per share

Equity divided by the total number of outstanding shares.

Items affecting comparability

Items of temporary nature such as staff costs related to restructuring and transaction costs related to acquisitions.

Net debt

Interest-bearing liabilities, excluding borrowing costs, less cash and cash equivalents.

Net debt/Underlying EBITDA

Net debt at the end of the period indicated divided by Underlying EBITDA LTM.

Operating free cash flow (OFCF)

Underlying EBITDA less capital expenditure.

Operating profit (EBIT)

Revenue less operating expenses.

Underlying EBITDA

EBITDA before disposals excluding items affecting comparability and operating currency gains/losses.

Underlying EBITDA margin

Underlying EBITDA as a percentage of revenue.

Translation from the Swedish original

Auditor's Report

To the general meeting of the shareholders of NorCell Sweden Holding 3 AB (publ), corp. id 556859-4195

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of NorCell Sweden Holding 3 AB (publ) for the year 2016, except for the corporate governance statement on pages 7-9. The annual accounts and consolidated accounts of the company are included on pages 2-70 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 7-9. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and other intangible assets in the form of customer relationships

See note 12 and accounting principles on pages 15 and 21 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill in the consolidated accounts at December 31, 2016 amounted to SEK 11,321 million, relating to two different cash generating units, and the carrying value of other intangible assets in the form of customer relationships was SEK 3,919 million.

The impairment tests of these assets comprise both complexity and are dependent on judgments of future internal as well as external conditions and plans. Examples of such judgments include forecasts of future cash flows, which in turn require assumptions to be made about future development and market conditions.

Another important assumption is which discount rate to be used in order to reflect the time value of money as well as the specific risks the operations face.

Response in the audit

We have assessed whether the impairment tests related to goodwill have been prepared in accordance with the prescribed method as well as assessed the reasonableness in the group's test of the carrying value of customer relationships.

Moreover, we have considered the reasonableness of the predicted future cash flows (such as revenue growth, development of the operating margin and investments) as well as the discount rates used through evaluation of the group's written documentation and forecasts. Our work has also included to assess the accuracy of previous years' cash flow forecasts in relation to actual outcome.

An important part of our work has also been to examine the group's own sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have involved our internal valuation specialists in the audit team, in particular in relation to the assumptions made regarding external markets and competitors as well as the group's assessment of future cash flows.

Furthermore, we have considered the completeness of the disclosures made relating to the impairment tests in the annual accounts and the consolidated accounts.

Acquisition of Boxer TV-Access AB

See note 4 and accounting principles on page 17 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As at September 30, 2016, the shares in Boxer TV-Access AB were acquired for a purchase price of SEK 1,633 million.

Following a business combination, the acquired operations should be accounted for in the consolidated accounts which require acquired assets and liabilities to be identified and measured at its fair value at the acquisition date.

The purchase price allocation requires judgments to be made regarding which assets to account for in the consolidated accounts – in particular intangible assets may be difficult to assess – including the assigned fair values in the consolidated accounts. These judgments will affect the group's future profits, partly depending on whether the identified assets are to be amortized or not in the consolidated accounts.

Response in the audit

We have analyzed the purchase price allocation in order to assess whether it has been prepared in accordance with commonly prescribed methods. We have involved internal valuation specialists with experience from valuations in connection to business combinations. Furthermore, we have focused on whether the techniques used to measure the acquired assets and liabilities to fair value are in accordance with the prescribed framework and established valuation techniques.

Other important areas of our work have been to assess that all assets, in particular intangible assets, and liabilities have been identified. This assessment includes among other things inspection of agreements, and reports prepared by the external consultants who assisted the group throughout the acquisition process.

We have also assessed the disclosures relating to the business combination included in the annual accounts and the consolidated accounts.

Deferred tax assets related to tax losses carried-forward

See note 11 and accounting principles on page 24 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

At December 31, 2016, the group accounted for a deferred tax asset of SEK 285 million related to tax losses carried-forward. The measurement of such assets is based on estimates regarding the size and timing of future taxable profits.

The forecasts of future profits require assessment of future market conditions as well as interpretation of tax regulations. The carrying value of deferred tax assets may differ significantly if other assumptions are used in the forecast of future profits and the possibility to offset taxable profits to the tax losses carried-forward.

Response in the audit

We have tested and assessed the applied principles and the integrity of the group's model for forecasting future profits.

We have also evaluated the reasonableness of the group's assessment of future profits and compared key assumptions used in the calculation to business plans as well as considered the group's historic ability to prepare accurate forecasts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on page 71. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can 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 these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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.
- Obtain an understanding of the company's internal control relevant to our 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability 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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of NorCell Sweden Holding 3 AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.
The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 7-9 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts are in accordance with the Annual Accounts Act.

Stockholm, April 10, 2017

KPMG AB

Tomas Gerhardsson

Authorized Public Accountant