Interim Report

as of June 30, 2012

NorCell Sweden Holding 2 AB (publ) Group

FOR IMMEDIATE RELEASE
Date: August 28, 2012
Time: 11:00 CET

IMPORTANT INFORMATION

For investors and prospective investors in NorCell Sweden Holding 2 AB (publ) Group's Senior Notes and Senior Secured Notes, please refer to this interim report as of June 30, 2012 (the "Interim Report") presenting the Group's condensed consolidated financial statements for the period April 1, 2012 to June 30, 2012 and January 1, 2012 to June 30, 2012.

In this Interim Report, the terms "we", "our", "us", the "Company", the "Group" and "Com Hem" for the period following the consummation of the Acquisition (as described in the Annual Report 2011*)*, refer to either NorCell Sweden Holding 2 AB (publ), or NorCell Sweden Holding 2 AB (publ) and its subsidiaries, as the context requires, and for the period prior to the consummation of the Acquisition, refer to either Nordic Cable Acquisition Company Sub-Holding AB, or Nordic Cable Acquisition Company Sub-Holding AB and its subsidiaries, as the context requires.

Certain numerical information and other amounts and percentages presented in this Interim Report may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number.

As used herein, the symbol "n/m" means "not meaningful", and "n/a" means "not applicable".

For definitions and glossary, please refer to the Group's Annual Report 2011.

This Interim Report has not been audited or reviewed by the Company's auditors.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Interim Report contains various forward-looking statements that reflect Management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Interim Report, including, without limitation, in the sections entitled "*Highlights for the Second Quarter*" and "*Results of Operations and Financial Condition*", and include, among other things, statements relating to:

- The Group's strategy, outlook and growth prospects;
- the Group's operational and financial targets;
- the Group's liquidity, capital resources and capital expenditures;
- the Group's planned investments;
- the expectations as to future growth in demand for the Group's products and services;
- general economic trends and trends in the cable television and telecommunications industries;
- the impact of regulations on the Group and the Group's operations;
- the competitive environment in which the Group operates; and
- the outcome of legal proceedings.

Although Com Hem believes that the expectations reflected in these forward-looking statements are reasonable, Com Hem can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of, among others:

- Digital television, broadband and fixed-telephony penetration and other market developments;
- competition from local or international cable, telecommunications, media, production or alternative technology companies, including local area networks, satellite, Internet-protocol television, hybrid television and wireless broadband companies;
- changes in international, national and local economic, political, business, industry and tax conditions;
- changes in underlying consumer behavior, including changes in consumer television viewing and preferences;
- changes in technology;
- changes in content prices;
- consolidation in the cable or telecommunications industry;
- the Group's ability to generate the funds needed to service the Group's debt;
- factors affecting the Group's leverage and the Group's ability to service debt;
- the effects of operating and financial restrictions in the Group's debt instruments;
- the ability to successfully develop and expand the range of products and services offered;
- the ability to retain or replace key personnel; and
- changes in the Group's business strategy, development and investment plans.

These forward-looking statements speak only as of the date of this Interim Report. Com Hem expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, investors and prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

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HIGHLIGHTS FOR THE SECOND QUARTER

The following chapter presents key financial and operating highlights that have occurred during the three months ended June 30, 2012 and June 30, 2011 unless otherwise stated. You should read this table in conjunction with "Results of Operations and Financial Condition", "Presentation of Financial and Other Information" and "Condensed Consolidated Financial Statements", which are included elsewhere in this Interim Report.

Key Financial Highlights

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual	**Pro Forma**	**Actual**	**Pro Forma**	**Pro Forma**
	2012	**2011**	**2012**	**2011**	**2011**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Revenue	1,148	1,129	2,284	2,242	4,520
Adjusted EBITDA	549	542	1,090	1,055	2,138
Capital Expenditures	191	152	389	264	734
Operating Free Cash Flow	324	442	503	810	1,419

Revenue growth

Com Hem increased revenue by SEK 18 million, or 1.6%, from SEK 1,129 million in the three months ended June 30, 2011 to SEK 1,148 million in the three months ended June 30, 2012. The increase in revenue was mainly driven by pay television price increases and broadband subscribers shifting to higher broadband speeds.

Increased Adjusted EBITDA due to continuous strict cost control

Production costs for the three months ended June 30, 2012, were in line with the same period previous year, which primarily is a result of continuous strict cost control. Operating costs increased by SEK 10 million for the three months ended June 30, 2012 compared to the corresponding period in 2011. As a result, Adjusted EBITDA increased by SEK 8 million, or 1.4%, from SEK 542 million in the second quarter 2011 to SEK 549 million in the second quarter 2012.

Increased investments in the business

Capital expenditures increased from SEK 152 million in the three months ended June 30, 2011 to SEK 191 million in the three months ended June 30, 2012. The increase was mainly due to investments in a new TV platform and higher volumes of installed and upgraded households, including open networks (iTUX). This was partly offset by lower volumes of purchased customer-premises equipment in the second quarter 2012 compared to the corresponding quarter in 2011.

Operating Free Cash Flow

Operating free cash flow decreased from SEK 442 million in the three months ended June 30, 2011 to SEK 324 million in the three months ended June 30, 2012. The decrease in the second quarter 2012 compared to the corresponding quarter in 2011, was due to no funding of capital expenditures from the leasing facility during the second quarter of 2012, compared to SEK 47 million in the second quarter of 2011. Also, capital expenditures were higher in the second quarter 2012, and the change in net working capital was less favorable as a result of extraordinary high accounts payable as of June 30, 2011, which were related to the sales process of the NCAC Group.

Key Operational Highlights

	As of June 30,		As of December 31,
	Actual 2012	Pro Forma 2011	Pro Forma 2011
	(in thousands, except percentages and as otherwise indicated)		
Group Total			
Homes connected	1,749	1,775	1,739
Unique subscribers	835	836	861
- of which triple-play subscribers	*276*	*281*	*292*
Unique subscribers as a percentage of homes connected	47.7	47.1	49.5
Total RGUs	1,526	1,535	1,585
RGUs per unique subscriber (in units)	1.83	1.84	1.84
Blended ARPU(1) (SEK)	361	358	354

(1) Blended ARPU is calculated by dividing revenue for the relevant period by the average number of total unique subscribers for that period.

Operational Development

During the second quarter of 2012, there has been a solid demand for Com Hem's three core services, pay television, high-speed broadband and fixed-telephony. As of June 30, 2012 Com Hem had 1,749,000 homes connected, a decrease from 1,775,000 as of June 30, 2011, but an increase from 1,744,000 as of March 31, 2012. The number of unique subscribers amounted to 835,000 as of June 30, 2012, compared to 836,000 as of June 30, 2011, and to 852,000 as of March 31, 2012. The total number of RGUs was 1,526,000 as of June 30, 2012, compared to 1,535,000 as of June 30, 2011, and to 1,563,000 as of March 31, 2012.

Unique subscribers as a percentage of homes connected was 47.7% as of June 30, 2012 compared to 47.1% as of June 30, 2011, and 48.8% as of March 31, 2012. The number of RGUs per unique subscriber was 1.83 as of June 30, 2012, compared to 1.84 as of June 30, 2011, and 1.84 as of March 31, 2012.

Blended ARPU per unique subscriber increased by SEK 3, or 0.8%, from SEK 358 in the three months ended June 30, 2011 to SEK 361 in the three months ended June 30, 2012. The blended ARPU per unique subscriber increased by SEK 9, or 2.6%, from SEK 352 in the three months ended March 31, 2012 to SEK 361 in the three months ended June 30, 2012. The increase in blended ARPU in the second quarter 2012 was due to positive effects from the pay television price increases implemented during the first six months 2012 and from the shift to higher broadband speeds. However, the positive revenue effect from pay television and broadband services was partly offset by lower revenue from the fixed-telephony service.

Significant Events in the Second Quarter

In June 2012, Com Hem signed an exclusive agreement with TiVo in order to embrace the shifting consumer viewing preferences and be fully device agnostic. Com Hem will, together with TiVo, develop the next generation TV offering, which is expected to be launched during the second quarter of 2013. The offering will deliver simultaneous access over different platforms, and include traditional television content, on demand (VOD) libraries, over the top (OTT) content and apps through a fully integrated one-stop-shop viewing experience.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion and analysis of the results of operations and financial condition of the Group, based on the unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months, and as of and for the six months ended June 30, 2012, and the unaudited pro forma condensed consolidated financial statements of the NCAC Group as of and for the three months and, as of and for the six months ended June 30, 2011.

You should read this discussion in conjunction with the condensed consolidated financial statements included elsewhere in this Interim Report.

Selected Financial Data

As a consequence of the Acquisition in September 2011, and the following refinancing, it is not meaningful to present the selected condensed consolidated income statement below operating income, since the data is not comparable between the periods.

Condensed Consolidated Actual and Pro Forma Income Statement

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual 2012	**Pro Forma 2011**	**Actual 2012**	**Pro Forma 2011**	**Pro Forma 2011**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Revenue	1,148	1,129	2,284	2,242	4,520
Cost of sales and services	(569)	(577)	(1,150)	(1,170)	(2,310)
Gross profit	**579**	**552**	**1,133**	**1,072**	**2,211**
Selling expenses[1]	(332)	(327)	(663)	(650)	(1,328)
Administrative expenses	(66)	(70)	(121)	(145)	(318)
Other operating income and expense	(9)	0	(10)	2	(259)
Operating income	**172**	**156**	**340**	**279**	**306**

(1) In the pro forma calculations, actual amortization of the former customer relations value has been deducted from selling expenses, and amortization of the current customer relations value has been added to selling expenses for the respective period, as if the Acquisition was consummated as of January 1, 2011.

Revenue

Revenue increased by SEK 18 million, or 1.6%, from SEK 1,129 million in the three months ended June 30, 2011, to SEK 1,148 million in the three months ended June 30, 2012 and by SEK 42 million, or 1.9%, from SEK 2,242 million in six months ended June 30, 2011, to SEK 2,284 million in the six months ended June 30, 2012. The increase was primarily due to higher revenue from pay television and high-speed broadband services, partly offset by a decrease in revenue from fixed-telephony services.

The table below sets forth, for each of the periods indicated, revenue by service:

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual 2012	**Pro Forma 2011**	**Actual 2012**	**Pro Forma 2011**	**Pro Forma 2011**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Pay Television	437	423	862	827	1,678
High-Speed Broadband	319	304	637	606	1,231
Fixed-Telephony	129	143	262	289	564
Landlord	215	221	431	443	884
Other[1]	48	38	92	77	163
Revenue	**1,148**	**1,129**	**2,284**	**2,242**	**4,520**

(1) Other represents revenue generated primarily from billing and late payment reminder fees as well as payments in kind received from content providers for services delivered, which the Group classifies as “barter revenue”.

The table below sets forth, for each of the periods indicated, RGUs by service:

	As of June 30,		As of December 31,
	Actual 2012	Pro Forma 2011	Pro Forma 2011
	(in thousands)		(in thousands)
RGUs			
Pay Television	621	624	658
High-Speed Broadband	545	537	551
Fixed-Telephony	360	374	376
Total RGUs	**1,526**	**1,535**	**1,585**

The table below sets forth, for each of the periods indicated, ARPU by service:

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual 2012	Pro Forma 2011	Actual 2012	Pro Forma 2011	Pro Forma 2011
	(in SEK)		(in SEK)		(in SEK)
ARPU					
Pay Television	233	228	227	223	223
High-Speed Broadband	196	190	195	189	191
Fixed-Telephony	118	128	120	130	127
Landlord	41	42	41	42	42

Pay Television
Revenue from pay television services increased by SEK 14 million, or 3.2%, from SEK 423 million in the three months ended June 30, 2011 to SEK 437 million in the three months ended June 30, 2012. The increase was a result of higher ARPU. ARPU increased by SEK 5, or 2.4%, from SEK 228 in the three months ended June 30, 2011 to SEK 233 in the three months ended June 30, 2012.

Revenue from pay television services increased by SEK 35 million, or 4.3%, from SEK 827 million in the six months ended June 30, 2011 to SEK 862 million in the six months ended June 30, 2012. The increase was a result of higher ARPU. ARPU increased by SEK 4, or 1.9%, from SEK 223 in the six months ended June 30, 2011 to SEK 227 in the six months ended June 30, 2012.

The increased ARPU in both the second quarter and the first six months 2012 was an effect of price increases implemented during the first six months in 2012. The ARPU effect was partly offset by a decrease in RGUs of approximately 3,000, or 0.5%, from approximately 624,000 as of June 30, 2011 to approximately 621,000 as of June 30, 2012. However, the revenue impact from the price increases more than offset the revenue impact from the lower pay television customer base as of June 30, 2012.

High-Speed Broadband
Revenue from high-speed broadband services increased by SEK 15 million, or 5.0%, from SEK 304 million in the three months ended June 30, 2011 to SEK 319 million in the three months ended June 30, 2012. ARPU increased by SEK 6, or 3.1%, from SEK 190 in the three months ended June 30, 2011 to SEK 196 in the three months ended June 30, 2012.

Revenue from high-speed broadband services increased by SEK 31 million, or 5.1%, from SEK 606 million in the six months ended June 30, 2011 to SEK 637 million in the six months ended June 30, 2012. ARPU increased by SEK 6, or 3.2%, from SEK 189 in the six months ended June 30, 2011 to SEK 195 in the six months ended June 30, 2012.

The revenue increase in both the second quarter and the first six months 2012 was primarily due to increased ARPU, which is an effect of Com Hem’s strategy to meet customer demand for higher broadband speed services. Revenue also increased due to an increase in RGUs, mainly as a result of competitive offerings. High-speed broadband RGUs increased by approximately 8,000, or 1.4%, from approximately 537,000 as of June 30, 2011 to approximately 545,000 as of June 30, 2012.

Fixed-Telephony
Revenue from fixed-telephony services decreased by SEK 14 million, or 9.9%, from SEK 143 million in the three months ended June 30, 2011 to SEK 129 million in the three months ended June 30, 2012. Fixed-telephony RGUs decreased by approximately 14,000, or 3.6%, from approximately 374,000 as of June 30, 2011 to approximately 360,000 as of June 30, 2012. ARPU decreased by SEK 10, or 7.7%, from SEK 128 in the three months ended June 30, 2011 to SEK 118 in the three months ended June 30, 2012.

Revenue from fixed-telephony services decreased by SEK 27 million, or 9.2%, from SEK 289 million in the six months ended June 30, 2011 to SEK 262 million in the six months ended June 30, 2012. ARPU decreased by SEK 11, or 8.3%, from SEK 130 in the six months ended June 30, 2011 to SEK 120 in the six months ended June 30, 2012.

The decrease in ARPU is largely a result of lower usage of fixed-telephony services as an effect of the fixed to mobile substitution.

Landlord
Revenue from landlord services decreased by SEK 6 million, or 2.8%, from SEK 221 million in the three months ended June 30, 2011 to SEK 215 million in the three months ended June 30, 2012, and by SEK 12 million, or 2.7%, from SEK 443 million in the six months ended June, 2011 to SEK 431 million in the six months ended June 30, 2012.

The decrease in revenue in both the second quarter and the first six months 2012 was primarily due to a reduction in ARPU from landlord customers as a result of contract re-negotiations. This was partly offset by annual price index increases. The revenue was also affected by the termination of a large landlord customer contract in December 2011.

Other
Other revenue increased by SEK 10 million, or 26.9%, from SEK 38 million in the three months ended June 30, 2011 to SEK 48 million in the three months ended June 30, 2012 and by SEK 14 million, or 18.4 %, from SEK 77 million in the six months ended June 30, 2011 to SEK 92 million in the six months ended June 30, 2012. The increase in revenue is mainly explained by higher service provider revenue in iTUX, the Group’s communications operator, and increased invoicing fees.

Cost of Sales and Services
Cost of sales and services decreased by SEK 8 million, or 1.4%, from SEK 577 million in the three months ended June 30, 2011 to SEK 569 million in the three months ended June 30, 2012. As a percentage of revenue, cost of sales and services decreased from 51.1% in the three months ended June 30, 2011 to 49.6% in the three months ended June 30, 2012.

Cost of sales and services decreased by SEK 20 million, or 1.7%, from SEK 1,170 million in the six months ended June 30, 2011 to SEK 1,150 million in the six months ended June 30, 2012. As a percentage of revenue, cost of sales and services decreased from 52.2% in the six months ended June 30, 2011 to 50.4% in the six months ended June 30, 2012.

The decrease in cost of sales and services in both the second quarter and the first six months was mainly due to lower depreciation and amortization, lower pay television content costs and lower interconnect traffic costs for fixed-telephony services. This was partly offset by higher production costs in iTUX, higher costs for fibre and ducting, as well as increased costs for staff.

Selling Expenses
Selling expenses increased by SEK 5 million, or 1.6%, from SEK 327 million in the three months ended June 30, 2011 to SEK 332 million in the three months ended June 30, 2012. As a percentage of revenue, selling expenses were 28.9% in the three months ended June 30, 2011, which is the same percentage as in the three months ended June 30, 2012.

Selling expenses increased by SEK 13 million, or 2.0%, from SEK 650 million in the six months ended June 30, 2011 to SEK 663 million in the six months ended June 30, 2012. As a percentage of revenue, selling expenses were 29.0% in the six months ended June 30, 2011, which is the same percentage as in the six months ended June 30, 2012.

The increase in selling expenses in both the second quarter and the first six months was mainly due to higher depreciation and amortization as well as higher cost for staff, including personnel, consultants and outsourcing of customer service overflow volumes. The increase was partly offset by lower marketing and sales costs.

Administrative Expenses
Administrative expenses decreased by SEK 4 million, or 5.8%, from SEK 70 million in the three months ended June 30, 2011 to SEK 66 million in the three months ended June 30, 2012. As a percentage of revenue, administrative expenses decreased from 6.2% in the three months ended June 30, 2011 to 5.8% in the three months ended June 30, 2012.

Administrative expenses decreased by SEK 24 million, or 16.5%, from SEK 145 million in the six months ended June 30, 2011 to SEK 121 million in the six months ended June 30, 2012. As a percentage of revenue, administrative expenses decreased from 6.5% in the six months ended June 30, 2011 to 5.3% in the six months ended June 30, 2012.

The decrease in administrative expenses in the first six months of 2012 was mainly due to lower depreciation and amortization and lower cost for staff and other operating costs. The decrease in staff and other operating costs was primarily due to no non-recurring costs for lawyers and consultants relating to the Acquisition in 2011 in the first six months of 2012, compared to the corresponding first six months of 2011.

Other Operating Income and Expense
Net other operating items were SEK 9 million lower and decreased from a net operating income of SEK 0.5 million in the three months ended June 30, 2011 to a net operating expense of SEK 9 million in the three months ended June 30, 2012.

Net other operating items were SEK 12 million lower and decreased from a net operating income of SEK 2 million in the six months ended June 30, 2011 to a net operating expense of SEK 10 million in the six months ended June 30, 2012.

Operating Income
Operating income increased by SEK 16 million, or 10.4%, from SEK 156 million in the three months ended June 30, 2011 to SEK 172 million in the three months ended June 30, 2012, and by SEK 60 million, or 21.6%, from SEK 279 million in the six months ended June 30, 2011 to SEK 340 million in the six months ended June 30, 2012.

The increase in operating income was due to higher revenue in combination with lower cost of sales and services and administrative expenses, partly offset by increased selling expenses and other operating income and expense.

Reconciliation of Operating Income to Adjusted EBITDA

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual 2012	Pro Forma 2011	Actual 2012	Pro Forma 2011	Pro Forma 2011
	(SEK in millions)		(SEK in millions)		(SEK in millions)
Operating Income	**172**	**156**	**340**	**279**	**306**
Disposals and write-down(1)	-	(0)	-	(0)	12
Adjusted depreciation and amortization(2)	358	364	717	733	1,453
Non-recurring costs	10	10	16	22	326
Operating currency loss/gain	1	1	(0)	0	2
Reported Underlying EBITDA	**541**	**531**	**1,073**	**1,034**	**2,098**
Expensed retail subsidies	8	10	17	21	40
Adjusted EBITDA	**549**	**542**	**1,090**	**1,055**	**2,138**

(1) Disposals in 2011 are related to modems and STBs.

(2) Adjusted depreciation and amortization consist of depreciation and amortization expenses recorded in the income statement under each of cost of sales and services, selling expenses and administrative expenses. In the pro forma calculations, actual amortization of the former customer relations value has been deducted from selling expenses, and amortization of the current customer relations value has been added to selling expenses for the respective period, as if the Acquisition was consummated as of January 1, 2011.

Adjusted depreciation and amortization

Adjusted depreciation and amortization decreased by SEK 6 million, or 1.7%, from SEK 364 million in the three months ended June 30, 2011 to SEK 358 million in the three months ended June 30, 2012, and by SEK 16 million, or 2.2%, from SEK 733 million in the six months ended June 30, 2011 to SEK 717 million in the six months ended June 30, 2012. The decrease was primarily due to certain fixed assets having been fully written off at the end of their depreciation schedules in 2011.

Non-recurring costs

Non-recurring costs remained at the same level in the three months ended June 30, 2012 compared to the same period 2011. In the first six months ended June 30, 2012 compared to the corresponding period in 2011, non-recurring costs decreased by SEK 6 million, or 25.3%, from SEK 22 million in the six months ended June 30, 2011 to SEK 16 million in the six months ended June 30, 2012. The decrease in non-recurring costs was primarily due to no cost in 2012 for the Spacenet de-installation, completed during the first six months of 2011.

Adjusted EBITDA

Adjusted EBITDA increased by SEK 8 million, or 1.4%, from SEK 542 million in the three months ended June 30, 2011 to SEK 549 million in the three months ended June 30, 2012. As a percentage of revenue, Adjusted EBITDA decreased from 48.0% in the three months ended June 30, 2011 to 47.9 % in the three months ended June 30, 2012.

Adjusted EBITDA increased by SEK 35 million, or 3.3%, from SEK 1,055 million in the six months ended June 30, 2011 to SEK 1,090 million in the six months ended June 30, 2012. As a percentage of revenue, Adjusted EBITDA increased from 47.1% in the six months ended June 30, 2011 to 47.7 % in the six months ended June 30, 2012.

The increase in Adjusted EBITDA in both the second quarter and in the first six months of 2012, and in Adjusted EBITDA margin in the first six months of 2012 were primarily due to an increase in revenue from the residential subscribers as a result of the ARPU increase from both pay television and high-speed broadband, without a corresponding increase in costs.

Operating Free Cash Flow

The table below sets forth the operating free cash flow for the three months ended June 30, 2012 and 2011, and for the six months ended June 30, 2012 and 2011.

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual 2012	Pro Forma 2011	Actual 2012	Pro Forma 2011	Pro Forma 2011
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Adjusted EBITDA	**549**	**542**	**1,090**	**1,055**	**2,138**
Expensed retail subsidies	(8)	(10)	(17)	(21)	(40)
Reported Underlying EBITDA	**541**	**531**	**1,073**	**1,034**	**2,098**
One-off items(1)	(11)	(11)	(16)	(22)	(327)
Adjustments for items not included in cash flow (2)	10	0	17	1	3
Change in net working capital	(25)	27	(197)	3	257
Capital expenditures	(191)	(152)	(389)	(264)	(734)
Draw down leasing facilities	-	47	15	58	122
Operating Free Cash Flow	**324**	**442**	**503**	**810**	**1,419**

(1) Including non-recurring costs and operating currency loss/gain

(2) Including change in pension provisions, change in other provisions and other items not included in the cash flow

Operating Free Cash Flow for the Three Months Ended June 30, 2012 and 2011

Operating free cash flow decreased by SEK 118 million, or 26.7%, from SEK 442 million in the three months ended June 30, 2011 to SEK 324 million in the three months ended June 30, 2012. The decrease in the second quarter compared to the corresponding quarter in 2011, was mainly due to less favorable change in net working capital during the period and higher capital expenditures. Also, no capital expenditures were financed with funds available under the leasing facility during the second quarter of 2012, compared to SEK 47 million in the second quarter of 2011.

The Group’s net working capital increased by SEK 25 million in the three months ended June 30, 2012, affecting the operating free cash flow negatively, compared to a decrease in net working capital by SEK 27 million in the three months ended June 30, 2011. The difference in the net working capital change between the two quarters, was primarily due to extraordinary high accounts payable as of June 30, 2011, which were related to the sales process of the NCAC Group.

Capital expenditures increased by SEK 39 million, or 25.4%, from SEK 152 million in the three months ended June 30, 2011 to SEK 191 million in the three months ended June 30, 2012. The increase in capital expenditures was mainly due to the investments in a new TV platform and higher volumes of installed and upgraded households within the Com Hem network and in open networks (iTUX) during the three months ended June 30, 2012. The increase was partly offset by lower volumes of purchased customer-premises equipment in the three months ended June 30, 2012.

Operating Free Cash Flow for the Six Months Ended June 30, 2012 and 2011

Operating free cash flow decreased by SEK 307 million, or 37.9%, from SEK 810 million in the six months ended June 30, 2011 to SEK 503 million in the six months ended June 30, 2012. The decrease in the first six months 2012 compared to the corresponding period in 2011 was mainly due to increase in net working capital in the period and higher capital expenditures. Also, less capital expenditures was financed with funds available under the leasing facility during the first six months of 2012, compared to the same period in 2011.

The Group’s net working capital increased by SEK 197 million in the six months ended June 30, 2012, affecting the operating free cash flow negatively, compared to a decrease in net working capital of SEK 3 million in the six months ended June 30, 2011. As of December 31, 2011, accounts payable were extraordinary high due to invoices held in balance, which were related to the Acquisition and paid during the first quarter in 2012. Also, in March 2012, Com Hem AB changed the invoicing policy for card fees, from invoicing six months in advance to invoicing one month in advance, affecting net working capital negatively in the six months ended June 30, 2012, compared to the six months ended June 30, 2011.

Capital expenditures increased by SEK 125 million, or 47.3%, from SEK 264 million in the six months ended June 30, 2011 to SEK 389 million in the six months ended June 30, 2012. The increase in capital expenditures was mainly due to timing differences in the purchase of customer-premises equipment, investments in a new TV platform and higher volumes of installed and upgraded households within the Com Hem network and within open networks (iTUX) during the six months ended June 30, 2012.

Debt and Liquidity

The Group maintains cash and cash equivalents to fund the day-to-day requirements of the business. The principal source of liquidity on an on-going basis is the operating cash flow, as well as drawings under the Capex Facility and the Revolving Credit Facility. Com Hem's ability to generate cash from operations will depend on the future operating performance, which is to some extent dependent on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control.

The table below sets forth the debt, available liquidity and leverage as of June 30, 2012[(1)].

	As of June 30, 2012				
Tranches	**Nominal currency**	**Total outstanding debt (MSEK)**	**Undrawn amount**	**Maturity date**	**Interest rate**
Term Loan A	SEK	1,508	-	2017	STIBOR 3M + 4.25%
Term Loan B1	SEK	1,216	-	2017	STIBOR 3M + 5.00%
Term Loan B2	EUR	2,672	-	2018	EURIBOR 3M + 5.00%
Capex Expenditures Facility	SEK	-	750	2017	STIBOR 3M + 4.25%
Revolving Credit Facility[(2)]	SEK	54	446	2017	STIBOR 3M + 4.25%
Bank Debt		**5,450**	**1,196**		
Senior Secured Notes	SEK	3,492	-	2018	Fixed - 9.25%
Senior Notes	EUR	2,524	-	2019	Fixed - 10.75%
Bank & Notes Debt		**11,466**	**1,196**		
Cash and Cash Equivalents	SEK	(634)			
Cash Net Debt		**10,832**	**1,196**		
Adjusted EBITDA L2QA			2,198		
Cash Net Debt/Adjusted EBITDA			**4.9x**		

(1) Please note that the above table is not comparable with the non-current interest bearing liabilities presented in "*Condensed Consolidated Financial Statements – Condensed Consolidated Balance Sheet*". In the condensed consolidated balance sheet, the credit facilities are net of unamortized capitalization of transaction costs and original issue discount. Also, please note that the above table excludes leasing debt.

(2) The total amount drawn under the Revolving Credit Facility is used for a bank guarantee.

Cash Balance and Availability of Funds

As of June 30, 2012 the Group held SEK 634 million of cash and cash equivalents. Under the Senior Credit Facilities Agreement, the Group has access to an additional committed Capital Expenditures Facility of SEK 750 million and an additional committed SEK 446 million under the Revolving Credit Facility.

Currency and Interest Rate Risks

The Group's translation exposure arises due to debt obligations in EUR. As of June 30, 2012 the Group's debt obligations in EUR amounted to EUR 591 million (EUR 304 million in bank debt and EUR 287 million in notes) compared to EUR 593 million (EUR 306 million in bank debt and EUR 287 million in notes) as of March 31, 2012, and EUR 608 million (EUR 321 million in bank debt and EUR 287 million in notes) as of December 31, 2011. The Group has hedged 100% of the EUR denominated interest payments until 2015, and part of the EUR denominated principal.

To decrease the Group's interest rate risks, interest rate derivatives have been entered into. The derivatives are measured at fair value, and are recognized in net profit or loss for the period. As of June 30, 2012, the fair value of the interest rate derivatives amounted to SEK (160) million compared to a fair value of SEK (127) million as of March 31, 2012 and a fair value of SEK (100) million as of December 31, 2011.

Leverage Ratio

As of June 30, 2012 the Group's cash net debt to Adjusted EBITDA ratio was 4.9x, compared to 5.1x as of March 31, 2012 and 5.0x as of December 31, 2011.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Interim Report presents the following financial information:

- The unaudited condensed consolidated financial statements of the NorCell Sweden Holding 2 (publ) Group as of and for the three months ended June 30, 2012, and as of and for the six months ended June 30, 2012. These accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").
- The selected unaudited pro forma consolidated financial data of the NCAC Group as of and for the three months ended June 30, 2011, and as of and for the six months ended June 30, 2011, which has been derived from the unaudited management accounts. These accounts have been prepared in accordance with IFRS.
- The selected unaudited pro forma consolidated financial data as of and for the year ended December 31, 2011, which has been derived from the unaudited management accounts for the NCAC Group for the period January 1, 2011 to September 28, 2011, and from the audited consolidated financial statements of the NorCell Group for the period July 12, 2011 to December 31, 2011. Between July 12, 2011 and September 28, 2011, the NorCell companies were dormant holding companies. These accounts have been prepared in accordance with IFRS.

Pro Forma Calculations

The selected unaudited pro forma financial data for 2011 has been calculated using the current amortization on the current customer relations value that arose in the connection with the Acquisition, as if the Acquisition was consummated January 1, 2011, as described in the Annual Report for 2011.

Non-IFRS Financial Measures

The following financial measures included in this Interim Report are not measures of financial performance or liquidity under IFRS:

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	Actual 2012	**Pro Forma 2011**	**Actual 2012**	**Pro Forma 2011**	**Pro Forma 2011**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Reported Underlying EBITDA (1)	541	531	1 073	1 034	2 098
Reported Underlying EBITDA margin (in %) (2)	47,2	47,0	47,0	46,1	46,4
Adjusted EBITDA (3)	549	542	1 090	1 055	2 138
Adjusted EBITDA margin (in %) (4)	47,9	48,0	47,7	47,1	47,3
Operating Free Cash Flow (5)	324	442	503	810	1 419
Operating Free Cash Flow margin (in %) (6)	28,2	39,2	22,0	36,1	31,4
Adjusted depreciation and amortization (7)	358	364	717	733	1 453

(1) Reported Underlying EBITDA is defined as net profit/(loss) for the period before income taxes, net financial items, write-downs, depreciation and amortization, non-recurring costs and operating currency gain/(loss) ("**Reported Underlying EBITDA**"). Depreciation and amortization is recorded under costs of sales and services (depreciation and amortization on fixed tangible and intangible assets related to production), selling expenses (depreciation and amortization on fixed tangible and intangible assets related to the sales function) and administrative expenses (depreciation and amortization on fixed tangible and intangible assets related to administrative functions). For a reconciliation of Operating Income to Reported Underlying EBITDA, see *"Results of Operations and Financial Condition - Reconciliation of Operating Income to Adjusted EBITDA"*.

(2) Reported Underlying EBITDA margin is calculated as Reported Underlying EBITDA as a percentage of revenue.

(3) Adjusted EBITDA is defined as Reported Underlying EBITDA less expense associated with retail subsidies, which consist of subsidies paid to retailers for the sale of set-top boxes ("STBs") that can be associated with individual subscriber agreements. Due to the enhancement of Com Hem's support systems, the Group has as from January 1, 2011, reported the portion of retail subsidies paid in cash that can be associated with individual subscriber agreements as fixed intangible assets in accordance with IFRS. Prior to this date, these expenses were accounted for as prepaid expenses and expensed over a period of 36 months. Expenses for retail subsidies in the three months and the six months ended June 30, 2012 respectively relate to retail subsidies paid in prior periods.

(4) Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of revenue.

(5) Operating Free Cash Flow is calculated as Reported Underlying EBITDA less non-recurring costs, plus operating currency loss/gain plus total adjustments for items not included in cash flow, less change in net working capital, less capital expenditures in fixed tangible and intangible assets not funded by leasing, plus sales of property, plant and equipment, less acquisition of subsidiaries and related payments ("**Operating Free Cash Flow**"). For a reconciliation of Adjusted EBITDA to Operating Free Cash Flow, see "*Results of Operations and Financial Condition*".

(6) Operating Free Cash Flow margin is calculated as Operating Free Cash Flow as a percentage of revenue.

(7) Adjusted depreciation and amortization consists of actual depreciation and amortization of cost of sales and services, selling expenses and administrative expenses recorded in the income statement in each of the periods, less actual amortization of the former value on customer relations recognized in selling expenses in the respective period, plus pro forma amortization on current customer relations value that arose in connection with the Acquisition.

The non-IFRS financial measures presented herein are not recognized measures of financial performance under IFRS but measures used by Management to monitor the underlying performance of the business and operations. In particular, the non-IFRS financial measures should not be viewed as substitutes for profit/(loss) for the period, profit/(loss) after financial items, operating income, cash and cash equivalents at period end or other income statement or cash flow items computed in accordance with IFRS. The non-IFRS financial measures do not necessarily indicate whether cash flow will be sufficient or available to meet the Group's cash requirements and may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of future results.

These non-IFRS measures have been presented in this Interim Report because they are considered to be important supplemental measures of Com Hem's performance and believed to be widely used by investors and prospective investors comparing performance between companies. Since not all companies compute these or other non-IFRS financial measures in the same way, the manner in which Management has chosen to compute the non-IFRS financial measures presented herein may not be comparable to similarly defined terms used by other companies.

Selected Operational Data

Several key operating measures are used, including number of homes connected, unique subscribers, RGUs, RGUs per unique subscriber and ARPU to track the financial and operating performance of Com Hem's business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from the Group's internal operating and financial systems. As defined, these terms may not be directly comparable to similar terms used by competitors or other companies.

	As of June 30,		As of December 31,
	Actual	Pro Forma	Pro Forma
	2012	2011	2011
Group Total			
Homes connected[1]	1,749	1,775	1,739
Unique subscribers[2]	835	836	861
- of which triple-play subscribers	*276*	*281*	*292*
Unique subscribers as a percentage of homes connected	47.7	47.1	49.5
Total RGUs[3]	1,526	1,535	1,585
RGUs per unique subscriber (in units)	1.83	1.84	1.84

(1) Homes connected represent the number of residential units to which Com Hem provides an analog cable television service, primarily through long-term contracts with landlords of MDUs.
(2) Unique subscribers represent the number of individual end users who subscribed for one or more of Com Hem's upgraded digital services as of the date indicated.
(3) RGUs (revenue generating units) relate to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe for two different services, thereby accounting for only one subscriber but two RGUs.

	For the three months ended of June 30,		For the six months ended of June 30,		For the year ended December 31,
	Actual	Pro Forma	Actual	Pro Forma	Pro Forma
	2012	2011	2012	2011	2011
ARPU[1]					
Pay Television (SEK)	233	228	227	223	223
High-Speed Broadband (SEK)	196	190	195	189	191
Fixed-Telephony (SEK)	118	128	120	130	127
Blended ARPU[2] (SEK)	361	358	357	353	354
Landlord (SEK)	41	42	41	42	42

(1) ARPU is calculated by dividing the revenue (for the service provided, in each case including the proportional allocation of the bundling discount) for the respective period by the average number of RGUs for that period and further by the number of months in the period. The average number of RGUs is calculated as the number of RGUs on the first day in the respective period plus the number of RGUs on the last day of the respective period divided by two.
(2) Blended ARPU is calculated by dividing all pay television, high-speed broadband, fixed-telephony revenue and other revenue that can be allocated to each service for the relevant period by the average number of total unique subscribers in that period and further by the number of months in the period. The average number of total unique subscribers is calculated by aggregating the average number of unique subscribers in each month during the respective period and dividing the result by the number of months in the respective period.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements present the NorCell Group as of and for the three months ended June 30, 2012, and as of and for the six months ended June 30, 2012.

Condensed Consolidated Income Statement

	For the three months ended June 30, 2012	For the six months ended June 30, 2012
	(SEK in millions)	*(SEK in millions)*
Revenue	1,148	2,284
Cost of sales and services	(569)	(1,150)
Gross profit	**579**	**1,133**
Selling expenses	(332)	(663)
Administrative expenses	(66)	(121)
Other operating income and expense	(9)	(10)
Operating income	**172**	**340**
Net financial income and expense	(408)	(798)
Loss after financial items	**(236)**	**(458)**
Income taxes	62	120
Net loss for the period	**(174)**	**(338)**
Loss per share		
Basic (SEK)	(0.29)	(0.56)
Diluted (SEK)	(0.29)	(0.56)

Condensed Consolidated Statement of Comprehensive Income

	For the three months ended June 30, 2012	For the six months ended June 30, 2012
	(SEK in millions)	*(SEK in millions)*
Net loss for the period	(174)	(338)
Other comprehensive income	-	-
Other comprehesive income for the period, net of tax	-	-
Comprehensive income for the period	**(174)**	**(338)**

Condensed Consolidated Balance Sheet

	As of June 30, 2012	As of December 31, 2011
Non-current assets	*(SEK in millions)*	*(SEK in millions)*
Intangible assets	16,718	16,993
- of which goodwill	*10,742*	*10,742*
- of which customer relations	*5,578*	*5,851*
Property, plant and equipment	1,391	1,460
Other non-current assets	0	-
Total non-current assets	**18,109**	**18,453**
Current assets	266	292
Cash and cash equivalents	634	1,044
Total current assets	**900**	**1,336**
Total assets	**19,010**	**19,789**
Total equity	**343**	**681**
Non-current interest-bearing liabilities	15,384	15,369
- of which credit facilities	*4,905*	*5,069*
- of which notes	*5,784*	*5,816*
- of which intragroup loans	*4,605*	*4,338*
Other non-current liabilities	1,367	1,416
Total non-current liabilities	**16,751**	**16,785**
Current interest-bearing liabilities	254	551
Other current liabilities	1,661	1,772
Total current liabilities	**1,916**	**2,322**
Total equity and liabilities	**19,010**	**19,789**

Condensed Consolidated Statement of Change in Equity

SEK in millions	Share capital	Other paid-in capital	Retained earnings incl. net loss for the period	Total equity
Opening equity as of Jan 1, 2012	**1**	**1,341**	**(660)**	**681**
Comprehensive loss for the period	-	-	(338)	(338)
Closing equity as of Jun 30, 2012	**1**	**1,341**	**(999)**	**343**

Condensed Consolidated Cash Flow Statement

	For the three months ended June 30, 2012	For the six months ended June 30, 2012
Operating activities	*(SEK in millions)*	*(SEK in millions)*
Loss after financial items	(236)	(458)
Adjustments for items not included in cash flow, etc*	481	1 133
Change in working capital	(25)	(197)
Cash flow from operating activities	**219**	**478**
Investing activities		
Acquisition of intangible assets	(50)	(101)
Acquisition of property, plant and equipment	(141)	(273)
Cash flow from investing activities	**(191)**	**(374)**
Financing activities		
Amortization of borrowings	(33)	(469)
Payment of transaction costs	(9)	(45)
Cash flow from financing activities	**(42)**	**(514)**
Net change in cash and cash equivalents	(13)	(410)
Cash and cash equivalents at period end	**634**	**634**

*Adjustments for items not included in cash flow, etc.

	For the three months ended June 30, 2012	For the six months ended June 30, 2012
	(SEK in millions)	*(SEK in millions)*
Depreciation, amortization and impairment of assets	358	717
Unrealized exchange rate differences	(41)	(99)
Unrealized change in fair value of financial assets	32	59
Change in accrued arrangement fees and accrued interest expenses	(13)	169
Interest not settled with cash, group companies	131	266
Other	13	20
Total	**481**	**1,133**

Notes to the Condensed Consolidated Financial Statements

Note 1 Basis of Preparation
The consolidated accounts of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as disclosed in the Annual Report 2011. The Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting.

The new or amended IFRS and IFRIC interpretations, which became effective on January 1, 2012, have had no material effect on the consolidated financial statements.

These condensed consolidated financial statements are presented in million Swedish kronor (SEK) which is also the Group's functional currency.

This Interim Report has been approved for issuance by the Board of Directors on August 28, 2012.

Operating Segments
The operations of the Group are integrated and constitute a single operating segment that offers the supply of pay television, high-speed broadband and fixed-telephony on a single market, Sweden. This is also the base of the Group's management structure and the structure for internal reporting, which is controlled by the Group's Chief Executive Officer, who has been identified as its chief operating decision maker. As such, the Group does not present any operating segment information. However, information on revenue from pay-television, high-speed broadband, fixed-telephony and landlord is disclosed in Note 2.

Note 2 Revenue
Total revenue amounted to SEK 2,284 million in the six months ended June 30, 2012. Pay television revenue amounted to SEK 862 million or 37.7% of total revenue. High-speed broadband revenue amounted to SEK 637 million or 27.9% of total revenue. Fixed-telephony revenue amounted to SEK 262 million or 11.5% of total revenue. Landlord revenue amounted to SEK 431 million or 18.9% of total revenue, and Other revenue amounted to SEK 92 million or 4.0% of total revenue.

Note 3 Operating Expenses
The Group's cost of sales and services amounted to SEK 1,150 million or 50.4% of total revenue in the six months ended June 30, 2012. Selling expenses amounted to SEK 663 million or 29.0% of total revenue, and the Group's administrative expenses amounted to SEK 121 million or 5.3% of total revenue.

Note 4 Financial Income and Expense
Net financial income and expense summarized to a net financial expense of SEK 798 million in the six months ended June 30, 2012.

Net financial expense consisted primarily of interest expense on borrowings amounting to SEK 907 million, and currency gains in EUR denominated debt of SEK 99 million, partly offset by a negative change in fair value of derivative instruments amounting to SEK 59 million in the six months ended June 30, 2012.

Note 5 Income Taxes
The Group recognized tax income for the first six months of SEK 120 million.

Note 6 Net Loss for the Period
The Group recognized a net loss of SEK 338 million in the six months ended June 30, 2012.

Note 7 Capital Expenditures
Capital expenditures in the first six months ended June 30, 2012 amounted to SEK 374 million or 16.4% of total revenue. Of the total amount, SEK 273 million related to investments in fixed tangible assets and SEK 101 million related to investments in fixed intangible assets. As of January 1, 2012, Com Hem is able to connect paid out sales commissions to specific fixed-term contracts with subscribers generated from certain telemarketing sales. Therefore, in accordance with IAS 38, approximately SEK 8 million have been recognized as fixed intangible assets in the first six month of 2012, which will be amortized over the specific contract period, normally 12 to 24 months.

Note 8 Liquidity and Financial Position
As of June 30, 2012 the Group held SEK 634 million of cash and cash equivalents. Under the Senior Facilities Agreement, the Group has access to an additional committed Capital Expenditures Facility of SEK 750 million, and an additional committed SEK 446 million under the Revolving Facility.

Note 9 Related Parties
The Group has related party relationships with the Company’s owner and with Board members and Group Management. There have been no significant changes in the relationships or transactions with related parties for the Group compared to the information disclosed in the Annual Report 2011.

Note 10 Risks and Uncertainty Factors
The Group’s operations are influenced by a number of exogenous factors. For a detailed description of the risk factors considered to be most important to the Group’s future progress, please see the description in the Group’s Annual Report 2011. The Group believes that the risk environment has not materially changed from the description in the Annual Report 2011.

Note 11 Subsequent Events
To the knowledge of the Board of Directors, no events have occurred after closing date that are expected to have a material impact on the business.

For further information

Management presentation

On August 28, 2012 at 14:00 CET, Mr. Tomas Franzén, Chief Executive Officer, and Mr. Joachim Jaginder, Chief Financial Officer, will host a conference call to present the Group’s operational and financial results for the three months ended June 30, 2012.

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About Com Hem

Com Hem is one of Sweden’s leading suppliers of television, broadband and fixed-telephony. Approximately 40 percent, 1.74 million, of Sweden’s households are connected to Com Hem’s network with access to the market’s broadest range of television services. Com Hem offers attractively priced, high quality and complementary services for television, high-speed broadband and fixed-telephony. The Company was established in 1983, is owned by BC Partners, and has approximately 900 employees and head office in Stockholm.