Interim Report

as of March 31, 2012

NorCell Sweden Holding 2 AB (publ) Group

FOR IMMEDIATE RELEASE
Date: May 29, 2012
Time: 09:00 CET

IMPORTANT INFORMATION

For investors and prospective investors in the Group's Senior Notes and Senior Secured Notes, please refer to this interim report as of March 31, 2012 (the "Interim Report") presenting the NorCell Sweden Holding 2 AB (publ) Group's condensed consolidated financial statements for the period January 1, 2012 to March 31, 2012.

In the 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 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 "*Financial Highlights*" 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 expenditure;
- 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 and broadband penetration and other market developments;
- competition from local or international cable, telecommunications, media 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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FINANCIAL HIGHLIGHTS

The following chapter presents key financial highlights that have occurred during the three months ended March 31, 2012 and 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.

	For the three months ended March 31,			For the year ended December 31,
	Actual 2012	**Pro Forma 2011**	**Change**	**Pro Forma 2011**
	(SEK in millions)		%	*(SEK in millions)*
Revenue	1,136	1,113	2.1	4,520
Adjusted EBITDA	540	513	5.3	2,138
Capital Expenditures	198	112	77.5	734
Operating Free Cash Flow	179	368	(51.3)	1,419

Key Financial Highlights

- **Revenue growth**
  Revenue increased by SEK 24 million, or 2.1%, from SEK 1,113 million in the first three months 2011 to SEK 1,136 million in the first three months 2012. The increase in revenue is mainly driven by higher revenue from pay television and high-speed broadband services.

- **Firm cost control and increased Adjusted EBITDA**
  Expenses in the first three months 2012 were in line with the same period previous year, which primarily is a result of continuous strict cost control and successful re-negotiation of key content agreements. As a result, Adjusted EBITDA increased by SEK 27 million, or 5.3%, from SEK 513 million in the first three months 2011 to SEK 540 million in the first three months 2012.

- **Increased investments in the business**
  Capital expenditures increased from SEK 112 million in the first three months 2011 to SEK 198 million in the first three months 2012. The increase in the first three months 2012 is due to timing differences in the purchase of customer-premises equipment, with a higher share of equipment being purchased in the first quarter 2012 than in the first quarter 2011, and higher capital expenditures related to network and quality enhancement.

- **Operating Free Cash Flow**
  Operating free cash flow decreased from SEK 368 million in the first three months of 2011 to SEK 179 million in the first three months 2012. The decrease in the first three months 2012 compared to the same period 2011 was partly due to increased capital expenditures. The operating free cash flow was also negatively affected by a one-off effect of payment of invoices related to the Acquisition in 2011, and a change in the invoicing policy for card fees, from six months in advance to one month in advance.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion and analysis of the results of operations and financial condition of Com Hem, based on the unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months ended March 31, 2012, and the unaudited pro forma selected consolidated financial data of the NCAC Group as of and for the three months ended March 31, 2011.

You should read this discussion in conjunction with the "Condensed Consolidated Financial Statements" and "Presentation of Financial and Other Information" included elsewhere in this Interim Report.

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 and for the three months ended March 31,			As of and for the year ended December 31,
	Actual 2012	Pro Forma 2011	Change %	Pro Forma 2011
	(in thousands, expect percentages and as otherwise indicated)			
Group Total				
Homes connected[(1)]	1,744	1,769	(1.4)	1,739
Unique subscribers[(2)]	852	838	1.7	861
- of which triple-play subscribers	*286*	*278*	2.8	*292*
Unique subscribers as a percentage of homes connected	48.8	47.4	3.1	49.5
Total RGUs[(3)]	1,563	1,532	2.0	1,585
RGUs per unique subscriber (in units)	1.84	1.83	0.3	1.84
Blended ARPU[(4)] (SEK)	352	348	1.2	354
RGUs[(3)]				
Pay Television	644	623	3.3	658
High-Speed Broadband	550	538	2.3	551
Fixed-Telephony	370	371	(0.5)	376
ARPU[(5)]				
Pay Television (SEK)	220	217	1.5	223
High-Speed Broadband (SEK)	194	188	3.2	191
Fixed-Telephony (SEK)	121	132	(8.9)	127
Landlord (SEK)	41	42	(1.2)	42

(1) Homes connected represent the number of residential units to which we provide 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 have subscribed for one or more of Com Hem's upgraded digital services during the period 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.

(4) 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 for 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.

(5) 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.

Operational Development

During the first three months 2012, there has been continued solid demand for our services. Com Hem's broad and flexible television offering continues to attract subscribers, and the increased consumer broadband usage has resulted in a continued take-up of the Group's high-speed broadband services. During the period, Com Hem has increased the presence in open networks through iTUX, the Group's communications operator, which has continued to grow the number of contracted and activated households.

As of March 31, 2012 Com Hem had 1,744,000 homes connected, a decrease from 1,769,000 as of March 31, 2011, and an increase from 1,739,000 as of December 31, 2011. The number of unique subscribers amounted to 852,000 as of March 31, 2012, compared to 838,000 as of March 31, 2011, and to 861,000 as of December 31, 2011. The total number of RGUs was 1,563,000 as of March 31, 2012, compared to 1,532,000 as of March 31, 2011, and to 1,585,000 as of December 31, 2011.

The decrease in unique subscriber numbers and RGUs in the first three months 2012 was primarily due to the termination of a contract in 2008 with a large landlord customer, which was disconnected in December 2011. However, while the termination had a negative impact on the year-end 2011 landlord figures, the number of unique subscribers and RGU figures were impacted as of January 1, 2012. The number of unique subscribers and total RGUs were also negatively affected by the announced price increases in the first quarter 2012, of which the majority will be effective in the second quarter. The number of unique subscribers decreased also in the first three months 2011, due to the disconnection of landlord customers in December 2010, and the repackaging of services in 2011.

Unique subscribers as a percentage of homes connected was 49% as of March 31, 2012 compared to 47% as of March 31, 2011, and 49% as of December 2011. The number of RGUs per unique subscriber amounted to 1.84 as of March 31, 2012, which can be compared to 1.83 as of March 31, 2011, and to 1.84 as of December 31, 2011.

Blended ARPU per unique subscriber increased by SEK 4, or 1.2%, from SEK 348 in the three months ended March 31, 2011 to SEK 352 in the three months ended March 31, 2012. Blended ARPU was positively affected by the re-packaging of the digital television services effective in March 2011, and by the shift to higher broadband speeds, which was partly offset by the lower usage of fixed telephony services.

Significant Events in the First Quarter

In January 2012, Com Hem launched a new TV Channel – TV Com Hem. TV Com Hem is a 24-hour broadcast channel, with a high share of content being news and programs from TV4 News and BBC World News. For a few hours each day, TV Com Hem also broadcasts its own content, focusing on entertainment, TV and home electronics.

In February, Com Hem opened a second in-house customer service site in Örnsköldsvik, a nearby town of Com Hem's current customer service centre in Härnösand. Together, the two sites will have approximately 700 people employed by year-end under one management.

Selected Financial Data

As a consequence of the Acquisition in September 2011, the financial data for 2012 and prior periods are not fully comparable. The selected consolidated financial data for the three months ended March 31, 2012 has been derived from the unaudited condensed consolidated financial statements of the NorCell Group. The selected pro forma consolidated financial data for the three months ended March 31, 2011 has been derived from the unaudited management accounts for the NCAC Group. The selected pro forma consolidated financial data for the year ended December 31, 2011 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.

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 further than to operating income, since data is not comparable between the periods.

Condensed Consolidated Actual and Pro Forma Income Statement

	For the three months ended March 31,			For the year ended December 31,
	Actual 2012	Pro Forma 2011	Change	Pro Forma 2011
	(SEK in millions)		%	*(SEK in millions)*
Revenue	1,136	1,113	2.1	4,520
Cost of sales and services	(581)	(593)	(2.0)	(2,310)
Gross profit	**555**	**520**	**6.7**	**2,211**
Selling expenses[1]	(331)	(323)	2.6	(1,328)
Administrative expenses	(55)	(75)	(26.6)	(318)
Other operating income and expense	(1)	2	(146.9)	(259)
Operating income	**168**	**123**	**35.9**	**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 24 million, or 2.1%, from SEK 1,113 million in the three months ended March 31, 2011, to SEK 1,136 million in the three months ended March 31, 2012. The increase was primarily due to higher revenue from pay television services and high-speed broadband services, which was 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, both in SEK and as a percentage of consolidated revenue, and the percentage increase or decrease in revenue by service from period to period.

	For the three months ended March 31,				Change
	2012		2011		2012/2011
	(SEK millions)	(in % of revenue)	(SEK millions)	(in % of revenue)	%
Pay Television	425	37.4	403	36.3	5.4
High-Speed Broadband	318	27.9	302	27.1	5.3
Fixed-Telephony	134	11.8	146	13.1	(8.5)
Landlord	216	19.0	222	19.9	(2.7)
Other[1]	44	3.8	40	3.6	9.0
Revenue.	**1,136**	**100.0**	**1,113**	**100.0**	**2.1**

(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”.

Pay Television
Revenue from pay television services increased by SEK 22 million, or 5.4%, from SEK 403 million in the three months ended March 31, 2011 to SEK 425 million in the three months ended March 31, 2012. The increase was a result of higher ARPU and increased subscriber volumes. ARPU increased by SEK 3, or 1.5%, from SEK 217 in the three months ended March 31, 2011 to SEK 220 in the three months ended March 31, 2012. The increase in ARPU was an effect of the new pay television packaging introduced during the first quarter of 2011. The revenue increase was also linked to an increase in RGUs, with pay television RGUs increasing by approximately 21,000, or 3.3%, from approximately 623,000 as of March 31, 2011 to approximately 644,000 as of March 31, 2012. Pay television RGUs have, however, been negatively affected by price increases announced during the first quarter 2012.

High-Speed Broadband
Revenue from high-speed broadband services increased by SEK 16 million, or 5.3%, from SEK 302 million in the three months ended March 31, 2011 to SEK 318 million in the three months ended March 31, 2012. The increase was primarily due to increased ARPU, as Com Hem introduced a new broadband portfolio in 2011, and successfully migrated subscribers from lower speed services to higher speed services during 2011 and 2012. ARPU increased by SEK 6, or 3.2%, from SEK 188 in the three months ended March 31, 2011 to SEK 194 in the three months ended March 31, 2012. Revenue also increased due to higher RGUs, mainly as a result of attractive offerings and successful bundling. High-speed broadband RGUs increased by approximately 12,000, or 2.3%, from approximately 538,000 as of March 31, 2011 to approximately 550,000 as of March 31, 2012.

Fixed-Telephony
Revenue from fixed-telephony services decreased by SEK 12 million, or 8.5%, from SEK 146 million in the three months ended March 31, 2011 to SEK 134 million in the three months ended March 31, 2012. Also, fixed-telephony RGUs decreased by approximately 2,000, or 0.5%, from approximately 371,000 as of March 31, 2011 to approximately 370,000 as of March 31, 2012. ARPU decreased by SEK 12, or 8.9%, from SEK 132 in the three months ended March 31, 2011 to SEK 121 in the three months ended March 31, 2012. The decrease in ARPU was largely a result of lower usage of fixed-telephony services, which Management believes is consistent with the general industry-wide substitution from fixed to mobile telephony.

Landlord
Revenue from landlord services decreased by SEK 5 million, or 2.7%, from SEK 222 million in the three months ended March 31, 2011 to SEK 216 million in the three months ended March 31, 2012. The decrease in revenue was due primarily to a reduction in ARPU from landlord customers as a result of price re-negotiation. This was partly offset by price index increases. Revenue in the first three months 2012 was also affected by the disconnection of a large landlord customer of Com Hem in December 2011.

Other
Revenue from other services increased by SEK 4 million, or 9.0%, from SEK 40 million in the three months ended March 31, 2011 to SEK 44 million in the three months ended March 31, 2012 as a result of higher service provider revenue in iTUX.

Cost of Sales and Services
Cost of sales and services decreased by SEK 12 million, or 2.0%, from SEK 593 million in the three months ended March 31, 2011 to SEK 581 million in the three months ended March 31, 2012. As a percentage of revenue, cost of sales and services decreased from 53.3% in the three months ended March 31, 2011 to 51.2% in the three months ended March 31, 2012. The decrease in cost of sales and services was mainly due to lower depreciation and amortization, lower interconnect traffic cost for fixed telephony services and lower cost for smart cards, which was partly offset by higher production costs in iTUX. As a result of renegotiated content agreements, pay television content costs remained stable although pay television revenue increased.

Selling Expenses
Selling expenses increased by SEK 8 million, or 2.6%, from SEK 323 million in the three months ended March 31, 2011 to SEK 331 million in the three months ended March 31, 2012. As a percentage of revenue, selling expenses increased from 29.0% in the three months ended March 31, 2011 to 29.1% in the three months ended March 31, 2012. The increase was mainly due to higher depreciation and amortization, and higher total cost for staff, including personnel, consultants and the outsourcing of customer service. The increase in depreciation and amortization, and cost for staff was partly offset by lower telemarketing sales costs.

Administrative Expenses
Administrative expenses decreased by SEK 20 million, or 26.6%, from SEK 75 million in the three months ended March 31, 2011 to SEK 55 million in the three months ended March 31, 2012. As a percentage of revenue, administrative expenses decreased from 6.8% in the three months ended March 31, 2011 to 4.9% in the three months ended March 31, 2012. The decrease was primarily due to lower depreciation and amortization, as well as lower cost for consultants related to the preparation of the sale of the NCAC Group. Depreciation and amortization decreased as a result of certain fixed assets having been fully written-off at the end of their depreciation schedules.

Other Operating Income and Expense
Other operating income and expense decreased by SEK 3 million, from a net operating income of SEK 2 million in the three months ended March 31, 2011 to a net operating expense of SEK 1 million in the three months ended March 31, 2012.

Operating Income
Operating income increased by SEK 44 million, or 35.9%, from SEK 123 million in the three months ended March 31, 2011 to SEK 168 million in the three months ended March 31, 2012. The increase was due to higher revenue in combination with lower cost of sales and services and administrative expenses, which was partly offset by increased selling expenses.

Reconciliation of Operating Income to Adjusted EBITDA

	For the three months ended March 31,			For the year ended December 31,
	Actual 2012	Pro Forma 2011	Change	Pro Forma 2011
	(SEK in millions)		%	*(SEK in millions)*
Operating Income	**168**	**123**	**35.9**	**306**
Disposals and write-down(1)	-	-	-	12
Adjusted depreciation and amortization(2)	359	368	(2.6)	1,453
Non-recurring costs	6	12	(47.4)	326
Operating currency loss/gain	(1)	(0)	118.1	2
Reported Underlying EBITDA	**532**	**503**	**5.7**	**2,098**
Expensed retail subsidies	9	10	(14.9)	40
Adjusted EBITDA	**540**	**513**	**5.3**	**2,138**

(1) Disposals in 2011 are related to modems and STBs.
(2) Adjusted depreciation and amortization consists 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 10 million, or 2.6%, from SEK 368 million in the three months ended March 31, 2011 to SEK 359 million in the three months ended March 31, 2012. The decrease was primarily due to certain fixed assets having been fully written-off at the end of their depreciation schedules.

Non-recurring costs
Non-recurring costs decreased by SEK 6 million, or 47.4%, from SEK 12 million in the three months ended March 31, 2011 to SEK 6 million in the three months ended March 31, 2012. The decrease in non-recurring costs is primarily due to lower cost for lawyers and consultants. Also, for the three months ended March 31, 2011, costs for the Spacenet de-installation, completed during the first six months of 2011, were recognized.

Adjusted EBITDA

Adjusted EBITDA increased by SEK 27 million, or 5.3%, from SEK 513 million in the three months ended March 31, 2011 to SEK 540 million in the three months ended March 31, 2012. As a percentage of revenue, Adjusted EBITDA increased from 46.1% in the three months ended March 31, 2011 to 47.6 % in the three months ended March 31, 2012. The increase in both Adjusted EBITDA and Adjusted EBITDA margin was primarily due to an increase in revenue from the residential subscribers, as a result of the increase in both the number of RGUs within, and ARPU generated from, pay television and high-speed broadband services, 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 March 31, 2012 and 2011.

	For the three months ended March 31,			For the year ended December 31,
	Actual	Pro Forma		Pro Forma
	2012	2011	Change	2011
	(SEK in millions)		%	*(SEK in millions)*
Adjusted EBITDA	540	513	5.3	2,138
Expensed retail subsidies	(9)	(10)	(14.9)	(40)
Reported Underlying EBITDA	**532**	**503**	**5.7**	**2,098**
One-off items[(1)]	(5)	(11)	(54.2)	(327)
Adjustments for items not included in cash flow[(2)]	7	1	n/m	3
Change in net working capital	(172)	(23)	n/m	257
Capital expenditures	(198)	(112)	77.5	(734)
Drawdown leasing facilities[(3)]	15	11	46.2	122
Operating Free Cash Flow	**179**	**368**	**(51.3)**	**1,419**

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

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

(3) Funding of fixed tangible and intangible assets by leasing facilities.

Operating free cash flow decreased by SEK 189 million, from SEK 368 million in the three months ended March 31, 2011, to SEK 179 million in the three months ended March 31, 2012.

Compared to the three months ended March 31, 2011 Reported Underlying EBITDA increased by SEK 29 million in the three months ended March 31, 2012. One-off items improved by SEK 6 million, from a net cost of SEK 11 million in the three months ended March 31, 2011, to a net cost of SEK 5 million in the three months ended March 31, 2012.

The Group's net working capital increased by SEK 172 million in the three months ended March 31, 2012 affecting the operating free cash flow negatively. The increase was primarily due to payments of invoices of approximately SEK 80 million related to the Acquisition during the three months ended March 31, 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 by approximately SEK 25 million in the three months ended March 31, 2012.

The negative cash flow from capital expenditures increased by SEK 87 million, or 77.5%, from SEK 112 million in the three months ended March 31, 2011 to SEK 198 million in the three months ended March 31, 2012. Of this, SEK 15 million was financed with funds available under the leasing facility compared to SEK 11 million in the three months ended March 31, 2011. The increase of capital expenditures was due to timing differences in the purchase of customer-premises equipment, with a higher share of equipment being purchased in the first quarter 2012 than in the first quarter 2011, and higher investments in network and quality enhancement, including higher volumes of installed and upgraded households. Also, there was an increase in the volume of households installed in the open network during the first three months 2012 compared to the same period 2011.

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 and drawings under the Revolving Credit Facility and the Capex Facility.

The table below sets forth the debt, available liquidity and leverage as of March 31, 2012[1].

	As of March 31, 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	1,196	-	2017	STIBOR 3M + 5.00%
Term Loan B2	EUR	2,715	-	2018	EURIBOR 3M + 5.00%
Capex Facility	SEK	-	750	2017	STIBOR 3M + 4.25%
Revolving Facility[2]	SEK	54	446	2017	STIBOR 3M + 4.25%
Bank Debt		**5,474**	**1,196**		
Senior Secured Notes	SEK	3,492	-	2018	Fixed - 9.25%
Senior Notes	EUR	2,546	-	2019	Fixed - 10.75%
Bank & Notes Debt		**11,512**	**1,196**		
Cash and Cash Equivalents	SEK	(647)			
Cash Net Debt		**10,865**	**1,196**		
Adjusted EBITDA L2QA			2,115		
Cash Net Debt/Adjusted EBITDA			**5.1x**		

(1) Please note that the table above is not comparable with 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. The table above also excludes leasing debt.

(2) The total drawn amount under the Revolving Facility is used for a bank guarantee, and therefore, is not subject to any interest cost.

Cash Balance and Availability of Funds

In January 2012, restricted cash of SEK 402 million was used to amortize SEK 101 million of the intragroup loans and SEK 301 million of interest-bearing liabilities to credit institutions. As of March 31, 2012 the Group held SEK 647 million in 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 Facility.

Currency and Interest Risks

The Group's translation exposure arises due to debt obligations in EUR. As of March 31, 2012 the Group's debt obligations amounted to EUR 593 million (EUR 306 million in bank debt and EUR 287 million in notes) compared to EUR 608 million (EUR 321 million in bank debt and EUR 287 million in notes) as of December 31, 2011. The Company 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 recognized in net profit or loss for the period. As of March 31, 2012, the fair value of the interest rate derivatives amounted to SEK (127) million compared to a fair value of SEK (100) million as of December 31, 2011.

Leverage Ratio

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Interim Report presents the following financial information, which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

- The unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months ended March 31, 2012.
- The selected unaudited pro forma consolidated financial data of the NCAC Group as of and for the three months ended March 31, 2011, which has been derived from the unaudited management accounts.
- 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.

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 as of 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 March 31,			For the year ended December 31,
	Actual 2012	**Pro Forma 2011**	**Change**	**Pro Forma 2011**
	(SEK in millions)		%	*(SEK in millions)*
Reported Underlying EBITDA(1)	532	503	5.7	2,098
Reported Underlying EBITDA margin (in %)(2) . . .	46.8	45.2	3.5	46.4
Adjusted EBITDA(3)	540	513	5.3	2,138
Adjusted EBITDA margin (in %)(4)	47.6	46.1	3.1	47.3
Operating Free Cash Flow(5).	179	368	(51.3)	1,419
Operating Free Cash Flow margin (in %)(6).	15.8	33.1	(52.3)	31.4
Net working capital(7).	(1,184)	(1,075)	10.1	(1,356)
Adjusted depreciation and amortization(8).	359	368	(2.6)	1,453

(1) Reported Underlying EBITDA is defined as earnings before income taxes, net financial items, disposals and write-downs, depreciation and amortization, non-recurring costs and operating currency gain/(loss). Depreciation and amortization is recorded under costs of sales and services (depreciation and amortization of fixed tangible and intangible assets related to production), selling expenses (depreciation and amortization of fixed tangible and intangible assets related to the sales function) and administrative expenses (depreciation and amortization of 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 and Adjusted EBITDA margin are calculated as Reported Underlying EBITDA and Adjusted EBITDA, respectively, as a percentage of revenue.

(3) Adjusted EBITDA is defined as Reported Underlying EBITDA less expenses 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 of 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 ended March 31, 2012 relate to retail subsidies paid in prior periods.

(4) Reported Underlying EBITDA margin and Adjusted EBITDA margin are calculated as Reported Underlying EBITDA and Adjusted EBITDA, respectively, 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, plus change in net working capital, less capital expenditures in fixed tangible and intangible assets not funded by leasing. 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) Net working capital consists of inventories, trade receivables, prepaid expenses and accrued income, plus other receivables, less trade payables, other current liabilities, as well as accrued expenses and deferred income. Financial items included in these line items in the balance sheet are excluded from the net working capital calculation.

(8) 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 three months amortization on current customer relation values 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 with similarly defined terms used by other companies.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements present the NorCell Sweden Holding 2 AB (publ) Group as of and for the three months ended March 31, 2012.

Condensed Consolidated Income Statement

	For the three months ended March 31, 2012
	(SEK in millions)
Revenue	1,136
Cost of sales and services	(581)
Gross profit	**555**
Selling expenses	(331)
Administrative expenses	(55)
Other operating income and expense	(1)
Operating income	**168**
Net financial income and expense	(390)
Loss after financial items	**(222)**
Income taxes	58
Net loss for the period	**(164)**
Loss per share	
Basic (SEK)	(0.27)
Diluted (SEK)	(0.27)

Condensed Consolidated Statement of Comprehensive Income

	For the three months ended March 31, 2012
	(SEK in millions)
Net loss for the period	(164)
Other comprehensive income	-
Other comprehesive income for the period, net of tax	**-**
Comprehensive income for the period	**(164)**

Condensed Consolidated Balance Sheet

	As of March 31, 2012	As of December 31, 2011
	(SEK in millions)	
Non-current assets		
Intangible assets	16,857	16,993
- of which goodwill	*10,742*	*10,742*
- of which customer relations	*5,714*	*5,851*
Property, plant and equipment	1,431	1,460
Other non-current assets	1	-
Total non-current assets	**18,289**	**18,453**
Current assets	280	292
Cash and cash equivalents	647	1,044
Total current assets	**927**	**1,336**
Total assets	**19,216**	**19,789**
Total equity	**517**	**681**
Non-current interest-bearing liabilities	15,310	15,369
- of which credit facilities	*5,078*	*5,102*
- of which notes	*5,636*	*5,783*
- of which intragroup loans	*4,473*	*4,338*
Other non-current liabilities	1,387	1,416
Total non-current liabilities	**16,697**	**16,785**
Current interest-bearing liabilities	255	551
Other current liabilities	1,747	1,772
Total current liabilities	**2,002**	**2,322**
Total equity and liabilities	**19,216**	**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	-	-	(164)	(164)
Closing equity as of Mar 31, 2012	**1**	**1,341**	**(824)**	**517**

Condensed Consolidated Cash Flow Statement

	For the three months ended March 31, 2012
Operating activities	*(SEK in millions)*
Loss after financial items	(222)
Adjustments for items not included in cash flow, etc*	652
Change in working capital	(172)
Cash flow from operating activities	**258**
Investing activities	
Acquisition of intangible assets	(51)
Acquisition of property, plant and equipment	(131)
Cash flow from investing activities	**(183)**
Financing activities	
Amortization of borrowings	(436)
Payment of transaction costs	(37)
Cash flow from financing activities	**(473)**
Net change in cash and cash equivalents	(397)
Cash and cash equivalents at period end	**647**

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

	For the three months ended March 31, 2012
	(SEK in millions)
Depreciation, amortization and impairment of assets	359
Unrealized exchange rate differences	(58)
Unrealized change in fair value of financial assets	27
Change in accrued arrangement fees and accrued interest expenses.	182
Interest not settled with cash, group companies	135
Other	7
Total	**652**

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 May 29, 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 1,136 million. Pay television revenue amounted to SEK 425 million, or 37.4% of total revenue. High-speed broadband revenue amounted to SEK 318 million, or 27.9 % of total revenue. Fixed-telephony revenue amounted to SEK 134 million, or 11.8% of total revenue. Landlord revenue amounted to SEK 216 million, or 19.0% of total revenue and other revenue amounted to SEK 44 million, or 3.8% of total revenue.

Note 3 Operating Expenses
The Group's cost of sales and services amounted to SEK 581 million, or 51.2% of total revenue in the three months ended March 31, 2012. Selling expenses amounted to SEK 331 million, or 29.1% of total revenue, and the Group's administrative expenses amounted to SEK 55 million, or 4.9% of total revenue.

Note 4 Financial Income and Expenses
Net financial income and expenses summarized to a net financial expense of SEK 390 million in the three months ended March 31, 2012.

Net financial expenses consisted primarily of interest expenses on borrowings amounting to SEK 420 million, and a change in fair value of derivative instruments amounting to SEK 27 million, partly offset by currency gains in EUR denominated debt of SEK 58 million in the three months ended March 31, 2012.

Note 5 Income Taxes
The Group recognized tax income for the first three months of SEK 58 million.

Note 6 Net Loss for the Period
The Group recognized a net loss of SEK 164 million in the three months ended March 31, 2012.

Note 7 Capital Expenditures
Capital expenditures after funding through leasing facilities for the first three months 2012 amounted to SEK 183 million, or 16.1% of total revenue. Of the total amount, SEK 131 million related to investments in fixed tangible assets and SEK 51 million in fixed intangible assets. As from January 1, 2012, Com Hem is able to connect paid out sales commissions to specific fixed-term subscriber contracts 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 quarter 2012, which will be amortized over the specific contract period, normally 12 to 24 months.

Note 8 Liquidity and Financial Position
As of March 31, 2012 the Group held SEK 647 million in 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, see the description from 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 May 29, 2012 at 11:00 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 March 31, 2012.

Analysts and investor contact

Joachim Jaginder

Chief Financial Officer

investor.relations@comhem.com

Media contact

Björn Nilsson

Director of Communications

press@comhem.com

Visiting address

Fleminggatan 18

SE-104 20 Stockholm, Sweden

www.comhem.se

About Com Hem

Com Hem is one of Sweden's leading suppliers of television, broadband and 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, broadband and fixed-telephony. The Company was established in 1983, and has approximately 900 employees and head office in Stockholm.