Interim Report

as of March 31, 2013

NorCell Sweden Holding 2 AB (publ) Group

FOR IMMEDIATE RELEASE
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IMPORTANT INFORMATION

For investors and prospective investors in NorCell 1B AB (publ) Senior PIK Notes, NorCell Sweden Holding 2 AB (publ) Senior Notes and NorCell Sweden Holding 3 AB (publ) Senior Secured Notes, please refer to this interim report as of March 31, 2013 (the "**Interim Report**") presenting the NorCell Sweden Holding 2 AB (publ) Group's condensed consolidated financial statements for the period January 1, 2013 to March 31, 2013.

NorCell 1B AB (publ) is the parent company of NorCell Sweden Holding 2 AB (publ) and is a holding company with no independent business operations and has not engaged in any activities other than those related to its formation, the acquisition and the financing of the acquisition. NorCell 1B AB (publ)'s only material assets and liabilities are its interest in the issued and outstanding shares of its wholly owned subsidiary, NorCell Sweden Holding 2 AB (publ), and intercompany loans owed to NorCell 1B AB (publ) by NorCell Sweden Holding 2 AB (publ), and its outstanding indebtedness incurred in connection with the Senior PIK Notes offering, which was primarily on-lent to NorCell Sweden Holding 2 AB (publ). There are no material differences between the consolidated financial statements of NorCell 1B AB (publ) and NorCell Sweden Holding 2 AB (publ). As a result, NorCell 1B AB (publ) does not currently produce consolidated financial statements. For further information see *"Presentation of Financial and Other Information – Pro Forma Capitalization Table NorCell 1B"*.

In this Interim Report, the terms "we", "our", "us", the "Company", the "Group" and "Com Hem", refer to NorCell Sweden Holding 2 AB (publ), or NorCell Sweden Holding 2 AB (publ) and its subsidiaries, as the context requires. The term "**NorCell Group**" refers to NorCell Sweden Holding 2 AB (publ) and its subsidiaries.

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 2012.

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 view 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 "*First Quarter 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 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 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:

- 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
- change 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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FIRST QUARTER HIGHLIGHTS

The following chapter presents key financial and operating highlights that have occurred during the three months ended March 31, 2013 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 March 31,		
	2013	**2012**	**Change**
	(SEK in millions)		(%)
Revenue	1,123	1,136	(1.2)
Reported Underlying EBITDA	544	532	2.3
Adjusted EBITDA	549	540	1.5
Capital Expenditures	170	198	(14.0)
Operating Free Cash Flow	283	176	60.2

Revenue for the First Quarter 2013
There was a slight decrease in total revenue for the first quarter 2013, compared to the corresponding quarter 2012. Revenue was SEK 1,123 million for the first quarter 2013, compared to SEK 1,136 million for the first quarter 2012. Revenue from the high-speed broadband services and the landlord business remained at the same levels and the decrease in revenue from the digital-television services and the fixed-telephony services was partly offset by higher revenue from the Group's communication operator iTUX.

Improved Profitability and Adjusted EBITDA
Adjusted EBITDA increased by SEK 8 million, or 1.5%, from SEK 540 million in the first quarter 2012, to SEK 549 million in the first quarter 2013. Production costs in the first quarter 2013, was SEK 12 million lower than for the corresponding quarter previous year, mainly due to lower content costs. Operating costs decreased by SEK 14 million in the first quarter of 2013, compared to the corresponding quarter in 2012, mainly due to lower marketing and sales costs.

Decreased investments due to timing
Capital expenditures decreased by SEK 28 million, or 14.0%, from SEK 198 million in the first quarter 2012, to SEK 170 million in first quarter 2013. The decrease was mainly due to timing differences in purchases of CPEs, and lower capitalized sales costs due to lower sales volumes. The lower CPE and sales cost capital expenditures was partly offset by investments in the TiVo platform in the first quarter 2013.

Operating Free Cash Flow
Operating free cash flow increased by SEK 106 million, or 60.2%, from SEK 176 million in the first quarter 2012, to SEK 283 million in the first quarter 2013. The increase was mainly due a more favorable change in net working capital and lower capital expenditures compared to the corresponding quarter in 2012. The more favorable change in net working capital and lower capital expenditures were partly offset by higher non-recurring items due to the 2013 redundancy program.

Key Operational Highlights

	As of March 31,		
	2013	2012	Change
	(in thousands, except percentages and otherwise indicated)		
Homes connected	1,777	1,744	1.9
Unique subscribers	823	852	(3.3)
-of which triple-play subscribers	*254*	*286*	*(10.9)*
Unique subscribers as a percentage of homes connected	46.3	48.8	(5.1)
Total RGUs	1,495	1,563	(4.4)
RGUs per unique subscriber(in units)	1.82	1.84	(1.0)
Blended ARPU[(1)] (SEK)	355	352	0.8

(1) Blended ARPU is calculated by all digital-television, high-speed broadband, fixed-telephony revenue and other revenue that can be allocated to each service for the three months ended March 31, 2013 and 2012, by the average number of total unique subscribers for the respective 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.

Operational Development

During the first quarter in 2013, there has been a slight increase in homes connected. As of March 31, 2013, Com Hem had 1,777,000 homes connected, an increase from 1,749,000 as of December 31, 2012, and an increase from 1,744,000 as of March 31, 2012. The number of unique subscribers has slightly decreased to 823,000 as of March 31, 2013, compared to 828,000 as of December 31, 2012, and 852,000 as of March 31, 2012. The total number of RGUs was 1,495,000 as of March 31, 2013, compared to 1,502,000 as of December 31, 2012, and 1,563,000 as of March 31, 2012.

Unique subscribers as a percentage of homes connected was 46.3% as of March 31, 2013, compared to 47.3% as of December 31, 2012, and 48.8% as of March 31, 2012. The number of RGUs per unique subscriber was 1.82 as of March 31, 2013, compared to 1.82 as of December 31, 2012, and 1.84 as of March 31, 2012.

Blended ARPU per unique subscriber increased by SEK 3, or 0.8%, from SEK 352 in the first quarter 2012 to SEK 355 in the first quarter 2013. The increase in blended ARPU in the first quarter 2013 was due to positive effects from digital-television price increases implemented during the first six months of 2012, and to the demand for higher broadband speeds. However, the positive revenue effect from the digital-television and broadband services was partly offset by lower ARPU contribution from the fixed-telephony service.

Events During the First Quarter

On January 16, 2013, Com Hem launched its mobile Voice over WiFi application available for downloading on App Store and Google Play. By downloading and installing the application on a smartphone, and by connecting to a wireless network access point, Com Hem's fixed-telephony subscribers are able to place their fixed, mobile and international calls at Com Hem's fixed-telephony fees instead of the mobile operators fees.

On January 29, 2013, Com Hem gave notice of a reduction of approximately 60 employees, mainly affecting the head office in Stockholm and the Customer Care Center in Härnösand. The redundancy program was communicated during the first quarter and is planned to be finalized during the end of the second quarter of 2013.

In December 2012, Com Hem signed an agreement with Övik Energi AB, to acquire Örnsat AB, a local network operator in Örnsköldsvik. Örnsat AB has approximately 6,000 connected households. The acquisition was completed on March 1, 2013.

Events After the First Quarter

On April 18, 2013, Com Hem signed a framework agreement with Telenor Sverige AB and will commence operations as service provider in Telenor's communication operator Open Universe's open network.

On May 7, 2013, Com Hem signed a framework agreement with Sweden´s largest communication operator, Zitius Service Delivery AB, and will commence operations as a service provider in Zitius' open network.

On May 21, 2013, NorCell 1B AB (publ) provided the Luxembourg Stock Exchange with a notice electing to pay interest for the interest period November 12, 2012, to May 31, 2013, on the Senior PIK Notes due 2019, in pay-in-kind interest by increasing the principal amount of the Senior PIK Notes by an aggregate principal amount equal to the amount of interest for the initial interest payment period. The notice also included the election to pay interest for the interest period June 1, 2013, to November 30, 2013, in pay-in-kind interest by increasing the principal amount of the Senior PIK Notes by an aggregate principal amount equal to the amount of interest for the second interest payment period.

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 ended March 31, 2013 and 2012. You should read this discussion in conjunction with the condensed consolidated financial statements included elsewhere in this Interim Report.

Selected Financial Data

Condensed Consolidated Income Statement

	For the three Months ended March 31,		
	2013	2012	Change
	(SEK in millions)		*(%)*
Revenue	1,123	1,136	(1.2)
Cost of sales and services	(574)	(581)	(1.3)
Gross profit	**549**	**555**	**(1.0)**
Selling expenses	(334)	(331)	0.8
Administrative expenses	(58)	(55)	5.2
Other operating income and expenses	5	(1)	n/m
Operating Profit	**162**	**168**	**(3.5)**
Net financial income and expense	(229)	(390)	(41.1)
Income taxes	8	58	(86.2)
Net loss for the period	**(59)**	**(164)**	**(63.7)**

Revenue

Revenue decreased by SEK 13 million, or 1.2%, from SEK 1,136 million in the three months ended March 31, 2012, to SEK 1,123 million in the three months ended March 31, 2013. The slight decrease in revenue was due to lower revenue from digital-television and fixed-telephony, partly offset by higher Other revenue mainly relating from the iTUX communication operator business.

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

	For the three months ended March 31,		
	2013	2012	Change
Service	*(SEK in millions)*		*(%)*
Digital-Television	421	425	(1.0)
High-Speed Broadband	319	318	0.5
Fixed-Telephony	113	134	(15.7)
Landlord	216	216	(0.2)
Other(1)	54	44	24.4
Total revenue	**1,123**	**1,136**	**(1.2)**

(1) Other represents revenue generated primarily from billing and reminder fees, iTUX revenue, 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 March 31,		
	2013	2012	Change
RGUs	*(in thousands)*		*(%)*
Digital-Television	613	644	(4.7)
High-Speed Broadband	542	550	(1.4)
Fixed-Telephony	339	370	(8.1)
Total RGUs	**1,495**	**1,563**	**(4.4)**

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

ARPU	For the three months ended March 31, 2013	2012	Change
	(in SEK)		(%)
Digital-Television	232	220	5.2
High-Speed Broadband	197	194	1.7
Fixed-Telephony	110	121	(8.5)
Landlord	41	41	(1.7)

Digital-Television

Revenue from digital-television services decreased by SEK 4 million, or 1.0%, from SEK 425 million in the three months ended March 31, 2012, to SEK 421 million in the three months ended March 31, 2013. The ARPU increased by SEK 11, or 5.2%, from SEK 220 in the three months ended March 31, 2012, to SEK 232 in the three months ended March 31, 2013.

The decrease in digital-television revenue is attributable to a decrease in RGUs of approximately 30,000 or 4.7%, from approximately 644,000 as of March 31, 2012, to approximately 613,000 as of March 31, 2013. The decrease in RGUs during the first six months in 2012, is partly due to an attractive CI Module campaign, with a generous cancellation policy, carried out during three months ended December 31, 2011. The decrease in subscribers was partly offset by a higher ARPU. The higher ARPU for the three months ended March 31, 2013, compared to the same period in 2012, is primarily attributable to price increases implemented during the first six months of 2012.

High-Speed Broadband

Revenue from high-speed broadband services increased by SEK 2 million, or 0.5%, from SEK 318 million in the three months ended March 31, 2012 to SEK 319 million in the three months ended March 31, 2013. ARPU increased by SEK 3, or 1.7%, from SEK 194 in the three months ended March 31, 2012, to SEK 197 in the three months ended March 31, 2013.

The revenue increase was primarily an ARPU effect due to the demand for higher broadband speeds. Total high-speed broadband RGUs, however, decreased slightly by approximately 8,000, or 1.4%, from approximately 550,000 as of March 31, 2012 to approximately 542,000 as of March 31, 2013.

Fixed-Telephony

Revenue from fixed-telephony services decreased by SEK 21 million, or 15.7%, from SEK 134 million in the three months ended March 31, 2012, to SEK 113 million in the three months ended March 31, 2013. Fixed-telephony RGUs decreased by approximately 30,000, or 8.1%, from approximately 370,000 as of March 31, 2012, to approximately 339,000 as of March 31, 2013. ARPU decreased by SEK 10, or 8.5%, from SEK 121 in the three months ended March 31, 2012, to SEK 110 in the three months ended March 31, 2013.

The decrease in RGUs and 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 remained at the same level of SEK 216 million in the three months ended March 31, 2012, and 2013. The slight decrease in ARPU from landlord customers as a result of contract re-negotiations was partly offset by increased number of homes connected and one-off connection fees from connecting new households in the first three months ended March 31, 2013.

Other

Other revenue increased by SEK 11 million, from SEK 44 million in the three months ended March 31, 2012, to SEK 54 million in the three months ended March 31, 2013. The increase in revenue is mainly explained by higher revenue in iTUX.

Cost of Sales and Services

Cost of sales and services decreased by SEK 8 million, or 1.3%, from SEK 581 million in the three months ended March 31, 2012, to SEK 574 million in the three months ended March 31, 2013. As a percentage of revenue, cost of sales and services decreased from 51.1% in the three months ended March 31, 2012, to 51.1% in the three months ended March 31, 2013.

The decrease in cost of sales and services in the three months ended March 31, 2013, was mainly due to lower digital-television content costs, lower fixed-telephony interconnect traffic costs and lower depreciation and amortization. The decrease was partly offset by higher production costs in iTUX and non-recurring personnel cost attributable to the 2013 redundancy program.

Selling Expenses
Selling expenses increased by SEK 3 million, or 0.8%, from SEK 331 million in the three months ended March 31, 2012, to SEK 334 million in the three months ended March 31, 2013. As a percentage of revenue, selling expenses increased from 29.1% in the three months ended March 31, 2012, to 29.7% in the three months ended March 31, 2013.

The increase in selling expenses in the three months ended March 31, 2013, was mainly due to increased staff related cost due to non-recurring personnel cost attributable to the 2013 redundancy program, partly offset by lower marketing and sales costs.

Administrative Expenses
Administrative expenses increased by SEK 3 million, or 5.2%, from SEK 55 million in the three months ended March 31, 2012, to SEK 58 million in the three months ended March 31, 2013. As a percentage of revenue, administrative expenses increased from 4.9% in the three months ended March 31, 2012,, to 5.2% in the three months ended March 31, 2013.

The increase in administrative expenses in the three months ended March 31, 2013, was mainly due to the 2013 redundancy program, partly offset by lower other operating costs as a consequence of transaction cost in three months ended March 31, 2012, relating to the Acquisition.

Other Operating Income and Expenses
Net other operating items were SEK (1) million in the three months ended March 31, 2012, and improved to SEK 5 million in the three months ended March 31, 2013.

Net Financial Income and Expenses
Net financial income and expenses decreased by SEK 160 million, or 41.1%, from SEK 390 million in the three months ended March 31, 2012, to SEK 229 million in the three months ended March 31, 2013.

The decrease was mainly due to higher currency gains from the EUR denominated debt of SEK 192 million compared with the three months ended March 31, 2012, partly offset by higher negative change in fair value of derivative instruments of SEK 33 million compared with the three months ended March 31, 2012.

Income Taxes
The Group recognized a deferred tax income of SEK 8 million for the three months ended March 31, 2013, compared to a deferred tax income of SEK 58 million for the three months ended March 31, 2012. The decrease in recognized deferred tax income is mainly due to lower loss after financial items for the three months ended March 31, 2013, compared with the three months ended March 31, 2012.

Net Loss for the Period
The Group recognized a net loss of SEK 59 million for the three months ended March 31, 2013, compared to a net loss of SEK 164 million for the three months ended March 31, 2012.

Reconciliation Net Loss for the Period to Adjusted EBITDA

The table below sets forth a reconciliation of Net loss for the period to Adjusted EBITDA for the three months ended March 31, 2013 and 2012.

	For the three Months ended March 31,		
	2013	2012	Change
	(SEK in millions)		(%)
Net loss for the period	**(59)**	**(164)**	**(63.7)**
Income taxes	(8)	(58)	(86.2)
Net financial income and expenses	229	390	(41.1)
Operating Profit	**162**	**168**	**(3.5)**
Disposals[(1)]	1	-	n/m
Depreciation and amortization	341	359	(4.9)
Non-recurring costs	41	6	n/m
Operating currency (loss)/gain	(1)	(1)	33.0
Reported Underlying EBITDA	**544**	**532**	**2.3**
Expensed retail subsidies	5	9	(48.9)
Adjusted EBITDA	**549**	**540**	**1.5**

(1) Disposals are related to modems and STBs.

Depreciation and Amortization

Depreciation and amortization decreased by SEK 17 million, or 4.9%, from SEK 359 million in the three months ended March 31, 2012, to SEK 341 million in the three months ended March 31, 2013. The decrease was primarily due to certain fixed assets having been fully written-off at the end of their depreciation schedules in 2012.

Non-recurring Costs

Non-recurring costs increased by SEK 35 million, from SEK 6 million in the three months ended March 31, 2012, to SEK 41 million in the three months ended March 31, 2013. The increase in non-recurring costs was primarily due to the 2013 redundancy program.

Adjusted EBITDA

Adjusted EBITDA increased by SEK 8 million, or 1.5%, from SEK 540 million in the three months ended March 31, 2012, to SEK 549 million in the three months ended March 31, 2013. As a percentage of revenue, Adjusted EBITDA increased from 47.6% in the three months ended March 31, 2012, to 48.9% in the three months ended March 31, 2013. The increase in Adjusted EBITDA and in Adjusted EBITDA margin for the first three months ended March 31, 2013, was primarily due to decreased content costs as well as decreased marketing and sales costs.

Operating Free Cash Flow

The table below sets forth the operating free cash flow for the three months ended March 31, 2013 and 2012.

	For the three Months ended March 31,		
	2013	2012	Change
	(SEK in millions)		(%)
Adjusted EBITDA	**549**	**540**	**1.5**
Expensed retail subsidies	(5)	(9)	(48.9)
Reported Underlying EBITDA	**544**	**532**	**2.3**
One-off items[(1)]	(40)	(5)	n/m
Adjustments for items not included in cash flow[(2)]	3	5	(40.4)
Change in net working capital	(63)	(172)	(63.1)
Capital expenditures	(170)	(198)	(14.0)
Drawdown leasing facilities	10	15	(37.1)
Operating Free Cash Flow	**283**	**176**	**60.2**

(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 cash flow.

Operating free cash flow increased by SEK 106 million, or 60.2%, from SEK 176 million in the three months ended March 31, 2012, to SEK 283 million in the three months ended March 31, 2013. The increase was mainly due to a positive Reported Underlying EBITDA development, a more favorable change in net working capital as well as lower capital expenditures, partly offset by higher one-off items.

One-off items in the three months ended March 31, 2013, include costs for the 2013 redundancy program, although this has a limited effect on cash flow since the major part of the cost are accounted for as accrued costs, included in net working capital as of March 31, 2013.

The Group operates with negative net working capital, which decreased by SEK 63 million in the three months ended March 31, 2013, compared to a decrease of SEK 172 million in the three months ended March 31, 2012. The difference in change in net working capital between the two periods is primarily explained by extraordinary high operating liabilities as of December 31, 2011, related to transaction costs and costs for lawyers and consultants for the Acquisition that was settled during the first three months ended March 31, 2012.

Capital expenditures decreased by SEK 28 million, or 14.0%, from SEK 198 million in the three months ended March 31, 2012 to SEK 170 million in the three months ended March 31, 2013. The decrease was mainly due to lower volumes of purchased CPEs and lower capitalized sales costs, partly offset by investments in Com Hem's new TiVo platform in the first three months ended March 31, 2013.

Cash 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 cash debt, available liquidity and leverage as of March 31, 2013(1).

		As of March 31, 2013				
Tranches	**Nominal currency**	**Total outstanding debt (SEKm)**	**Undrawn amount**	**Maturity date**		**Interest rate**
Term Loan A	SEK	1,388	-	2017	STIBOR 3M	+ 4.00%
Term Loan B1	SEK	1,216	-	2018	STIBOR 3M	+ 5.00%
Term Loan B2	EUR	2,534	-	2018	EURIBOR 3M	+ 5.00%
Capex Facility	SEK	-	750	2017	STIBOR 3M	+ 4.00%
Revolving Credit Facility(2)	SEK	-	445	2017	STIBOR 3M	+ 4.00%
Bank Debt		**5,138**	**1,195**			
Senior Secured Notes	SEK	3,492	-	2018	Fixed	9.25%
Senior Notes	EUR	2,394	-	2019	Fixed	10.75%
Bank and Notes Debt		**11,023**	**1,195**			
Cash and Cash Equivalents	SEK	(741)				
Cash Net Debt		**10,282**	**1,195**			
Adjusted EBITDA LTM			2,270			
Cash Net Debt/Adjusted EBITDA			**4.5x**			

(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 capitalized transaction costs and original issue discount. Also, please note that the above table excludes leasing debt.

(2) SEK 55 million of the Revolving Credit Facility is restricted for bank guarantees.

Leverage Ratio

As of March 31, 2013, the Group's cash net debt to Adjusted EBITDA ratio was 4.5x, compared to 4.7x as of December 31, 2012, and 5.1x as of March 31, 2012.

Cash Balance and Availability of Funds

As of March 31, 2013 the Group held SEK 741 million of cash and cash equivalents. Under the Senior Credit Facilities Agreement, the Group has access to an additional committed Capex Facility of SEK 750 million and an additional committed SEK 445 million under the Revolving Credit Facility.

Intragroup Debt Obligations

As of March 31, 2013, the NorCell Group’s debt obligations to its Parent Company amounted to SEK 5,037 million, of which SEK 2,640 million is a shareholder loan, SEK 2,041 million is a back-to-back loan (EUR 245 million), which is the net proceeds from the Parent Company´s issue of the Senior PIK Notes, and accrued interest on the intercompany loans of SEK 356 million. No cash interest is payable on the debt to the Parent Company.

Currency and Interest Rate Risks

The Group’s translation exposure arises due to debt obligations in EUR. As of March 31, 2013, the NorCell Group’s debt obligations in EUR amounted to EUR 836 million (EUR 304 million in credit facilities, EUR 287 million in notes and EUR 245 million in intercompany loans) compared to EUR 836 million (EUR 304 million in credit facilities, EUR 287 million in notes and EUR 245 million in intercompany loans) as of December 31, 2012. Excluding the EUR 245 million intercompany loans, described above, the NorCell Group has hedged 100% of the EUR denominated interest payments until 2015, and part of the EUR denominated principals.

To decrease the Group’s interest rate risks and currency exposure, certain derivatives have been entered into. The derivatives are measured at fair value, and are recognized in net loss for the period. As of March 31, 2013, the fair value of the derivatives amounted to SEK (319) million compared to a fair value of SEK (259) million as of December 31, 2012, and a fair value of SEK (126) million as of March 31, 2012.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Pro Forma Capitalization Table NorCell 1B Group

The following table sets out the consolidated capitalization and cash and cash equivalents for the NorCell Group and NorCell 1B AB (publ) as of March 31, 2013, and is included to fulfill the indenture for the Senior PIK Notes Issuer. The indebtedness of NorCell 1B AB (publ) has primarily been on-lent to the NorCell Group (as described in the table below). Accordingly, there are no material differences between the consolidated financial statements of NorCell 1B AB (publ) and the NorCell Group. As a result, NorCell 1B AB (publ) does not produce any consolidated financial statements.

Pro Forma Capitalization Table NorCell 1B

	As of March 31, 2013			
	NorCell Group(1)	NorCell 1B AB(1)	Adjustments	Pro Forma(1)
	(SEK in millions)			
Total cash and cash equivalents…………………………....	**741**	**0**	**-**	**742**
Current debt				
Credit facilities..	241	-	-	241
Finance leases...	119	-	-	119
Total current debt………………………………………………	**360**	**-**	**-**	**360**
Non-current debt				
Credit facilities..	4,896	-	-	4,896
Senior secured notes...	3,492	-	-	3,492
Senior notes...	2,394	-	-	2,394
Senior PIK notes..	-	2,085	-	2,085
Accrued interest Senior PIK notes...	-	93	-	93
Finance leases...	32	-	-	32
Intercompany loans (incl. accrued interest)............................	5,037	2,951	(5,037)	2,951
Unamortized transaction costs...	(521)	(76)	-	(596)
Non-current debt...	**15,330**	**5,053**	**(5,037)**	**15,346**
Total debt...	**15,690**	**5,053**	**(5,037)**	**15,706**
Total net debt...	**14,949**	**5,053**	**(5,037)**	**14,964**

(1) EUR denominated indebtedness has been converted at the exchange rate of SEK 8.338 SEK per EUR 1.00 as of March 31, 2013.

This Interim Report presents the following financial information:

- The unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months ended March 31, 2013, and 2012, and as of and for the year ended December 31, 2012. These accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

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,		
	2013	2012	Change
	(SEK in millions, except percentages)		(%)
Reported Underlying EBITDA(1)...	544	532	2.3
Reported Underlying EBITDA margin (in %)(2)...	48.5	46.8	3.6
Adjusted EBITDA(3)..	549	540	1.5
Adjusted EBITDA margin (in %)(4)..	48.9	47.6	2.7
Operating Free Cash Flow(5)…...	283	176	60.2
Operating Free Cash Flow margin (in%)(6)...	25.2	15.5	62.1

(1) Reported Underlying EBITDA is defined as net profit/(loss) for the period before income taxes, net financial items, disposals, 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 Net Profit/Loss for the Period to Reported Underlying EBITDA, see *"Results of Operations and Financial Condition - Reconciliation of Net Profit/(Loss) for the Period 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 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 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 ended March 31, 2013 and 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 Adjusted EBITDA less expensed retail subsidies, 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 ("**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.

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.

Selected Operational Data

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.

	As of March 31,		
	2013	**2012**	**Change**
Group Total	*(in thousands, except percentages and otherwise indicated)*		
Homes connected[1]	1,777	1,744	1.9
Unique subscribers[2]	823	852	(3.3)
-of which triple-play subscribers	*254*	*286*	*(10.9)*
Unique subscribers as a percentage of homes connected	46.3	48.8	(5.1)
Total RGUs[3]	1,495	1,563	(4.4)
RGUs per unique subscriber (in units)	1.82	1.84	(1.0)

(1) Homes connected represent the number of residential units to which Com Hem provides an analog or digital connection, primarily through long-term contracts with landlords of MDUs, but also through service provider agreements with communication operators.

(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 March 31,		
	2013	**2012**	**Change**
ARPU[1]	*(in SEK)*		*(%)*
Digital-Television	232	220	5.2
High-Speed Broadband	197	194	1.7
Fixed-Telephony	110	121	(8.5)
Landlord	41	41	(1.7)
Blended ARPU[2]	355	352	0.8

(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 all digital-television, high-speed broadband, fixed-telephony revenue and other revenue that can be allocated to each service for the three months ending March 31, 2013, and 2012 by the average number of total unique subscribers for the respective 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 March 31, 2013 and 2012, and as of and for the year ended December 31, 2012.

Condensed Consolidated Income Statement

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the year ended December 31, 2012
	(SEK in millions)	*(SEK in millions)*	*(SEK in millions)*
Revenue	1,123	1,136	4,562
Cost of sales and services	(574)	(581)	(2,244)
Gross profit	**549**	**555**	**2,318**
Selling expenses	(334)	(331)	(1,310)
Administrative expenses	(58)	(55)	(249)
Other operating income and expenses	5	(1)	(11)
Operating Profit	**162**	**168**	**748**
Net financial income and expenses	(229)	(390)	(1,747)
Loss after financial items	**(67)**	**(222)**	**(999)**
Income taxes	8	58	411
Net loss for the period	**(59)**	**(164)**	**(588)**
Loss per share			
Basic	(99)	(273)	(981)
Diluted	(99)	(273)	(981)

Other Comprehensive Income

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the year ended December 31, 2012
	(SEK in millions)	*(SEK in millions)*	*(SEK in millions)*
Net loss for the period	**(59)**	**(164)**	**(588)**
Other comprehensive income			
Components not to be reclassified to net profit/loss			
Revaluation of pension obligations	-	(6)	(24)
Tax attributable to revaluation of pension obligations	-	1	5
Total other comprehensive income for the period	**-**	**(5)**	**(19)**
Total comprehensive income for the period	**(59)**	**(169)**	**(608)**

Condensed Consolidated Balance Sheet

	As of March 31, 2013 (SEK in millions)	As of March 31, 2012 (SEK in millions)	As of December 31, 2012 (SEK in millions)
Non-current assets			
Intangible assets	16,401	16,857	16,513
-of which goodwill	*10,742*	*10,742*	*10,742*
Property, plant and equipment	1,374	1,431	1,421
Other non-current assets	6	1	6
Total non-current assets	**17,781**	**18,289**	**17,940**
Current assets	259	280	300
Cash and cash equivalents	741	647	661
Total current assets	**1,001**	**927**	**961**
Total assets	**18,781**	**19,216**	**18,901**
Total equity	**11**	**509**	**70**
Non-current interest-bearing liabilities	15,330	15,310	15,553
- of which credit facilities	*4,633*	*5,078*	*4,838*
- of which notes	*5,628*	*5,636*	*5,703*
- of which intercompany loans	*5,037*	*4,473*	*4,973*
Other non-current liabilities	488	272	426
Deferred tax liabilities	761	1,123	766
Total non-current liabilities	**16,579**	**16,705**	**16,746**
Current interest-bearing liabilities	360	255	354
Other current liabilities	1,831	1,747	1,731
Total current liabilities	**2,191**	**2,002**	**2,085**
Total equity and liabilities	**18,781**	**19,216**	**18,901**

	As of March 31, 2013 (SEK in millions)	As of March 31, 2012 (SEK in millions)	As of December 31, 2012 (SEK in millions)
Opening Total equity beginning of period	**70**	**681**	**681**
Change in accounting principle	-	(3)	(3)
Opening equity beginning of period (restated)	**70**	**678**	**678**
Net loss for the period	(59)	(164)	(588)
Other comprehensive income for the period, net of tax	-	(5)	(19)
Total comprehensive income for the period	**(59)**	**(169)**	**(608)**
Closing Total equity end of period	**11**	**509**	**70**

Condensed Consolidated Cash Flow Statement

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the year ended December 31, 2012
	(SEK in millions)	*(SEK in millions)*	*(SEK in millions)*
Operating activities			
Loss after financial items	(67)	(222)	(999)
Adjustments for items not included in cash flow, etc.*	519	652	2,012
Change in working capital	(63)	(172)	(117)
Cash flow from operating activities	**388**	**258**	**896**
Investing activities			
Acquisition of intangible assets	(62)	(51)	(250)
Acquisition of property, plant and equipment	(99)	(131)	(625)
Acquisition of subsidiaries	(7)	-	-
Investments in financial assets	-	-	(6)
Cash flow from investing activities	**(168)**	**(183)**	**(880)**
Financing activities			
Net borrowings from group companies	-	(101)	101
Amortization of borrowings	(140)	(335)	(457)
Payment of transaction costs	-	(37)	(43)
Cash flow from financing activities	**(140)**	**(473)**	**(399)**
Net change in cash and cash equivalents	80	(397)	(383)
Cash and cash equivalents at period end	**741**	**647**	**661**

*Adjustments for items not included in cash flow etc.

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the year ended December 31, 2012
	(SEK in millions)	*(SEK in millions)*	*(SEK in millions)*
Depreciation, amortization and impairment of assets	341	359	1,413
Unrealized exchange rate differences	(249)	(58)	(191)
Unrealized change in fair value of financial assets	60	27	159
Change in accrued arrangement fees and accrued interest expense	226	182	167
Interest not settled with cash, group companies	138	135	438
Other	3	7	26
Total	**519**	**652**	**2,012**

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 2012 and presented in million Swedish kronor (SEK) which is also the Group's functional currency.

The Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting.

The Interim Report has been approved for issuance by the Board of Directors on May 24, 2013.

New and amended accounting standards

The amended IAS19 Employee benefits was adopted by the Group as from January 1, 2013, retrospectively. Accordingly, the financial statements for 2012, have been restated as described in the table below (effects on relevant line items). The other new or revised IFRSs that have come into force on January 1, 2013, had no material impact on the consolidated financial statements in addition to certain additional disclosures on financial instruments and that the revised IAS 1 resulted in a new classification of items reported in other comprehensive income.

SEK in millions	As of January 1, 2012	For the three months ended March 31, 2012	For the year ended December 31, 2012
Net loss for the period	-	-	-
Other comprehensive income	-	(5)	(19)
Total comprehensive income	**-**	**(5)**	**(19)**
Total equity	**(3)**	**(5)**	**(19)**
Other non-current liabilities (pensions)	4	6	24
Deferred tax liabilities	(1)	(1)	(5)
Total non-current liabilities	**3**	**5**	**19**

Operating Segments

The operations of the Group are integrated and constitute a single operating segment that offers the supply of digital-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 digital-television, high-speed broadband, fixed-telephony and landlord is disclosed in Note 2.

Note 2 Revenue

Total revenue amounted to SEK 1,123 million (SEK 1,136 million) in the three months ended March 31, 2013. Digital-television revenue amounted to SEK 421 million (SEK 425 million), or 37.5% (37.4%) of total revenue. High-speed broadband revenue amounted to SEK 319 million (SEK 318 million), or 28.4% (27.9%) of total revenue. Fixed-telephony revenue amounted to SEK 113 million (SEK 134 million), or 10.0% (11.8%) of total revenue. Landlord revenue amounted to SEK 216 million (SEK 216 million) or 19.2% (19.0%) of total revenue, and other revenue amounted to SEK 54 million (SEK 44 million), or 4.8% (3.8%) of total revenue.

Note 3 Operating Expenses

The Group's cost of sales and services amounted to SEK 574 million (SEK 581 million), or 51.1% (51.2%) of total revenue in the three months ended March 31, 2013. Selling expenses amounted to SEK 334 million (SEK 331 million), or 29.7% (29.1%) of total revenue, administrative expenses amounted to SEK 58 million (SEK 55 million), or 5.2% (4.9%) of total revenue and the Group's net other operating income and expenses amounted to an income of SEK 5 million (expense of SEK 1 million).

Note 4 Financial Income and Expense

Financial income and expenses summarized to a net financial expense of SEK 229 million (SEK 390 million) in the three months ended March 31, 2013.

Net financial expense consisted primarily of interest expenses on borrowings amounting to SEK 415 million (SEK 420 million), currency gains in EUR denominated debt of SEK 250 million (SEK 58 million), and a negative change in fair value of derivative instruments amounting to SEK 60 million (SEK 25 million) in the three months ended March 31, 2013.

Note 5 Income Taxes
The Group recognized a deferred tax income for the three months ended March 31, 2013 of SEK 8 million (SEK 58 million).

Note 6 Net Loss for the Period
The Group recognized a net loss of SEK 59 million (SEK 164 million) in the three months ended March 31, 2013.

Note 7 Capital Expenditures
Capital expenditures in the three months ended March 31, 2013 amounted to SEK 170 million (SEK 198 million) or 15.2% (17.5%) of total revenue, of which SEK 10 million (SEK 15 million) was funded by financial leases. Of the capital expenditures net after leasing, SEK 99 million (SEK 131 million) related to investments in fixed tangible assets and SEK 62 million (SEK 51 million) related to investments in fixed intangible assets.

Note 8 Liquidity and Financial Position
As of March 31, 2013 the Group held SEK 741 million (SEK 647 million) of cash and cash equivalents. Under the Senior Facilities Agreement, the Group has access to an additional committed Capex Facility of SEK 750 million, and additional committed SEK 445 million under the Revolving Credit Facility.

Note 9 Fair Value of Derivative Instruments
To decrease the Group's interest rate risks and currency exposure, certain derivatives have been entered into. The derivatives are measured at fair value and are recognized in net profit/(loss), hedge accounting is not applied. The Group only holds level 2 instruments as described in the Annual Report 2012.

Amounts of SEK (60) million (SEK (25) million) regarding changes in fair value of the derivatives have been recognized in the financial net in the three months ending March 31, 2013.

The following table illustrates the fair value of the derivatives at period end.

SEK in millions	As of March 31, 2013	As of March 31, 2012	As of December 31, 2012
Derivatives (Collar)	(5)	2	(8)
Derivatives (CIRS)	(263)	(109)	(216)
Derivatives (FX contracts)	(50)	(19)	(35)
Financial liabilities	**(319)**	**(126)**	**(259)**

Note 10 Related Parties
The Group has related party relationships with the Company's owner and with Board Members and Group Management as described in the Annual Report 2012.

Note 11 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 2012. The Group believes that the risk environment has not materially changed from the description in the Annual Report 2012.

Note 12 Events During the First Quarter
On January 16, 2013, Com Hem launched its mobile Voice over WiFi application available for downloading on App Store and Google Play. By downloading and installing the application on a smartphone, and by connecting to a wireless network access point, Com Hem's fixed-telephony subscribers are able to place their fixed, mobile and international calls at Com Hem's fixed-telephony fees instead of the mobile operators fees.

On January 29, 2013, Com Hem gave notice of a reduction of approximately 60 employees, mainly affecting the head office in Stockholm and the Customer Care Center in Härnösand. The redundancy program was communicated during the first quarter and is planned to be finalized during the end of the second quarter of 2013.

In December 2012, Com Hem signed an agreement with Övik Energi, to acquire Örnsat AB, a local network operator in Örnsköldsvik. Örnsat AB has approximately 6,000 connected households. The acquisition was completed on March 1, 2013.

Note 13 Subsequent Events
On April 18, 2013, Com Hem signed a framework agreement with Telenor Sverige AB and will commence operations as service provider in Telenor’s communication operator Open Universe’s open network.

On May 7, 2013, Com Hem signed a framework agreement with Sweden´s largest communication operator, Zitius Service Delivery AB, and will commence operations as a service provider in Zitius’ open network.

On May 21, 2013, NorCell 1B AB (publ) provided the Luxembourg Stock Exchange with a notice electing to pay interest for the interest period November 12, 2012, to May 31, 2013, on the Senior PIK Notes due 2019, in pay-in-kind interest by increasing the principal amount of the Senior PIK Notes by an aggregate principal amount equal to the amount of interest for the initial interest payment period. The notice also included the election to pay interest for the interest period June 1, 2013 to November 30, 2013, in pay-in-kind interest by increasing the principal amount of the Senior PIK Notes by an aggregate principal amount equal to the amount of interest for the second interest payment period.

To the knowledge of the Board of Directors, no other events have occurred after closing date that is expected to have a material impact on the business.

For further information

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About Com Hem

Com Hem is one of Sweden's leading suppliers of television, broadband and fixed-telephony. Approximately 37 percent, 1.75 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 controlled by BC Partners, and has approximately 950 employees and head office in Stockholm.