Interim Report

as of June 30, 2013

NorCell Sweden Holding 2 AB (publ) Group

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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 June 30, 2013 (the "**Interim Report**") presenting the NorCell Sweden Holding 2 AB (publ) Group's condensed consolidated financial statements for the period April 1, 2013 to June 30, 2013 and January 1, 2013 to June 30, 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, including capitalised PIK interest payments in additional notes, 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 issue any 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 "*Second 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, wireless broadband companies and OTT services;
- 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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SECOND QUARTER HIGHLIGHTS

The following chapter presents key financial and operating highlights that have occurred during the three months ended June 30, 2013 and June 30, 2012 unless otherwise stated. You should read this table in conjunction with "Results of Operations and Financial Condition", "Presentation of Financial and Other Information" and "Condensed Consolidated Financial Statements", which are included elsewhere in this Interim Report.

Key Financial Highlights

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	**2012**	**2013**	**2012**	**2012**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Revenue	1,108	1,148	2,231	2,284	4,562
Reported Underlying EBITDA	547	541	1,091	1,073	2,232
Adjusted EBITDA	550	549	1,099	1,090	2,262
Capital Expenditures	203	191	374	389	913
Operating Free Cash Flow	259	315	542	491	1,196

Revenue for the Second Quarter 2013

Total overall revenue decreased slightly to SEK 1,108 million in the second quarter 2013 compared to SEK 1,148 million in the corresponding quarter 2012. Revenue from digital-television and fixed-telephony services decreased, partly offset by increased revenue from high-speed broadband services and other revenue. Revenue from the landlord services remained at the same level compared to the corresponding quarter in 2012.

Stable EBITDA development

Despite a slight decrease in overall revenue Adjusted EBITDA remained at the same level compared to the corresponding quarter in 2012 due to lower cost base. Production costs in the second quarter 2013 was SEK 8 million lower than the corresponding quarter previous year, mainly due to lower content costs, partly offset by higher other production costs related to service and support agreements for the new TiVo platform. Operating costs decreased by SEK 37 million in the second quarter of 2013 compared to the corresponding quarter in 2012 mainly due to timing in marketing, lower sales costs and general cost savings.

Slight increase in Investments

Capital expenditures increased by SEK 13 million, or 6.6%, from SEK 191 million in the second quarter 2012, to SEK 203 million in the second quarter 2013. The increase was mainly due to higher IS development capex relating to the TiVo platform and timing differences in purchases of modems, partly offset by lower network related and other capex.

Operating Free Cash Flow

Operating free cash flow decreased by SEK 56 million, or 17.7%, from SEK 315 million in the second quarter 2012 to SEK 259 million in the second quarter 2013. The decrease was mainly due to a less favorable change in net working capital, higher one-off costs and higher capital expenditures compared to the corresponding quarter in 2012.

Key Operational Highlights

	As of June 30,		As of March 31,		As of December 31,
	2013	2012	2013	2012	2012
	(in thousands, except otherwise indicated)				
Homes connected..	1,777	1,749	1,777	1,744	1,749
Unique subscribers……………...................................	822	835	823	852	828
-of which triple-play subscribers..............................	*247*	*276*	*254*	*286*	*264*
Unique subscribers as a percentage of homes connected (%)…………………………………………	46.2	47.7	46.3	48.8	47.3
Total RGUs……………...	1,483	1,526	1,495	1,563	1,502
RGUs per unique subscriber (in units)....................	1.80	1.83	1,82	1.84	1,82
Blended ARPU[(1)] (SEK)..	351	361	355	352	358

(1) Blended ARPU is calculated by all digital-television, high-speed broadband, fixed-telephony and other revenue that can be allocated to each service for the respective period, 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

As of June 30, 2013, Com Hem had 1,777,000 homes connected which is unchanged from March 31, 2013, and an increase of 27,000 homes connected from 1,749,000 as of June 30, 2012. The number of unique subscribers has slightly decreased to 822,000 as of June 30, 2013, compared to 823,000 as of March 31, 2013, and 835,000 as of June 30, 2012. The total number of RGUs was 1,483,000 as of June 30, 2013, compared to 1,495,000 as of March 31, 2013, and 1,526,000 as of June 30, 2012.

Unique subscribers as a percentage of homes connected was 46.2% as of June 30, 2013, compared to 46.3% as of March 31, 2013, and 47.7% as of June 30, 2012. The number of RGUs per unique subscriber was 1.80 as of June 30, 2013, compared to 1.82 as of March 31, 2013, and 1.83 as of June 30, 2012.

Blended ARPU per unique subscriber decreased by SEK 10, or 2.9%, from SEK 361 in the second quarter 2012 to SEK 351 in the second quarter 2013. The decrease in blended ARPU in the second quarter 2013 was due to lower ARPU contribution from digital-television and fixed-telephony services.

Events During the Second Quarter

On April 18, 2013, Com Hem signed a framework agreement with Telenor Sverige AB to operate as a 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, to operate 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 principal amount increased by EUR 16 million from June 1, 2013.

On June 20, 2013, Com Hem launched its B2B SoHo offering.

On June 28, 2013, Com Hem signed a framework agreement with IP Only, and will commence operations as a service provider in IP Only’s open network.

Events After the Second Quarter

On August 14, 2013, TiVo was soft-launched.

On August 21, 2013, Com Hem launched a new Broadband portfolio, incl. 500 Mbit/s service, available to more than 1 million fibercoax end-customers.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion and analysis of the results of operations and financial condition of the Group, based on the unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months and as of and for the six months ended June 30, 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 June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	2012	2013	2012	2012
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Revenue	1,108	1,148	2,231	2,284	4,562
Cost of sales and services	(542)	(569)	(1,115)	(1,150)	(2,244)
Gross profit	**566**	**579**	**1,115**	**1,133**	**2,318**
Selling expenses	(334)	(332)	(668)	(663)	(1,310)
Administrative expenses	(55)	(66)	(113)	(121)	(249)
Other operating income and expenses	5	(9)	10	(10)	(11)
Operating Profit	**182**	**172**	**344**	**340**	**748**
Net financial income and expense	(614)	(408)	(843)	(798)	(1,747)
Income taxes	104	62	112	120	411
Net loss for the period	**(328)**	**(174)**	**(387)**	**(338)**	**(588)**

Revenue

Revenue decreased by SEK 40 million, or 3.5%, from SEK 1,148 million in the three months ended June 30, 2012, to SEK 1,108 million in the three months ended June 30, 2013. The decrease was due to lower revenue from digital-television and fixed-telephony services, partly offset by increased revenue from high-speed broadband services as well as higher Other revenue, due to increased revenue from the communication operator services (iTUX).

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

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	2012	2013	2012	2012
Service	*(SEK in millions)*		*(SEK in millions)*		*(SEK in millions)*
Digital-Television	411	437	832	862	1,721
High-Speed Broadband	323	319	642	637	1,277
Fixed-Telephony	106	129	219	262	506
Landlord	214	215	430	431	856
Other(1)	53	48	108	92	202
Total Revenue	**1,108**	**1,148**	**2,231**	**2,284**	**4,562**

(1) Other represents revenue generated primarily from billing and reminder fees, iTUX revenue, B2B 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 June 30,		As of March 31,		As of December 31,
	2013	2012	2013	2012	2012
RGUs	*(in thousands)*		*(in thousands)*		*(in thousands)*
Digital-Television	606	621	613	644	612
High-Speed Broadband	543	545	542	550	543
Fixed-Telephony	334	360	339	370	348
Total RGUs	**1,483**	**1,526**	**1,495**	**1,563**	**1,502**

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

ARPU	For the three months ended June 30, 2013	For the three months ended June 30, 2012	For the six months ended June 30, 2013	For the six months ended June 30, 2012	For the year ended December 31, 2012
	(in SEK)		(in SEK)		(in SEK)
Digital-Television..	225	233	228	227	231
High-Speed Broadband….......................................	198	196	198	195	196
Fixed-Telephony…...	105	118	108	120	117
Landlord………………....................................	40	41	40	41	41

Digital-Television

Revenue from digital-television services decreased by SEK 26 million, or 6.0%, from SEK 437 million in the three months ended June 30, 2012, to SEK 411 million in the three months ended June 30, 2013. The decrease was a result of a lower RGU base and a decline in ARPU. Digital-television RGUs decreased by approximately 15,000, or 2.4%, from approximately 621,000 as of June 30, 2012, to approximately 606,000 as of June 30, 2013. ARPU decreased by SEK 9, or 3.8%, from SEK 233 in the three months ended June 30, 2012, to SEK 225 in the three months ended June 30, 2013.

Revenue from digital-television services decreased by SEK 30 million, or 3.5%, from SEK 862 million in the six months ended June 30, 2012, to SEK 832 million in the six months ended June 30, 2013. The decrease was mainly a result of a lower RGU base during the first six months of approximately 31,000 compared to the corresponding period in 2012. ARPU increased by SEK 1, or 0.6%, from SEK 227 in the six months ended June 30, 2012, to SEK 228 in the six months ended June 30, 2013.

High-Speed Broadband

Revenue from high-speed broadband services increased by SEK 3 million, or 1.1%, from SEK 319 million in the three months ended June 30, 2012, to SEK 323 million in the three months ended June 30, 2013. ARPU increased by SEK 2, or 1.1%, from SEK 196 in the three months ended June 30, 2012, to SEK 198 in the three months ended June 30, 2013.

Revenue from high-speed broadband services increased by SEK 5 million, or 0.8%, from SEK 637 million in the six months ended June 30, 2012, to SEK 642 million in the six months ended June 30, 2013. ARPU increased by SEK 3 million, or 1.4%, from SEK 195 in the six months ended June 30, 2012, to SEK 198 in the six months ended June 30, 2013.

The revenue increase for both the second quarter and the first six months was primarily an ARPU effect due to the demand for higher broadband speeds and migration of subscribers with 1 and 2 Mbit/s services to the 10 Mbit/s service.

Fixed-Telephony

Revenue from fixed-telephony services decreased by SEK 22 million, or 17.2%, from SEK 129 million in the three months ended June 30, 2012, to SEK 106 million in the three months ended June 30, 2013. Fixed-telephony RGUs decreased by approximately 26,000, or 7.3%, from approximately 360,000 as of June 30, 2012, to approximately 334,000 as of June 30, 2013. ARPU decreased by SEK 13, or 11.2%, from SEK 118 in the three months ended June 30, 2012, to SEK 105 in the three months ended June 30, 2013.

Revenue from fixed-telephony services decreased by SEK 43 million, or 16.4%, from SEK 262 million in the six months ended June 30, 2012, to SEK 219 million in the six months ended June 30, 2013. ARPU decreased by SEK 12, or 9.8%, from SEK 120 in the six months ended June 30, 2012, to SEK 108 in the six months ended June 30, 2013.

The decrease in RGUs and ARPU for both the second quarter and the first six months of 2013 is largely a result of lower usage of fixed-telephony services as an effect of the fixed to mobile substitution.

Landlord

Revenue from landlord services decreased slightly by 0.2% from SEK 215 million in the three months ended June 30, 2012, to SEK 214 million in the three months ended June 30, 2013. The decrease in revenue for the second quarter was primarily due to a reduction in ARPU from landlord customers mainly as a result of contract re-negotiations, partly offset by an increased number of homes connected.

Revenue from landlord services decreased slightly by 0.2% from SEK 431 million in the six months ended June 30, 2012, to SEK 430 million in the six months ended June 30, 2013. The decrease in revenue for the first six months was primarily due to a reduction in ARPU from landlord customers as a result of contract re-negotiations, partly offset by an increased number of homes connected and one-off connection fees from connecting new households in the six months ended June 30, 2013.

Other
Other revenue increased by SEK 5 million, or 11.3%, from SEK 48 million in the three months ended June 30, 2012, to SEK 53 million in the three months ended June 30, 2013, and by SEK 16 million, or 17.5%, from SEK 92 million in the six months ended June 30, 2012, to SEK 108 million in the six months ended June 30, 2013. The increase in revenue is mainly explained by higher communication operator revenue in iTUX.

Cost of Sales and Services
Cost of sales and services decreased by SEK 28 million, or 4.8%, from SEK 569 million in the three months ended June 30, 2012, to SEK 542 million in the three months ended June 30, 2013. As a percentage of revenue, cost of sales and services decreased from 49.6% in the three months ended June 30, 2012, to 48.9% in the three months ended June 30, 2013.

The decrease in cost of sales and services in the three months ended June 30, 2013, was mainly due to lower digital-television content costs and lower depreciation and amortization. The decrease was partly offset by higher communication operator costs in iTUX and higher costs for service and support agreements relating to the new TiVo platform.

Cost of sales and services decreased by SEK 35 million, or 3.1%, from SEK 1,150 million in the six months ended June 30, 2012, to SEK 1,115 million in the six months ended June 30, 2013. As a percentage of revenue, cost of sales and services decreased from 50.4% in the six months ended June 30, 2012, to 50.0% in the six months ended June 30, 2013.

The decrease in cost of sales and services for the six months ended June 30, 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 communication operator costs in iTUX and non-recurring personnel costs attributable to the 2013 redundancy program.

Selling Expenses
Selling expenses increased by SEK 2 million, or 0.7%, from SEK 332 million in the three months ended June 30, 2012, to SEK 334 million in the three months ended June 30, 2013. As a percentage of revenue, selling expenses increased from 28.9% in the three months ended June 30, 2012, to 30.1% in the three months ended June 30, 2013.

The increase in selling expenses for three months ended June 30, 2013, was mainly due to non-recurring consultancy costs attributable to the TiVo launch, partly offset by lower expensed retail subsidies accounted for as prepaid expenses before January 1, 2011.

Selling expenses increased by SEK 5 million, or 0.7% from SEK 663 million in the six months ended June 30, 2012, to SEK 668 million in the six months ended June 30, 2013. As a percentage of revenue, selling expenses increased from 29.0% in the six months ended June 30, 2012, to 29.9% in the six months ended June 30, 2013.

The increase in selling expenses for the six months ended June 30, 2013, was mainly due to non-recurring consultancy costs attributable to the TiVo launch, partly offset by lower expensed retail subsidies accounted for as prepaid expenses before January 1, 2011.

Administrative Expenses
Administrative expenses decreased by SEK 11 million, or 16.8%, from SEK 66 million in the three months ended June 30, 2012, to SEK 55 million in the three months ended June 30, 2013. As a percentage of revenue, administrative expenses decreased from 5.8% in the three months ended June 30, 2012, to 5.0% in the three months ended June 30, 2013.

The decrease in administrative expenses for the three months ended June 30, 2013, was mainly due to lower consultancy costs and general cost savings.

Administrative expenses decreased by SEK 8 million, or 6.8%, from SEK 121 million in the six months ended June 30, 2012, to SEK 113 million in the six months ended June 30, 2013. As a percentage of revenue, administrative expenses decreased from 5.3% in the six months ended June 30, 2012, to 5.1% in the six months ended June 30, 2013.

The decrease in administrative expenses for the six months ended June 30, 2013, was mainly due to general cost savings.

Other Operating Income and Expenses
Net other operating items were SEK (9) million in the three months ended June 30, 2012, and SEK 5 million in the three months ended June 30, 2013. Net other operating items were SEK (10) million in the six months ended June 30, 2012, and SEK 10 million in the six months ended June 30, 2013.

Net Financial Income and Expenses
Net financial income and expenses increased by SEK 206 million, or 50.5%, from a net expense of SEK 408 million in the three months ended June 30, 2012, to a net expense of SEK 614 million in the three months ended June 30, 2013.

The increase was mainly due to currency losses from the EUR denominated debt of SEK 348 million in the three months ended June 30, 2013, compared to currency gains of SEK 42 million in the three months ended June 30, 2012. Partly offset by a positive change in fair value of derivative instruments of SEK 161 million in the three months ended June 30, 2013, compared to a negative change of SEK 33 million in the three months ended June 30, 2012.

Net financial income and expense increased by SEK 46 million, or 5.7%, from a net expense of SEK 798 million in the six months ended June 30, 2012, to a net expense of SEK 843 million in the six months ended June 30, 2013.

The increase was mainly due to currency losses from the EUR denominated debt of SEK 98 million in the six months ended June 30, 2013, compared to currency gains of SEK 100 million in the six months ended June 30, 2012, partly offset by a positive change in fair value of derivative instruments of SEK 101 million in the six months ended June 30, 2013, compared to a negative change of SEK 59 million in the six months ended June 30, 2012.

Income Taxes
The Group recognized a deferred tax income of SEK 104 million for the three months ended June 30, 2013, compared to a deferred tax income of SEK 62 million for the three months ended June 30, 2012. The increase in recognized deferred tax income was mainly due to a higher loss after financial items for the three months ended June 30, 2013, compared with the three months ended June 30, 2012.

Deferred tax income for the six months ended June 30, 2013 was SEK 112 million, compared to a deferred tax income of SEK 120 million in the six months ended June 30, 2012. The decrease in recognized deferred tax income was mainly due to the lower tax rate of 22.0% for the six months ended June 30, 2013, compared to 26.3% for the six months ended June 30, 2012.

Net Loss for the Period
The Group recognized a net loss of SEK 328 million for the three months ended June 30, 2013, compared to a net loss of SEK 174 million for the three months ended June 30, 2012.

The Group recognized a net loss of SEK 387 million for the three months ended June 30, 2013, compared to a net loss of SEK 338 million for the three months ended June 30, 2012.

Reconciliation of the 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 June 30, 2013 and 2012, and for the six months ended June 30, 2013 and 2012.

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	**2012**	**2013**	**2012**	**2012**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Net loss for the period	**(328)**	**(174)**	**(387)**	**(338)**	**(588)**
Income taxes	(104)	(62)	(112)	(120)	(411)
Net financial income and expenses	614	408	843	798	1,747
Operating Profit	**182**	**172**	**344**	**340**	**748**
Disposals(1)	0	-	1	-	19
Depreciation and amortization	333	358	674	717	1,413
Non-recurring costs	32	10	74	16	52
Operating currency (loss)/gain	(1)	1	(2)	(0)	1
Reported Underlying EBITDA	**547**	**541**	**1,091**	**1,073**	**2,232**
Expensed retail subsidies	3	8	8	17	30
Adjusted EBITDA	**550**	**549**	**1,099**	**1,090**	**2,262**

(1) Disposals are related to modems and STBs.

Depreciation and Amortization

Depreciation and amortization decreased by SEK 25 million, or 7.0%, from SEK 358 million in the three months ended June 30, 2012, to SEK 333 million in the three months ended June 30, 2013.

Depreciation and amortization decreased by SEK 42 million, or 5.9%, from SEK 717 million in the six months ended June 30, 2012, to SEK 674 million in the six months ended June 30, 2013.

The decrease for both the second quarter and the first six months 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 22 million from SEK 10 million in the three months ended June 30, 2012, to SEK 32 million in the three months ended June 30, 2013.

Non-recurring costs increased by SEK 57 million from SEK 16 million in the six months ended June 30, 2012, to SEK 74 million in the six months ended June 30, 2013.

The increase in non-recurring costs for both for the second quarter and the six first months was primarily due to the 2013 redundancy program as well as one-off marketing and consultancy costs relating to the TiVo launch.

Adjusted EBITDA

Adjusted EBITDA remained at the same level for the three months ended June 30, 2013, compared to the three months ended June 30, 2012. As a percentage of revenue, Adjusted EBITDA increased from 47.9% in the three months ended June 30, 2012, to 49.6% in the three months ended June 30, 2013.

Despite slightly lower overall revenue, Adjusted EBITDA for the three months ended June 30, 2013, remained at a stable level compared to the corresponding period in 2012 primarily due to decreased content costs, lower sales acquisition costs and general cost savings.

Adjusted EBITDA increased by SEK 9 million, or 0.8%, from SEK 1,090 million in the six months ended June 30, 2012, to SEK 1,099 million in the six months ended June 30, 2013. As a percentage of revenue, Adjusted EBITDA increased from 47.7% in the six months ended June 30, 2012, to 49.2% in the six months ended June 30, 2013.

The increases in Adjusted EBITDA and in Adjusted EBITDA margin for the six months ended June 30, 2013, were primarily due to decreased content costs, lower sales acquisition costs and general cost savings.

Operating Free Cash Flow

The table below sets forth the operating free cash flow for the three months ended June 30, 2013 and 2012 and for the six months ended June 30, 2013 and 2012.

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	**2012**	**2013**	**2012**	**2012**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Adjusted EBITDA	**550**	**549**	**1,099**	**1,090**	**2,262**
Expensed retail subsidies	(3)	(8)	(8)	(17)	(30)
Reported Underlying EBITDA	**547**	**541**	**1,091**	**1,073**	**2,232**
One-off items(1)	(31)	(11)	(72)	(16)	(52)
Adjustments for items not included in cash flow(2)	(1)	1	1	6	7
Change in net working capital	(52)	(25)	(115)	(197)	(117)
Capital expenditures	(203)	(191)	(374)	(389)	(913)
Capex funded by leasing	-	-	10	15	38
Operating Free Cash Flow	**259**	**315**	**542**	**491**	**1,196**

(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 for the Three Months Ended June 30, 2013 and 2012

Operating free cash flow decreased by SEK 56 million, or 17.7%, from SEK 315 million in the three months ended June 30, 2012, to SEK 259 million in the three months ended June 30, 2013. The decrease was mainly due to a less favorable change in net working capital, higher one-off items and higher capital expenditures compared to the corresponding quarter in 2012.

One-off items increased by SEK 20 million from SEK 11 million in the three months ended June 30, 2012, to SEK 31 million in the three months ended June 30, 2013. The increase was primarily due to non-recurring costs relating to the TiVo launch and the 2013 redundancy program.

The Group operates with negative net working capital, which decreased by SEK 52 million in the three months ended June 30, 2013, compared to a decrease of SEK 25 million in the three months ended June 30, 2012. The difference in change in net working capital between the two periods was primarily explained by increased stock, decreased operating liabilities and lower unwinding of prepaid expenses for retail subsidies in the three months ended June 30, 2013 compared to the corresponding quarter in 2012.

Capital expenditures increased by SEK 13 million, or 6.6%, from SEK 191 million in the three months ended June 30, 2012 to SEK 203 million in the three months ended June 30, 2013. The increase was mainly due to higher IS development capex relating to the TiVo platform and timing differences in modem capex, partly offset by lower network related and other capex.

Operating Free Cash Flow for the Six Months Ended June 30, 2013 and 2012

Operating free cash flow increased by SEK 51 million, or 10.3%, from SEK 491 million in the six months ended June 30, 2012, to SEK 542 million in the six months ended June 30, 2013. The increase was mainly due to a more favorable change in net working capital, higher Underlying EBITDA and lower capex, partly offset by higher one-off items compared to the corresponding period in 2012.

One-off items increased by SEK 55 million, from SEK 16 million in the six months ended June 30, 2012 to SEK 72 million in the six months ended June 30, 2013. The increase was primarily due to non-recurring costs for the 2013 redundancy program, accounted for as accrued costs included in net working capital as of June 30, 2013, and as a consequence had a limited effect on cash flow during the six months ended June 30, 2013. The increase was also due to non-recurring cost for the TiVo-launch during the six months ended June 30, 2013.

The Group operates with negative net working capital which decreased by SEK 115 million in the six months ended June 30, 2013, compared to a decrease of SEK 197 million in the six months ended June 30, 2012. The difference in change in net working capital between the two periods was 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 of 2012.

Capital expenditures decreased by SEK 15 million, or 3.9%, from SEK 389 million in the six months ended June 30, 2012, to SEK 374 million in the six months ended June 30, 2013. The decrease was mainly due to lower volumes of purchased CPEs and lower capitalized sales costs, partly offset by higher network related and IS development capex relating to the TiVo platform.

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 free 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 June 30, 2013[1].

Tranches	Nominal currency	As of June 30, 2013 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	2,662	-	2018	EURIBOR 3M	+ 5.00%
Capex Facility	SEK	100	650	2017	STIBOR 3M	+ 4.00%
Revolving Credit Facility[2]	SEK	-	445	2017	STIBOR 3M	+ 4.00%
Bank Debt		**5,365**	**1,095**			
Senior Secured Notes	SEK	3,492	-	2018	Fixed	9.25%
Senior Notes	EUR	2,514	-	2019	Fixed	10.75%
Bank and Notes Debt		**11,371**	**1,095**			
Cash and Cash Equivalents	SEK	(658)				
Cash Net Debt		**10,713**	**1,095**			
Adjusted EBITDA LTM			2,271			
Cash Net Debt/Adjusted EBITDA			**4.7x**			

(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) Of the Revolving Credit Facility of SEK 500 million, SEK 55 million is restricted for bank guarantees.

Leverage Ratio

As of June 30, 2013, the Group's cash net debt to Adjusted EBITDA ratio was 4.7x, compared to 4.5x as of March 31, 2013, and 4.9x as of June 30, 2012. The increase in leverage compared to March 31, 2013, is mainly due to the change in EUR/SEK exchange rate, resulting in a higher carrying value of the euro denominated debt as of June 30, 2013, compared to as of March 31, 2013.

Cash Balance and Availability of Funds

As of June 30, 2013 the Group held SEK 658 million of cash and cash equivalents. SEK 100 million from the Capex Facility was drawn down in the three months ended June 30, 2013. Under the Senior Credit Facilities Agreement, the Group has access to an additional committed Capex Facility of SEK 650 million and an additional committed SEK 445 million under the Revolving Credit Facility.

Intragroup Debt Obligations

As of June 30, 2013, the NorCell Group's debt obligations to its Parent Company amounted to SEK 5,290 million, of which SEK 2,640 million is a shareholder loan, SEK 2,287 million is a back-to-back loan (EUR 261 million), which is the net proceeds from the Parent Company´s issue of the Senior PIK Notes including interest capitalized on June 1, 2013, and accrued interest on the intercompany loans of SEK 363 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 June 30, 2013, the NorCell Group's debt obligations in EUR amounted to EUR 852 million (EUR 304 million in credit facilities, EUR 287 million in notes and EUR 261 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 March 31, 2013. Excluding the EUR 261 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 June 30, 2013, the fair value of the derivatives amounted to SEK (155) million compared to a fair value of SEK (319) million as of March 31, 2013, and a fair value of SEK (160) million as of June 30, 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 June 30, 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 issue any consolidated financial statements.

Pro Forma Capitalization Table NorCell 1B

	As of June 30, 2013			
	NorCell Group[(1)]	**NorCell 1B AB[(1)]**	**Adjustments**	**Pro Forma[(1)]**
		(SEK in millions)		
Total cash and cash equivalents……………………….....	**658**	**0**	**-**	**658**
Current debt				
Credit facilities..	241	-	-	241
Finance leases...	94	-	-	94
Total current debt……………………………………………….	**336**	**-**	**-**	**336**
Non-current debt				
Credit facilities..	5,124	-	-	5,124
Senior secured notes..	3,492	-	-	3,492
Senior notes..	2,514	-	-	2,514
Senior PIK notes...	-	2,333	-	2,333
Accrued interest Senior PIK notes..	-	24	-	24
Finance leases...	23	-	-	23
Intercompany loans (incl. accrued interest)............................	5,290	3,028	(5,290)	3,028
Unamortized transaction costs..	(501)	(76)	-	(577)
Non-current debt...	**15,942**	**5,308**	**(5,290)**	**15,960**
Total debt...	**16,277**	**5,308**	**(5,290)**	**16,295**
Total net debt...	**15,619**	**5,308**	**(5,290)**	**15,637**

(1) EUR denominated indebtedness has been converted at the exchange rate of SEK 8.758 SEK per EUR 1.00 as of June 30, 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 and as of and for the six months ended June 30, 2012 and 2013, and the audited condensed consolidated financial statements 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 June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	**2012**	**2013**	**2012**	**2012**
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Reported Underlying EBITDA[(1)]..............................	547	541	1,091	1,073	2,232
Reported Underlying EBITDA margin (in %)[(2)].........	49.4	47.2	48.9	47.0	48.9
Adjusted EBITDA[(3)]……..……………........................	550	549	1,099	1,090	2,262
Adjusted EBITDA margin (in %)[(4)]...........................	49.6	47.9	49.2	47.7	49.6
Operating Free Cash Flow[(5)]……............................	259	315	542	491	1,196
Operating Free Cash Flow margin (in%)[(6)]..............	23.4	27.4	24.3	21.5	26.2

(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 for the three months and six months ended June 30, 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 June 30,		**As of March 31,**		**As of December 31,**
	2013	**2012**	**2013**	**2012**	**2012**
Group Total	*(in thousands, except otherwise indicated)*				
Homes connected[1]	1,777	1,749	1,777	1,744	1,749
Unique subscribers[2]	822	835	823	852	828
-of which triple-play subscribers	*247*	*276*	*254*	*286*	*264*
Unique subscribers as a percentage of homes connected (%)	46.2	47.7	46.3	48.8	47.3
Total RGUs[3]	1,483	1,526	1,495	1,563	1,502
RGUs per unique subscriber (in units)	1.80	1.83	1.82	1.84	1.82

(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 June 30,		**For the six months ended June 30,**		**For the year ended December 31,**
	2013	**2012**	**2013**	**2012**	**2012**
ARPU[1]	*(in SEK)*		*(in SEK)*		*(in SEK)*
Digital-Television	225	233	228	227	231
High-Speed Broadband	198	196	198	195	196
Fixed-Telephony	105	118	108	120	117
Landlord	40	41	40	41	41
Blended ARPU[2]	351	361	353	357	358

(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 and other revenue that can be allocated to each service for the respective period, 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 June 30, 2013 and 2012, as of and for the six months ended June 30, 2013 and 2012, and as of for the year ended December 31, 2012 .

Condensed Consolidated Income Statement

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	2012	2013	2012	2012
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Revenue	1,108	1,148	2,231	2,284	4,562
Cost of sales and services	(542)	(569)	(1,115)	(1,150)	(2,244)
Gross profit	**566**	**579**	**1,115**	**1,133**	**2,318**
Selling expenses	(334)	(332)	(668)	(663)	(1,310)
Administrative expenses	(55)	(66)	(113)	(121)	(249)
Other operating income and expenses	5	(9)	10	(10)	(11)
Operating Profit	**182**	**172**	**344**	**340**	**748**
Net financial income and expenses	(614)	(408)	(843)	(798)	(1,747)
Loss after financial items	**(432)**	**(236)**	**(499)**	**(458)**	**(999)**
Income taxes	104	62	112	120	411
Net loss for the period	**(328)**	**(174)**	**(387)**	**(338)**	**(588)**
Loss per share					
Basic (SEK)	(546)	(291)	(645)	(564)	(981)
Diluted (SEK)	(546)	(291)	(645)	(564)	(981)

Other Comprehensive Income

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,
	2013	2012	2013	2012	2012
	(SEK in millions)		*(SEK in millions)*		*(SEK in millions)*
Net loss for the period	**(328)**	**(174)**	**(387)**	**(338)**	**(588)**
Other comprehensive income					
Components not to be reclassified to net profit/loss					
Revaluation of pension obligations	59	(6)	59	(12)	(24)
Tax attributable to revaluation of pension obligations	(13)	1	(13)	3	5
Total other comprehensive income for the period	**46**	**(5)**	**46**	**(9)**	**(19)**
Total comprehensive income for the period	**(282)**	**(179)**	**(341)**	**(347)**	**(608)**

Condensed Consolidated Balance Sheet

	As of June 30, 2013	As of June 30, 2012	As of December 31, 2012
	(SEK in millions)	*(SEK in millions)*	*(SEK in millions)*
Non-current assets			
Intangible assets	16,275	16,718	16.513
-of which goodwill	*10,742*	*10,742*	*10,742*
Property, plant and equipment	1,370	1,391	1,421
Other non-current assets	6	0	6
Total non-current assets	**17,651**	**18,109**	**17,940**
Current assets	260	266	300
Cash and cash equivalents	658	634	661
Total current assets	**918**	**900**	**961**
Total assets	**18,569**	**19,010**	**18,901**
Total equity	**(271)**	**330**	**70**
Non-current interest-bearing liabilities	15,942	15,384	15,553
- of which credit facilities	*4,871*	*4,905*	*4,838*
- of which notes	*5,757*	*5,784*	*5,703*
- of which intercompany loans	*5,290*	*4,605*	*4,973*
Other non-current liabilities	266	319	426
Deferred tax liabilities	670	1,060	766
Total non-current liabilities	**16,878**	**16,764**	**16,746**
Current interest-bearing liabilities	335	254	354
Other current liabilities	1,627	1,661	1,731
Total current liabilities	**1,962**	**1,916**	**2,085**
Total equity and liabilities	**18,569**	**19,010**	**18,901**

	As of June 30, 2013	As of June 30, 2012	As of December 31, 2012
	(SEK in millions)	*(SEK in millions)*	*(SEK in millions)*
Opening Total equity January 1	**70**	**681**	**681**
Change in accounting principle	-	(3)	(3)
Opening Total equity January 1 (restated)	**70**	**678**	**678**
Net loss for the period	(387)	(338)	(588)
Other comprehensive income for the period, net of tax	46	(9)	(19)
Total comprehensive income for the period	**(341)**	**(347)**	**(608)**
Closing Total equity end of period	**(271)**	**330**	**70**

Condensed Consolidated Cash Flow Statement

	For the three months ended June 30, 2013	2012	For the six months ended June 30, 2013	2012	For the year ended December 31, 2012
	(SEK in millions)		(SEK in millions)		(SEK in millions)
Operating activities					
Loss after financial items..	(432)	(236)	(499)	(458)	(999)
Adjustments for items not included in cash flow, etc.*..	539	478	1 058	1 130	2 012
Change in working capital..	(52)	(25)	(115)	(197)	(117)
Cash flow from operating activities....................	**55**	**217**	**443**	**475**	**896**
Investing activities					
Acquisition of intangible assets................................	(63)	(50)	(125)	(101)	(250)
Acquisition of property, plant and equipment...........	(141)	(141)	(240)	(273)	(625)
Acquisition of subsidiaries..	(1)	-	(8)	-	-
Investments in financial assets................................	-	-	-	-	(6)
Cash flow from investing activities.....................	**(205)**	**(191)**	**(372)**	**(374)**	**(880)**
Financing activities					
Net borrowings from group companies....................	-	-	-	(101)	101
Borrowings……………………………………………..	100	-	100	-	-
Amortization of borrowings.......................................	(34)	(33)	(174)	(368)	(457)
Payment of transaction costs..................................	-	(6)	-	(43)	(43)
Cash flow from financing activities.....................	**66**	**(39)**	**(74)**	**(512)**	**(399)**
Net change in cash and cash equivalents................	(83)	(13)	(3)	(410)	(383)
Cash and cash equivalents at period end...........	**658**	**634**	**658**	**634**	**661**

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

	For the three months ended June 30, 2013	2012	For the six months ended June 30, 2013	2012	For the year ended December 31, 2012
	(SEK in millions)		(SEK in millions)		(SEK in millions)
Depreciation, amortization and impairment of assets..	333	358	674	717	1,413
Unrealized exchange rate differences......................	349	(41)	99	(99)	(191)
Unrealized change in fair value of financial assets..	(164)	32	(104)	59	159
Change in accrued arrangement fees and accrued interest expense..	(127)	(13)	98	169	167
Interest not settled with cash, group companies......	147	131	286	266	438
Other..	1	10	5	17	26
Total...	**539**	**478**	**1,058**	**1,130**	**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 Aug 27, 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, have had no material impact on the consolidated financial statements in addition to certain additional disclosures on financial instruments according to IFRS 13 *Fair value measurement*, and that the amended IAS 1 *Presentation of financial statements* resulted in a new classification of items reported in other comprehensive income. Under the amended IFRS 7 *Financial Instruments: Disclosures* relating to new disclosure requirements for offsetting financial assets and liabilities; there has been no off setting and no agreement exists that allows netting.

SEK in millions	**As of January 1, 2012**	**For the six months ended June 30, 2012**	**For the year ended December 31, 2012**
Net loss for the period	-	-	-
Other comprehensive income	-	(9)	(19)
Total comprehensive income	**-**	(9)	**(19)**
Total equity	**(3)**	**(9)**	**(19)**
Other non-current liabilities (pensions)	4	12	24
Deferred tax liabilities	(1)	(3)	(5)
Total non-current liabilities	**3**	**9**	**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 services is disclosed in Note 2.

Note 2 Revenue

Total revenue amounted to SEK 2,231 million (SEK 2,284 million) in the six months ended June 30, 2013. Digital-television revenue amounted to SEK 832 million (SEK 862 million), or 37.3% (37.7%) of total revenue. High-speed broadband revenue amounted to SEK 642 million (SEK 637 million), or 28.8% (27.9%) of total revenue. Fixed-telephony revenue amounted to SEK 219 million (SEK 262 million), or 9.8% (11.5%) of total revenue. Landlord revenue amounted to SEK 430 million (SEK 431 million) or 19.3% (18.9%) of total revenue, and other revenue amounted to SEK 108 million (SEK 92 million), or 4.8% (4.0%) of total revenue.

Note 3 Operating Expenses

The Group's cost of sales and services amounted to SEK 1,115 million (SEK 1,150 million), or 50.0% (50.4%) of total revenue in the six months ended June 30, 2013. Selling expenses amounted to SEK 668 million (SEK 663 million), or 29.9% (29.0%) of total revenue, administrative expenses amounted to SEK 113 million (SEK 121 million), or 5.1% (5.3%) of total revenue and the Group's net other operating income and expenses amounted to an income of SEK 10 million (expense of SEK 10 million).

Note 4 Financial Income and Expense

Financial income and expenses summarized to a net financial expense of SEK 843 million (SEK 798 million) in the six months ended June 30, 2013.

Net financial expense consisted primarily of interest expenses on borrowings amounting to SEK 839 million (SEK 907 million), currency losses in EUR denominated debt of SEK 98 million (currency gains of SEK 100 million), and a positive change in fair value of derivative instruments amounting to SEK 101 million (negative change of SEK 59 million) in the six months ended June 30, 2013.

Note 5 Income Taxes
The Group recognized a deferred tax income for the six months ended June 30, 2013 of SEK 112 million (SEK 120 million).

Note 6 Net Loss for the Period
The Group recognized a net loss of SEK 387 million (SEK 338 million) in the six months ended June 30, 2013.

Note 7 Capital Expenditures
Capital expenditures in the six months ended June 30, 2013 amounted to SEK 374 million (SEK 389 million) or 16.8% (17.0%) of total revenue, of which SEK 10 million (SEK 15 million) was funded by financial leases. Of the capital expenditures net after leasing, SEK 240 million (SEK 273 million) related to investments in fixed tangible assets and SEK 125 million (SEK 101 million) related to investments in fixed intangible assets.

Note 8 Liquidity and Financial Position
As of June 30, 2013 the Group held SEK 658 million (SEK 634 million) of cash and cash equivalents. SEK 100 million from the committed Capex Facility was drawn down in the six months ended June 30, 2013. Under the Senior Facilities Agreement, the Group has access to an additional committed Capex Facility of SEK 650 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 101 million (SEK (59) million) regarding changes in fair value of the derivatives have been recognized in the financial net and SEK 3 million (SEK 0 million) have been recognized in other operating income, in the six months ending June 30, 2013.

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

SEK in millions	As of June 30, 2013	As of June 30, 2012	As of December 31, 2012
Derivatives (Collar)	(6)	(1)	(8)
Derivatives (CIRS)	(127)	(136)	(216)
Derivatives (FX contracts)	(22)	(22)	(35)
Financial liabilities	**(155)**	**(160)**	**(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 Second Quarter
On April 18, 2013, Com Hem signed a framework agreement with Telenor Sverige AB to operate as a 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, to operate 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 principal amount increased by EUR 16 million from June 1, 2013.

On June 20, 2013, Com Hem launched its B2B SoHo offering.

On June 28, 2013, Com Hem signed a framework agreement with IP Only, and will commence operations as a service provider in IP Only's open network.

Note 13 Subsequent Events

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, 1.78 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.