Interim Report

as of December 31, 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 December 31, 2013 (the "**Interim Report**") presenting the NorCell Sweden Holding 2 AB (publ) Group's condensed consolidated financial statements for the period October 1, 2013, to December 31, 2013, and for the full year ended December 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, 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 AB (publ)"*.

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 “*Operating Performance and Key Financial Results*” 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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OPERATING PERFORMANCE AND KEY FINANCIAL RESULTS

The following chapter presents the operating performance and key financial results for the three months ended December 31, 2013, and December 31, 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.

Operating Performance

The table below sets forth, as of and for each of the periods indicated, homes connected, landlord ARPU, unique subscribers, total RGUs, RGUs per unique subscriber and blended consumer ARPU.

	As of December 31,		As of September 30,	
	2013	**2012**	**2013**	**2012**
	(in thousand, except otherwise indicated)			
Landlord Business				
Homes connected	1,817	1,749	1,789	1,747
Landlord ARPU[(1)] (SEK)	39	40	40	41
Consumer Business				
Unique subscribers	830	828	829	831
Total RGUs	1,482	1,502	1,484	1,512
RGUs per unique subscriber (in units)	1.79	1.82	1.79	1.82
Blended consumer ARPU[(2)] (SEK)	348	361	348	360

(1) ARPU is calculated by dividing the revenue 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 consumer ARPU is calculated by all digital-television, high-speed broadband, fixed-telephony and other revenue that can be allocated to each consumer 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.

Landlord Business

As of December 31, 2013, Com Hem had 1,817,000 homes connected which is an increase of 28,000 homes from September 30, 2013. The increase in the fourth quarter of 2013 is mainly due to connection of additional households via open networks from OffNet communication operators, as a result of Com Hem´s Service Provider Initiative, using city networks and other communication operator as a growth tool to increase numbers of homes connected.

Business to Consumer

The total number of RGUs was 1,482,000 as of December 31, 2013, compared to 1,484,000 as of September 30, 2013, due to a decrease of digital-television and fixed-telephony RGUs, partly offset by an increase in high-speed broadband RGUs.

The number of unique subscribers has slightly increased with 1,000 to 830,000 as of December 31, 2013, compared to 829,000 as of September 30, 2013. The number of RGUs per unique subscriber was 1.79 as of December 31, 2013, which is the same level as of September 30, 2013.

Blended consumer ARPU per unique subscriber remained at the same of SEK 348 for the fourth quarter of 2013, compared to the third quarter of 2013.

Digital-Television

As of December 31, 2013, Com Hem had 597,000 digital-television RGUs, which is a decrease of 6,000 RGUs from September 30, 2013. The decrease is a consequence of the slight delay of the commercial launch of TiVo, and the continued competitive market situation. The TiVo launch on October 7 was communicated together with the announcement of the launch of the service TiVoToGo^{TM}, a new cloud based service that is one part of the next generation DTV experience, offering the TiVo customer a one-stop-content-shop incl. TV-channels, PPV, VOD archives, play-services and other applications, such as Netflix and YouTube over several different platforms (Televisions, Web, Tablets and Smart Phones).

Since the commercial launch of TiVo over 38,000 DTV RGUs has purchased a TiVo subscription which is equivalent to a penetration of 6.4% of the DTV subscriber base, after one quarter of selling TiVo subscriptions.

High-Speed Broadband
As of December 31, 2013, Com Hem had 558,000 high-speed broadband RGUs, which is an increase of approximately 7,000 RGUs from September 30, 2013. The Increase in the fourth quarter is mainly attributable to the Service Provider initiative and adding new broadband RGUs from OffNet communication operator households. Due to the stable demand for higher broadband speeds and increasing consumption of video via internet, the percentage of Com Hem´s high-speed broadband customers subscribing for Com Hem´s 100 - 500 Mbit/s services has increased to 35% as of December 31, 2013.

Fixed-Telephony
As of December 31, 2013, Com Hem had 327,000 fixed-telephony RGUs, which is a decrease of 3,000 RGUs from September 30, 2013. The decrease is due to a shrinking overall market as a consequence of changing consumer behavior and lower usage of fixed-telephony services due to the fixed to mobile substitution.

Other Major Events During the Fourth Quarter
On November 26, 2013, the Chairman of the Board of Com Hem announced that the company´s CEO Tomas Franzén will be leaving Com Hem during 2014.

On December 9, 2013, Com Hem announced the appointment of Andrew Barron as Executive Chairman of Com Hem.

On December 20, 2013, Com Hem announced the acquisition of Phonera Företag AB from Phonera AB (publ), completion of the acquisition is scheduled for March 31, 2014.

Key Financial Results

The table below sets forth, as of and for each of the periods indicated, revenue, reported underlying EBITDA, Adjusted EBITDA, capital expenditures and operating free cash flow.

	For the three months ended December 31,		For the year ended December 31,	
	2013	2012	2013	2012
	(SEK in million)		*(SEK in million)*	
Revenue	1,114	1,145	4,448	4,562
Reported Underlying EBITDA	540	577	2,200	2,232
Adjusted EBITDA	541	583	2,211	2,262
Capital Expenditures	398	357	1,038	913
Operating Free Cash Flow	206	295	1,016	1,196

Revenue for the Fourth Quarter 2013
Total overall revenue decreased to SEK 1,114 million in the fourth quarter of 2013, compared to SEK 1,145 million in the corresponding quarter in 2012. Revenue from the digital-television and fixed-telephony services decreased, partly offset by increased revenue from the high-speed broadband services. Revenue from the landlord business and other revenue remained at the same level compared to the corresponding quarter in 2012.

Adjusted EBITDA development
Adjusted EBITDA decreased to SEK 541 million in the fourth quarter of 2013, compared to SEK 583 million in the corresponding quarter in 2012, as a result of lower revenue and slightly higher production and operating costs. Production costs in the fourth quarter of 2013, was SEK 2 million higher than the corresponding quarter previous year, mainly due to timing in fibre and ducting costs, partly offset by lower content costs. Operating costs increased by SEK 2 million in the fourth quarter of 2013, compared to the corresponding quarter in 2012, mainly due to higher staff related costs relating to general wage increases, as well as due to new growth initiatives such as TiVo and B2B.

Increase in Investments
Capital expenditures increased by SEK 41 million, or 11.6%, from SEK 357 million in the fourth quarter of 2012, to SEK 398 million in the fourth quarter of 2013. The increase was mainly due to increased investments in TiVo STB's and increased Capitalized sales costs, partly offset by less investments in Network related and Other capex.

Operating Free Cash Flow
Operating free cash flow decreased by SEK 89 million, or 30.2%, from SEK 295 million in the fourth quarter of 2012, to SEK 206 million in the fourth quarter of 2013. The decrease was mainly due to higher one-off costs, decreased Underlying EBITDA contribution and higher capital expenditures compared to the corresponding quarter in 2012, partly offset by a more favorable change in the net working capital.

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 December 31, 2013 and 2012, and as of and for the year ended December 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 December 31,		For the year ended December 31,	
	2013	**2012**	**2013**	**2012**
	(SEK in million)		*(SEK in million)*	
Revenue	1,114	1,145	4,448	4,562
Cost of sales and services	(550)	(551)	(2,190)	(2,244)
Gross profit	**563**	**595**	**2,258**	**2,318**
Selling expenses	(382)	(334)	(1,378)	(1,310)
Administrative expenses	(57)	(68)	(220)	(249)
Other operating income and expenses	(14)	(4)	(3)	(11)
Operating Profit[(1)]	**110**	**189**	**657**	**748**
Net financial income and expense	(613)	(549)	(1,837)	(1,747)
Income taxes	25	244	175	411
Net loss for the period	**(478)**	**(116)**	**(1,005)**	**(588)**

(1) Operating profit for the three months and the full year ended December 31, 2013, includes non-recurring costs substantially higher than in the corresponding periods for 2012. For further information, see *"- Reconciliation of the Net Loss for the Period to Adjusted EBITDA"*.

Revenue

Revenue decreased by SEK 32 million, or 2.8%, from SEK 1,145 million in the three months ended December 31, 2012, to SEK 1,114 million in the three months ended December 31, 2013. The decrease was due to lower revenue from digital-television and fixed-telephony services, partly offset by increased revenue from the high-speed broadband service.

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

	For the three months ended December 31,		For the year ended December 31,	
	2013	**2012**	**2013**	**2012**
Service	*(SEK in million)*		*(SEK in million)*	
Digital-Television	415	430	1,653	1,721
High-Speed Broadband	327	320	1,296	1,277
Fixed-Telephony	97	122	415	506
Landlord	213	212	856	856
Other[(1)]	62	62	228	202
Total Revenue	**1,114**	**1,145**	**4,448**	**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 consumer service:

	As of December 31,		As of September 30,	
	2013	**2012**	**2013**	**2012**
RGUs	*(in thousand)*		*(in thousand)*	
Digital-Television	597	612	603	613
High-Speed Broadband	558	543	551	544
Fixed-Telephony	327	348	330	355
Total RGUs	**1,482**	**1,502**	**1,484**	**1,512**

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

	For the three months ended December 31,		For the year ended December 31,	
	2013	2012	2013	2012
ARPU	(in SEK)		(in SEK)	
Digital-Television	231	236	228	231
High-Speed Broadband	197	197	198	196
Fixed-Telephony	98	116	103	117
Landlord	39	40	40	41

Digital-Television
Revenue from digital-television services decreased by SEK 15 million, or 3.5%, from SEK 430 million in the three months ended December 31, 2012, to SEK 415 million in the three months ended December 31, 2013. The decrease was a result of a lower average RGU base and a decline in ARPU. The average RGU base decreased by approximately 12,000, or 2.0%, from an average of approximately 612,000 RGUs during the fourth quarter of 2012, to an average of approximately 600,000 RGUs during the fourth quarter of 2013. ARPU decreased by SEK 5, or 2.2%, from SEK 236 in the three months ended December 31, 2012, to SEK 231 in the three months ended December 31, 2013.

Revenue from digital-television services decreased by SEK 68 million, or 3.9%, from SEK 1,721 million in the year ended December 31, 2012, to SEK 1,653 million in the year ended December 31, 2013. The decrease was a result of a lower average RGU base and a decline in ARPU. The average RGU base decreased by approximately 23,000, or 3.7%, from approximately an average of 629,000 RGUs during the full year of 2012, to approximately an average of 606,000 RGUs during the full year of 2012. ARPU decreased by SEK 3, or 1.3%, from SEK 231 in the year ended December 31, 2012, to SEK 228 in the year ended December 31, 2013.

The decrease in ARPU for both the fourth quarter of 2013 and for the full year of 2013, are due to increased discounts and change in DTV subscriber package mix.

High-Speed Broadband
Revenue from high-speed broadband services increased by SEK 7 million, or 2.2%, from SEK 320 million in the three months ended December 31, 2012, to SEK 327 million in the three months ended December 31, 2013. The increase in revenue was a result of higher average RGU base, partly offset by a slightly lower ARPU.

The average high-speed broadband RGU base increased by approximately 11,000, or 2.0%, from approximately an average of 544,000 RGUs during the fourth quarter of 2012, to approximately an average of 555,000 RGUs during the fourth quarter of 2013. ARPU decreased slightly by 0.4%, to SEK 197 in the three months ended December 31, 2013, compared to the corresponding period in 2012. The slight decrease in ARPU for the fourth quarter of 2013 was due to increased initial discounts to acquire OffNet high-speed broadband customers.

Revenue from high-speed broadband services increased by SEK 19 million, or 1.5%, from SEK 1,277 million in the year ended December 31, 2012, to SEK 1,296 million in the year ended December 31, 2013. The increase in revenue was a mainly a result of a higher ARPU.

ARPU increased by SEK 2, or 0.8%, from SEK 196 in the year ended December 31, 2012, to SEK 198 in the year ended December 31, 2013. The increase in ARPU for the full year of 2013 was primarily an effect of the demand for higher broadband speeds and migration of customer with lowest broadband speeds services to higher broadband speed services.

Fixed-Telephony
Revenue from fixed-telephony services decreased by SEK 25 million, or 20.2%, from SEK 122 million in the three months ended December 31, 2012, to SEK 97 million in the three months ended December 31, 2013.The decrease was a result of a lower average RGU base and a decline in ARPU.

The average RGU base decreased by approximately 23,000, or 6.5%, from an average of approximately 351,000 RGUs during the fourth quarter of 2012, to approximately an average of 329,000 RGUs during the fourth quarter of 2013. ARPU decreased by SEK 18, or 15.2%, from SEK 116 in the three months ended December 31, 2012, to SEK 98 in the three months ended December 31, 2013.

Revenue from fixed-telephony services decreased by SEK 91 million, or 17.9%, from SEK 506 million in the year ended December 31, 2012, to SEK 415 million in the year ended December 31, 2013. The decrease was a result of a lower average RGU base and a decline in ARPU.

The average RGU base decreased by approximately 26,000, or 7.2%, from approximately an average of 362,000 RGUs during the full year of 2012, to approximately an average of 336,000 RGUs during the full year of 2012. ARPU decreased by SEK 14, or 12.0%, from SEK 117 in the year ended December 31, 2012, to SEK 103 in the year ended December 31, 2013.

The decrease in RGUs and ARPU for both the fourth quarter and the full year of 2013 is largely a result changing consumer behavior and lower usage of fixed-telephony services, as an effect of the fixed to mobile substitution.

Landlord
Revenue from landlord services for the three months ended December 31, 2013, increased slightly by 0,2%, to SEK 213 million, compared to SEK 212 million the corresponding quarter for 2012. The slight increase in revenue was due to increased number of LAN households connected partly offset by a decrease in ARPU, due to contract renegotiations.

Revenue from landlord services remained at the same level for the year ended December 31, 2013, compared to the year ended December 31, 2012.

Other
Other revenue for the three months ended December 31, 2013, remained at the same level as the corresponding period for 2012. For the full year 2013, other revenue increased by SEK 26 million, or 12.9%, from SEK 202 million in the year ended December 31, 2012, to SEK 228 million in the year ended December 31, 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 for the three months ended December 31, 2013, remained at the same level as the corresponding period in 2012. As a percentage of revenue, cost of sales and services increased from 48.1% in the three months ended December 31, 2012, to 49.4% in the three months ended December 31, 2013.

Cost of sales and services decreased by SEK 53 million, or 2.4%, from SEK 2,244 million in the year ended December 31, 2012, to SEK 2,190 million in the year ended December 31, 2013. As a percentage of revenue, cost of sales and services remained at the same level, 49.2%, as in 2012.

The decrease in cost of sales and services for the year ended December 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 communication operator costs in iTUX and non-recurring personnel costs attributable to the 2013 redundancy program.

Selling Expenses
Selling expenses increased by SEK 48 million, or 14.4%, from SEK 334 million in the three months ended December 31, 2012, to SEK 382 million in the three months ended December 31, 2013. As a percentage of revenue, selling expenses increased from 29.1% in the three months ended December 31, 2012, to 34.3% in the three months ended December 31, 2013.

The increase in selling expenses for the three months ended December 31, 2013, was mainly due to non-recurring marketing costs relating 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 67 million, or 5.1% from SEK 1,310 million in the year ended December 31, 2012, to SEK 1,378 million in the year ended December 31, 2013. As a percentage of revenue, selling expenses increased from 28.7% in the year ended December 31, 2012, to 31.0% in the year ended December 31, 2013.

The increase in selling expenses for the year ended December 31, 2013, was mainly due to non-recurring marketing costs relating to the TiVo launch and non-recurring staff related costs attributable to the 2013 redundancy program, 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 15.5%, from SEK 68 million in the three months ended December 31, 2012, to SEK 57 million in the three months ended December 31, 2013. As a percentage of revenue, administrative expenses decreased from 5.9% in the three months ended December 31, 2012, to 5.2% in the three months ended December 31, 2013.

The decrease in administrative expenses for the three months ended December 31, 2013, was mainly due to lower non-recurring consultancy costs and general cost savings.

Administrative expenses decreased by SEK 29 million, or 11.6%, from SEK 249 million in the year ended December 31, 2012, to SEK 220 million in the year ended December 31, 2013. As a percentage of revenue, administrative expenses decreased from 5.5% in the year ended December 31, 2012, to 5.0% in the year ended December 31, 2013.

The decrease in administrative expenses for the year ended December 31, 2013, was mainly due to lower non-recurring consultancy costs and general cost savings.

Net Other Operating Income and Expenses
Net other operating expenses were SEK 4 million in the three months ended December 31, 2012, and SEK 14 million in the three months ended December 31, 2013. Net other operating expenses were SEK 11 million in the year ended December 31, 2012, and SEK 3 million in the year ended December 31, 2013. Net operating expenses mainly relates to disposals of STB's and Modems, operating currency gains/losses and re-invoiced expenses.

Net Financial Income and Expenses
Net financial income and expenses increased by SEK 65 million, or 11.8%, from a net expense of SEK 549 million in the three months ended December 31, 2012, to a net expense of SEK 613 million in the three months ended December 31, 2013.

The decrease was mainly due to currency losses on the EUR denominated debt of SEK 225 million partly offset by a positive change in fair value of derivative instruments of SEK 63 million in the three months ended December 31, 2013, compared to currency losses from the EUR denominated debt of SEK 99 million partly offset by a positive change in fair value of derivative instruments of SEK 59 million in the three months ended December 31, 2012. Furthermore, interest expenses on intragroup obligations to the parent company decreased by SEK 64 million as a consequence of the refinancing of the old PIK indebtedness, resulting in an expense of capitalised borrowing costs in the fourth quarter of 2012.

Net financial income and expense decreased by SEK 90 million, or 5.1%, from a net expense of SEK 1,747 million in the year ended December 31, 2012, to a net expense of SEK 1,837 million in the year ended December 31, 2013.

The decrease was mainly due to currency losses on the EUR denominated debt of SEK 254 million, offset by a positive change in fair value of derivative instruments of SEK 140 million in the year ended December 31, 2013, compared to currency gains on the EUR denominated debt of SEK 193 million partly offset by a negative change in fair value of derivative instruments of SEK 159 million in the year ended December 31, 2012. Furthermore, interest expenses on intragroup obligations to the parent company decreased by SEK 42 million as a consequence of the refinancing of the old PIK indebtedness, resulting in an expense of capitalised borrowing costs in the fourth quarter of 2012.

For further information on derivative instruments see *Note 9* to the *Condensed Consolidated Financial Statements*.

Income Taxes
The Group recognized a deferred tax income of SEK 25 million for the three months ended December 31, 2013, compared to a deferred tax income of SEK 244 million for the three months ended December 31, 2012. The deviation to last year is partly explained by the reduction of the Swedish corporate tax rate in 2013 from 26.3% to 22.0% but also that the Company, in the fourth quarter, decided not to account for deferred tax related to the tax losses incurred in 2013.

Deferred tax income for the year ended December 31, 2013 was SEK 175 million, compared to a deferred tax income of SEK 411 million in the year ended December 31, 2012. The deviation to last year is partly explained by the reduction of the Swedish corporate tax rate in 2013 from 26.3% to 22.0% but also that the Company, in the fourth quarter, decided not to account for deferred tax related to the tax losses incurred in 2013.

Net Loss for the Period
The Group recognized a net loss of SEK 478 million for the three months ended December 31, 2013, compared to a net loss of SEK 116 million for the three months ended December 31, 2012.

The Group recognized a net loss of SEK 1,005 million for the year ended December 31, 2013, compared to a net loss of SEK 588 million for the year ended December 31, 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 December 31, 2013 and 2012, and for the year ended December 31, 2013 and 2012.

	For the three months ended December 31,		For the year ended December 31,	
	2013	2012	2013	2012
	(SEK in million)		*(SEK in million)*	
Net loss for the period	**(478)**	**(116)**	**(1,005)**	**(588)**
Income taxes	(25)	(244)	(175)	(411)
Net financial income and expenses	613	549	1,837	1,747
Operating Profit	**110**	**189**	**657**	**748**
Disposals(1)	14	19	15	19
Depreciation and amortization	343	347	1,352	1,413
Non-recurring costs:				
-of which TiVo launch	*51*	*-*	*97*	*-*
-of which redundancy	*5*	*2*	*49*	*9*
-of which other(2)	*16*	*27*	*32*	*42*
Total non-recurring costs	**72**	**21**	**178**	**52**
Operating currency (loss)/gain	1	0	(2)	1
Reported Underlying EBITDA	**540**	**577**	**2,200**	**2,232**
Expensed retail subsidies	1	6	11	30
Adjusted EBITDA	**541**	**583**	**2,211**	**2,262**

(1) Disposals are related to modems and STBs.
(2) Include costs for legal and advisory fees for investment opportunities (including costs for acquiring Phonera Företag AB).

Depreciation and Amortization

Depreciation and amortization decreased by SEK 4 million, or 1.2%, from SEK 347 million in the three months ended December 31, 2012, to SEK 343 million in the three months ended December 31, 2013.

Depreciation and amortization decreased by SEK 61 million, or 4.3%, from SEK 1,413 million in the year ended December 31, 2012, to SEK 1,352 million in the year ended December 31, 2013. The decrease for the full year compared to 2012 is explained by certain fixed assets was fully written-off during 2012.

Non-recurring Costs

Non-recurring costs increased by SEK 50 million from SEK 21 million in the three months ended December 31, 2012, to SEK 72 million in the three months ended December 31, 2013. The increase in non-recurring costs in the fourth quarter was primarily due to non-recurring marketing and consultancy costs relating to the TiVo launch, as well as advisory and legal fees for investment opportunities (including costs for acquiring Phonera Företag AB).

Non-recurring costs increased by SEK 126 million from SEK 52 million in the year ended December 31, 2012, to SEK 178 million in the year ended December 31, 2013. The increase in non-recurring costs for the full year was primarily due to non-recurring marketing and consultancy costs relating to the TiVo launch of SEK 95 million, as well as personnel costs relating to redundancy of SEK 49 million.

Adjusted EBITDA

Adjusted EBITDA decreased by SEK 42 million, or 7.2%, from SEK 583 million in the three months ended December 31, 2012, to SEK 541 million in the three months ended December 31, 2013. As a percentage of revenue, Adjusted EBITDA decreased from 50.9% in the three months ended December 31, 2012, to 48.6% in the three months ended December 31, 2013.

The decrease in Adjusted EBITDA and Adjusted EBITDA margin for the three months ended December 31, 2013, was due to lower revenue from digital-television and fixed-telephony, and slightly higher production- and operating costs compared to the corresponding period for 2012.

Adjusted EBITDA decreased by SEK 51 million, or 2.3%, from SEK 2,262 million in the year ended December 31, 2012, to SEK 2,211 million in the year ended December 31, 2013. As a percentage of revenue, Adjusted EBITDA increased from 49.6% in the year ended December 31, to 49.7% in the year ended December 31, 2012.

The decrease in Adjusted EBITDA for the year ended December 31, 2013, was primarily due to lower revenue from digital-television and fixed-telephony, partly offset by 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, and for the year ended December 31, 2013 and 2012.

	For the three months ended December 31,		For the year ended December 31,	
	2013	2012	2013	2012
	(SEK in million)		*(SEK in million)*	
Adjusted EBITDA	**541**	**583**	**2,211**	**2,262**
Expensed retail subsidies	(1)	(6)	(11)	(30)
Reported Underlying EBITDA	**540**	**577**	**2,200**	**2,232**
One-off items(1)	(73)	(22)	(176)	(52)
Adjustments for items not included in cash flow(2)	4	3	4	7
Change in net working capital	103	71	(15)	(117)
Capital expenditures	(398)	(357)	(1,038)	(913)
Capex funded by leasing	30	23	42	38
Operating Free Cash Flow	**206**	**295**	**1,016**	**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 December 31, 2013 and 2012

Operating free cash flow decreased by SEK 89 million, or 30.2%, from SEK 295 million in the three months ended December 31, 2012, to SEK 206 million in the three months ended December 31, 2013. The decrease was mainly due to higher one-off items, lower Underlying EBITDA contribution and increased capital expenditures compared to the corresponding quarter in 2012, partly offset by a more favorable change in the net working capital compared to the corresponding period in 2012.

One-off items increased by SEK 51 million from SEK 22 million in the three months ended December 31, 2012, to SEK 73 million in the three months ended December 31, 2013. The increase was primarily due to non-recurring marketing and consultancy costs relating to the TiVo launch, as well as advisory and legal fees for investment opportunities (including the costs for acquiring Phonera Företag AB).

The Group operates with negative net working capital, which increased by SEK 103 million in the three months ended December 31, 2013, compared to an increase of SEK 71 million in the three months ended December 31, 2012. The difference in change in net working capital between the two periods was primarily explained by increased operating liabilities in the three months ended December 31, 2013, compared to the corresponding quarter in 2012.

Capital expenditures increased by SEK 41 million, or 11.6%, from SEK 357 million in the three months ended December 31, 2012, to SEK 398 million in the three months ended December 31, 2013. The increase was mainly due to increased investments in TiVo STB's and higher Capitalized sales costs, compared to the corresponding quarter in 2012, partly offset by less investments in Network related capex and lower Other capex due to one-off investment during the fourth quarter of 2012, relating to equipment for field service.

Operating Free Cash Flow for the year Ended December 31, 2013 and 2012

Operating free cash flow decreased by SEK 180 million, or 15.0%, from SEK 1,196 million in the year ended December 31, 2012, to SEK 1,016 million in the year ended December 31, 2013. The decrease was mainly due to higher capital expenditures and higher one-off items partly offset by a more favorable change in net working capital compared to the corresponding period in 2012.

One-off items increased by SEK 124 million, from SEK 52 million in the year ended December 31, 2012 to SEK 176 million in the year ended December 31, 2013. The increase was primarily due to non-recurring costs for redundancy and for marketing and consultancy cost related to the TiVo-launch.

The Group operates with negative net working capital which decreased by SEK 15 million in the year ended December 31, 2013, compared to a decrease of SEK 117 million in the year ended December 31, 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 increased by SEK 126 million, or 13.8%, from SEK 913 million in the year ended December 31, 2012, to SEK 1,038 million in the year ended December 31, 2013. The increase was mainly due to higher volumes of purchased TiVo STB's.

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 December 31, 2013(1).

Tranches	Nominal currency	As of December 31, 2013 Total outstanding debt (SEKm)	Undrawn amount	Maturity date		Interest rate
Term Loan A....................................	SEK	1,275	-	2017	STIBOR 3M	+ 4.00%
Term Loan B1.................................	SEK	1,216	-	2018	STIBOR 3M	+ 5.00%
Term Loan B2.................................	EUR	2,718	-	2018	EURIBOR 3M	+ 5.00%
Capex Facility.................................	SEK	300	450	2017	STIBOR 3M	+ 4.00%
Incremental Facility(2)……..............	SEK	500	-	2018	STIBOR 3M	+ 5.00%
Revolving Credit Facility(3)..............	SEK	-	445	2017	STIBOR 3M	+ 4.00%
Bank Debt.......................................		**6,008**	**895**			
Senior Secured Notes......................	SEK	3,492	-	2018	Fixed	9.25%
Senior Notes...................................	EUR	2,567	-	2019	Fixed	10.75%
Bank and Notes Debt.....................		**12,068**	**895**			
Cash and Cash Equivalents(2)……..	SEK	(1,122)				
Cash Net Debt................................		**10,946**	**895**			
Adjusted EBITDA LTM...			2,211			
Cash Net Debt/Adjusted EBITDA…...			**4.95x**			

(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) As stated in the Group's Annual Report 2012, the Incremental Facility is part of the original Senior Facilities Agreement. Total outstanding indebtedness under the Incremental Facility is currently held on restricted bank accounts and can only be used for potential investments.

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

Leverage Ratio

As of December 31, 2013, the Group's cash net debt to Adjusted EBITDA ratio was 4.95x, compared to 4.68x as of September 30, 2013, and 4.73x as of December 31, 2012. The increase in leverage is mainly a result of increased EUR/SEK rate, as well as additional drawings from the Capex Facility for financing of investments in TiVo STB's.

Cash Balance and Availability of Funds

As of December 31, 2013, the Group held SEK 1,122 million of cash and cash equivalents, whereof SEK 500 million is restricted for potential investments. Under the Senior Credit Facilities Agreement, the Group has access to an additional committed Capex Facility of SEK 450 million and an additional committed SEK 445 million under the Revolving Credit Facility.

Intragroup Debt Obligations

As of December 31, 2013, the NorCell Group's debt obligations to its Parent Company amounted to SEK 5,648 million, of which SEK 2,939 million is a shareholder loan, SEK 2,483 million is a back-to-back loan (EUR 278 million) which is the net proceeds from the Parent Company´s issue of the Senior PIK Notes including interest capitalized on June 1st 2013, and December 1st 2013, and accrued interest on the loans of SEK 226 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 December 31, 2013, the NorCell Group's debt obligations in EUR amounted to EUR 869 million (EUR 304 million in credit facilities, EUR 287 million in notes and EUR 278 million in intragroup debt) compared to EUR 852 million (EUR 304 million in credit facilities, EUR 287 million in notes and EUR 261 million in intragroup debt) as of September 30, 2013. Excluding the EUR 278 million intragroup debt, 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 December 31, 2013, the fair value of the derivatives amounted to SEK (119) million compared to a fair value of SEK (180) million as of September 30, 2013, and a fair value of SEK (259) million as of December 31, 2012.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Pro Forma Capitalization Table NorCell 1B AB (publ)

The following table sets out the consolidated capitalization and cash and cash equivalents for the NorCell Group and NorCell 1B AB (publ) as of December 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 issue any consolidated financial statements.

	As of December 31, 2013			
	NorCell Group(1)	NorCell 1B AB(1)	Adjustments	Pro Forma(1)
	(SEK in million)			
Total cash and cash equivalents	**1,122**	**0**	**-**	**1,122**
Current debt				
Credit facilities	264	-	-	264
Finance leases	44	-	-	44
Total current debt	**308**	**-**	**-**	**308**
Non-current debt				
Credit facilities	5,744	-	-	5,744
Senior secured notes	3,492	-	-	3,492
Senior notes	2,567	-	-	2,567
Senior PIK notes	-	2,530	-	2,530
Accrued interest Senior PIK notes	-	26	-	26
Finance leases	37	-	-	37
Intercompany loans (incl. accrued interest)	5,648	3,191	(5,648)	3,191
Unamortized transaction costs	(468)	(72)	-	(540)
Non-current debt	**17,022**	**5,675**	**(5,648)**	**17,049**
Total debt	**17,330**	**5,675**	**(5,648)**	**17,357**
Total net debt	**16,208**	**5,675**	**(5,648)**	**16,234**

(1) EUR denominated indebtedness has been converted at the exchange rate of SEK 8.943 per EUR 1.00 as of December 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 December 31, 2013 and 2012, and as of and for the year ended December 31, 2013 and 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 December 31,		For the year ended December 31,	
	2013	2012	2013	2012
	(SEK in million)		(SEK in million)	
Reported Underlying EBITDA(1)	540	577	2,200	2,232
Reported Underlying EBITDA margin (in %)(2)	48.5	50.4	49,5	48.9
Adjusted EBITDA(3)	541	583	2,211	2,262
Adjusted EBITDA margin (in %)(4)	48.6	50.9	49.7	49.6
Operating Free Cash Flow(5)	206	295	1,016	1,196
Operating Free Cash Flow margin (in%)(6)	18.5	25.8	22.8	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 ended December 31, 2013 and 2012, and the full year ended December 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 December 31,		As of September 30,	
	2013	**2012**	**2013**	**2012**
	(in thousand, except otherwise indicated)			
Landlord Business				
Homes connected[1]	1,817	1,749	1,789	1,747
Landlord ARPU[2] (SEK)	39	40	40	41
Consumer Business				
Unique subscribers[3]	830	828	829	831
Total RGUs[4]	1,482	1,502	1,484	1,512
RGUs per unique subscriber (in units)	1.79	1.82	1.79	1.82
Blended Consumer ARPU[5] (SEK)	348	361	348	360

(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) ARPU is calculated by dividing the revenue 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.

(3) 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.

(4) 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.

(5) Blended consumer ARPU is calculated by all digital-television, high-speed broadband, fixed-telephony and other revenue that can be allocated to each consumer 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.

	For the three months ended December 31,		For the year ended December 31,	
	2013	**2012**	**2013**	**2012**
ARPU Consumer Business [1]	*(SEK in million)*		*(SEK in million)*	
Digital-Television	231	236	228	231
High-Speed Broadband	197	197	198	196
Fixed-Telephony	98	116	103	117
Blended B2C ARPU[2]	348	361	348	358

(1) ARPU is calculated by dividing the revenue (for the consumer 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 consumer ARPU is calculated by all digital-television, high-speed broadband, fixed-telephony and other revenue that can be allocated to each consumer 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 December 31, 2013 and 2012, and as of and for the year ended December 31, 2013 and 2012.

Condensed Consolidated Income Statement

	For the three months ended December 31,		For the year ended December 31,	
	2013	2012	2013	2012
	(SEK in million)		*(SEK in million)*	
Revenue	1,114	1,145	4,448	4,562
Cost of sales and services	(550)	(551)	(2,190)	(2,244)
Gross profit	**563**	**595**	**2,258**	**2,318**
Selling expenses	(382)	(334)	(1,378)	(1,310)
Administrative expenses	(57)	(68)	(220)	(249)
Other operating income and expenses	(14)	(4)	(3)	(11)
Operating Profit	**110**	**189**	**657**	**748**
Net financial income and expenses	(613)	(549)	(1,837)	(1,747)
Loss after financial items	**(503)**	**(360)**	**(1,180)**	**(999)**
Income taxes	25	244	175	411
Net loss for the period	**(478)**	**(116)**	**(1,005)**	**(588)**
Loss per share				
Basic (SEK)	(796)	(194)	(1,676)	(981)
Diluted (SEK)	(796)	(194)	(1,676)	(981)

Other Comprehensive Income

	For the three months ended December 31,		For the year ended December 31,	
	2013	2012	2013	2012
	(SEK in million)		*(SEK in million)*	
Net loss for the period	**(478)**	**(116)**	**(1,005)**	**(588)**
Other comprehensive income				
Components not to be reclassified to net profit/loss				
Revaluation of pension obligations	1	(6)	60	(24)
Tax attributable to revaluation of pension obligations	0	1	(13)	5
Total other comprehensive income for the period	**1**	**(5)**	**46**	**(19)**
Total comprehensive income for the period	**(477)**	**(121)**	**(959)**	**(608)**

Condensed Consolidated Balance Sheet

	As of December 31, 2013	As of December 31, 2012
	(SEK in million)	*(SEK in million)*
Non-current assets		
Intangible assets	16,154	16,513
-of which goodwill	*10,742*	*10,742*
Property, plant and equipment	1,463	1,421
Other non-current assets	6	6
Total non-current assets	**17,624**	**17,940**
Current assets	563	300
Cash and cash equivalents	1,122	661
Total current assets	**1,685**	**961**
Total assets	**19,309**	**18,901**
Total equity	**(664)**	**70**
Non-current interest-bearing liabilities	17,022	15,553
- of which credit facilities	*5,503*	*4,838*
- of which notes	*5,833*	*5,703*
- of which intercompany loans	*5,648*	*4,973*
Other non-current liabilities	235	426
Deferred tax liabilities	671	766
Total non-current liabilities	**17,927**	**16,746**
Current interest-bearing liabilities	308	354
Other current liabilities	1,737	1,731
Total current liabilities	**2,045**	**2,085**
Total equity and liabilities	**19,309**	**18,901**

	As of December 31, 2013	As of December 31, 2012
	(SEK in million)	*(SEK in million)*
Opening Total equity January 1	**70**	**681**
Change in accounting principle[(1)]	-	(3)
Opening Total equity January 1 (restated)	**70**	**678**
Net loss for the period	(1,005)	(588)
Other comprehensive income for the period, net of tax	46	(19)
Total comprehensive income for the period	**(959)**	**(608)**
Transactions with owners of the company		
Group contribution, net of tax	225	-
Closing Total equity end of period	**(664)**	**70**

(1) Refers to the revised IAS 19 Employee Benefits, see note 1 for further information.

Condensed Consolidated Cash Flow Statement

	For the three months ended December 31,		For the year ended December 31,	
	2013	**2012**	**2013**	**2012**
	(SEK in million)		*(SEK in million)*	
Operating activities				
Loss after financial items	(503)	(360)	(1,180)	(999)
Adjustments for items not included in cash flow, etc.*	558	283	2,230	2,012
Change in working capital	103	71	(15)	(117)
Cash flow from operating activities	**157**	**(6)**	**1,035**	**896**
Investing activities				
Acquisition of intangible assets	(219)	(96)	(400)	(250)
Acquisition of property, plant and equipment	(149)	(238)	(597)	(625)
Acquisition of subsidiaries	-	-	(8)	-
Investments in financial assets	-	(6)	-	(6)
Divestments of financial assets	0	-	0	-
Cash flow from investing activities	**(368)**	**(340)**	**(1,005)**	**(880)**
Financing activities				
Net borrowings from group companies	-	201	-	101
Borrowings	200	-	800	-
Amortization of borrowings	(34)	(34)	(354)	(457)
Payment of transaction costs	(1)	-	(16)	(43)
Cash flow from financing activities	**165**	**167**	**430**	**(399)**
Net change in cash and cash equivalents	(46)	(178)	461	(383)
Cash and cash equivalents at period end	**1,122**	**661**	**1,122**	**661**

*Adjustments for items not included in cash flow,

	For the three months ended December 31,		For the year ended December 31,	
	2013	**2012**	**2013**	**2012**
	(SEK in million)		*(SEK in million)*	
Depreciation, amortization and impairment of assets	343	347	1,352	1,413
Unrealized exchange rate differences	227	99	254	(191)
Unrealized change in fair value of financial liabilities	(61)	(59)	(140)	159
Change in accrued arrangement fees and accrued interest expense	(134)	(130)	146	167
Interest not settled with cash, group companies	162	26	595	438
Other	20	(1)	23	26
Total	**558**	**283**	**2,230**	**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 February 14, 2014.

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 million	As of January 1, 2013	For the year ended December 31, 2013
Net loss for the period	-	-
Other comprehensive income	(19)	46
Total comprehensive income	**(19)**	**46**
Total equity	**(19)**	**46**
Other non-current liabilities (pensions)	24	(60)
Deferred tax liabilities	(5)	13
Total non-current liabilities	**19**	**(46)**

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 4,448 million (SEK 4,562 million) in the year ended December 31, 2013. Digital-television revenue amounted to SEK 1,653 million (SEK 1,721 million), or 37.2% (37.7%) of total revenue. High-speed broadband revenue amounted to SEK 1,296 million (SEK 1,277 million), or 29.1% (28.0%) of total revenue. Fixed-telephony revenue amounted to SEK 415 million (SEK 506 million), or 9.3% (11.1%) of total revenue. Landlord revenue amounted to SEK 856 million (SEK 856 million) or 19.2% (18.8%) of total revenue, and other revenue amounted to SEK 228 million (SEK 202 million), or 5.1% (4.4%) of total revenue.

Note 3 Operating Expenses

The Group's cost of sales and services amounted to SEK 2,190 million (SEK 2,244 million), or 49.2% (49.2%) of total revenue in the year ended December 31, 2013. Selling expenses amounted to SEK 1,378 million (SEK 1,310 million), or 31.0% (28.7%) of total revenue, administrative expenses amounted to SEK 220 million (SEK 249 million), or 5.0% (5.5%) of total revenue and the Group's net other operating income and expenses amounted to an expense of SEK 3 million (expense of SEK 11 million) or 0.1% (0.2%) of total revenue.

Note 4 Financial Income and Expenses

Financial income and expenses summarized to a net financial expense of SEK 1,837 million (SEK 1,747 million) in the year ended December 31, 2013.

Net financial expense consisted primarily of interest expenses on borrowings amounting to SEK 1,708 million (SEK 1,773 million), currency losses in EUR denominated debt of SEK 254 million (currency gains of SEK 193 million), and a positive change in fair value of derivative instruments amounting to SEK 140 million (negative change of SEK 159 million) in the year ended December 31, 2013.

Note 5 Income Taxes
The Group recognized a deferred tax income for the year ended December 31, 2013 of SEK 175 million (SEK 411 million). The deviation to last year is partly explained by the reduction of the Swedish corporate tax rate in 2013 from 26.3% to 22.0% but also that the Company, in the fourth quarter, decided not to account for deferred tax related to the tax losses incurred in 2013.

Note 6 Net Loss for the Period
The Group recognized a net loss of SEK 1,005 million (SEK 588 million) in the year ended December 31, 2013.

Note 7 Capital Expenditures
Capital expenditures in the year ended December 31, 2013 amounted to SEK 1,038 million (SEK 913 million) or 23.3% (20.0%) of total revenue, of which SEK 42 million (SEK 38 million) was funded by financial leases. Of the capital expenditures net after leasing, SEK 597 million (SEK 625 million) related to investments in fixed tangible assets and SEK 400 million (SEK 250 million) related to investments in fixed intangible assets.

Note 8 Liquidity and Financial Position
As of December 31, 2013, the Group held SEK 1,122 million (SEK 661 million) of cash and cash equivalents whereof SEK 500 million is restricted for potential investments. The restricted cash of SEK 500 million is equivalent with the proceeds from an Incremental Facility established during the year ended December 31, 2013. In addition, SEK 300 million was drawn from the Capex Facility during the period. Under the Senior Facilities Agreement, the Group has access to an additional committed Capex Facility of SEK 450 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 140 million (SEK (159) million) regarding changes in fair value of the derivatives have been recognized in the financial net and SEK 0 million (-) have been recognized in other operating income, in the year ending December 31, 2013.

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

SEK in million	As of December 31, 2013	As of December 31, 2012
Derivatives (Collar)............	(6)	(8)
Derivatives (CIRS)............	(97)	(216)
Derivatives (FX contracts)............	(16)	(35)
Financial liabilities............	**(119)**	**(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 Fourth Quarter
On November 26, 2013, the Chairman of the Board of Com Hem announced that the company´s CEO Tomas Franzén will be leaving Com Hem during 2014.

On December 9, 2013, Com Hem announced the appointment of Andrew Barron as Executive Chairman at Com Hem.

On December 20, 2013, Com Hem announced the acquisition of Phonera Företag AB from Phonera AB (publ), completion of the acquisition is scheduled for March 31, 2014.

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 39 percent, 1.82 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.