Sunrise Communications Holdings S.A.

Interim Financial Report for the three-month period ended March 31, 2014

Facts & Figures

	January 1 - March 31, 2014	January 1 - March 31, 2013
Results of operations		
(in thousand CHF, except where indicated)		
Revenue		
Mobile	291'284	303'547
Landline services	127'547	135'019
thereof voice hubbing	*37'070*	*32'370*
Landline internet	51'348	47'961
Total revenue	470'179	486'527
Revenue (excluding hubbing)	*433'109*	*454'157*
EBITDA[1)]	131'979	141'243
EBITDA margin (%)	28.1%	29.0%
EBITDA margin (excluding voice hubbing) (%)	30.5%	31.1%
Subscriber base (end of period)		
(in thousand)		
Mobile subscriber base (excl. M2M)	2'477.2	2'137.5
Landline voice subscriber base	426.6	466.2
Landline internet subscriber base	340.0	366.0
thereof XDSL	340.0	363.4
thereof LLU	196.0	249.2
thereof Sunrise TV	82.8	50.0
ARPU		
(in CHF/month)		
Mobile services	35.1	41.0
Landline voice services	40.7	42.3
Landline internet services	39.1	36.3
Blended internet ARPU	44.9	39.3
Employees		
FTEs	1'796.0	1'681.2
Apprentices	100.0	88.0

[1)] EBITDA stands for: operating income before depreciation and amortization, net financial result and income tax expense.

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Business

Overview

Sunrise Communications Holdings S.A. (“Sunrise” or the “Group”) was incorporated under the laws of Luxembourg as of September 9, 2010. The main operating entity of the Group is Sunrise Communications AG based in Zurich, Switzerland which is the second largest telecommunications provider in Switzerland based on revenues for the three-month period ended March 31, 2014. The integrated national mobile and landline network provides the Group with a strong competitive position. As an integrated service provider, Sunrise offers mobile voice and data, landline services (retail and wholesale voice, business services), landline internet and IPTV services to both residential and business customers as well as to other operators. Sunrise is the leading non-incumbent operator in both the mobile and landline retail voice markets, with 2'477.2 thousand and 426.6 thousand subscribers respectively, as of March 31, 2014. The Group is also the third-largest landline internet provider with 340.0 thousand subscribers, including Sunrise TV subscribers, as of March 31, 2014. Sunrise provides landline services through its own national landline network and mobile services through its own mobile network based on GSM/GPRS/EDGE, UMTS/HSPA and LTE technologies.

Financial data

The financial data in this report covers the period from January 1 - March 31, 2014.

Comparative figures for the three-month period ended March 31, 2014 are based on unaudited condensed consolidated interim financial statements of the Group for the three-month periods ended March 31, 2013.

Shareholders

Sunrise Communications Holdings S.A. is owned by Mobile Challenger Intermediate Group S.A., Luxembourg which itself is ultimately owned by Mobile Challenger Group S.à r.l.

Management's discussion and analysis of financial condition and results of operations

Revenue
The Group's total revenue decreased quarter-over-quarter by 3.4% or CHF 16.3 million and amounted to CHF 470.2 million for the three-month period ended March 31, 2014. The decrease in revenue is primarily attributable to lower mobile revenue of CHF 12.3 million and a decrease in landline service revenue of CHF 7.5 million partially offset by a growth in internet service revenue of CHF 3.4 million.

Mobile
Mobile revenue fell by 4.0% from CHF 303.5 million to CHF 291.3 million for the three months ended March 31, 2014 primarily driven by lower postpaid revenues. The postpaid revenue decrease is mainly driven by the price reductions introduced in July 2012 and is only partially compensated by a higher subscriber base.

Landline services
Landline services revenue decreased from CHF 135.0 million to CHF 127.5 million for the three months ended March 31, 2014, a quarter-over-quarter decrease of CHF 7.5 million. The decrease is primarily attributable to a decrease in customer base and declining retail voice revenues and could only get partially offset by higher hubbing revenues.

Landline internet
The Group reports a quarter-over-quarter growth of 7.1% in landline internet revenue from CHF 48.0 million to CHF 51.3 million, for the three months ended March 31, 2014. The increase in landline internet revenue is primarily attributable to the growth of the IPTV customer base.

Transmission costs and cost of goods sold
Transmission costs and cost of goods sold amounted to CHF 149.7 million as of March 31, 2014, a quarter-over-quarter decrease of CHF 0.5 million, or 0.3%, from CHF 150.2 million. Compared to the revenue decrease transmission costs and cost of goods sold were hardly impacted by the prices reduction introduced in 2012.

Other operating expenses
During the three-month period ended March 31, 2014 other operating expenses decreased by CHF 7.0 million, or by 4.7%, from CHF 148.2 million to CHF 141.2 million. The decrease in other operating expenses is primarily attributable to lower marketing expenses caused by lower marketing activities and lower bad debt expenses during Q1 2014.

Wages, salaries and pension costs
Wages, salaries and pension costs amounted to CHF 54.6 million for the three-month period ended March 31, 2014, a quarter-over-quarter increase of CHF 2.3 million, or 4.4%, from CHF 52.3 million which is primarily driven by an increase of FTE related to the insourcing of the engineering department from its managed service provider.

Although the pension fund of Sunrise Communications AG is overfunded according to Swiss GAAP FER 26 the Group reports a net pension liability of CHF 68.3 million in its condensed consolidated interim financial statement as of March 31, 2014. The different results are driven by differences in valuation methods; Swiss GAAP FER 26 prescribes a static valuation method whereas IFRS (IAS 19) requests the usage of a dynamic valuation method. Therefore, the IFRS pension liability should not be considered as a cash liability based on current facts and circumstances.

Other income and expenses, net
Other income and expenses, net amounted to CHF 7.3 million for the period ended March 31, 2014, an increase of CHF 1.9 million, from CHF 5.4 million as of March 31, 2013. The increase in other income and expenses, net is primarily attributable to the omission of restructuring expenses in 2014. Please refer to note 7 for further information.

EBITDA
The Group generated an EBITDA of CHF 132.0 million for the three months ended March 31, 2014, a quarter-over-quarter decrease of CHF 9.3 million, or 6.6%, from CHF 141.2 million as of March 31, 2013. The EBITDA decrease is primarily driven by a decrease in gross profit and higher wages, salaries and pension costs partially offset by lower operating expenses driven by lower marketing expenses in Q1 2014.

Depreciation and amortization
Depreciation and amortization recorded during the three-month period ended March 31, 2014 decreased from CHF 116.7 million to CHF 103.3 million, a quarter-over-quarter decrease of CHF 13.4 million, or 11.5%. The higher depreciation and amortization in Q1 2013 was primarily driven by non-recurring write-offs of CHF 12.3 million related to the replacement of the radio network with multi standard radio equipment performed during Q1 2013.

Net loss

The Group reported a net loss of CHF 3.2 million for the period ended March 31, 2014, a quarter-over-quarter increase of CHF 25.3 million from a net loss of CHF 28.5 million as of March 31, 2013. The decrease of the EBITDA of CHF 9.3 million could be more than compensated by lower depreciation and amortization of CHF 9.3 million and a decrease of the change in net financial items of CHF 19.9 million.

Change in net working capital

The net working capital shows an decrease of CHF 98.8 million as of March 31, 2014 compared to a decrease of CHF 20.7 million reported in prior period. The change of net working capital is primarily attributable to changes in trade and other payables driven by a change in Capex spending patterns and improved long-term payment conditions negotiated in 2012 affected Q1 2013 positively. Please refer to note 14 for further information.

Liquidity and capital resources

The Group reported cash and cash equivalents amounting to CHF 64.7 million as of March 31, 2014, a decrease of CHF 84.5 million compared to the cash position held by the Group as of December 31, 2013. The decrease of the cash and cash equivalents is primarily attributable to the payment of interest on PECs for the PIK toggle note in the amount of CHF 27.8 million, the repayment of CHF 35.0 million of the revolving credit facility and capital expenditures of CHF 45.6 million. The decrease could only slightly be compensated by operational cash flows generated by the Group of CHF 2.4 million.

The Group's consolidated debt position – consisting of floating rate notes, senior secured notes, senior notes, the drawn revolving credit facility and capital leases - amounted to CHF 2'211.4 million of which CHF 6.1 million are expected to be paid within 12 months (refer to note 11 for further details).

Certain other contractual commitments

As of March 31, 2014 other contractual commitments excluding those mentioned above amounted to CHF 50.7 million consisting mainly of operating lease agreements and outsourcing of network operations and maintenance.

Purchase Price Allocation (PPA) & embedded derivatives

The acquisition of Sunrise Communications AG, which gave rise to a change of control, was accounted for using the acquisition method of accounting. As such, the cost of the acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. The Group's valuation studies to allocate the purchase price to identifiable net assets were done in Q4'2010 and finalized in Q1'2011.

Following the refinancing transaction in July 2012, the Group recognized embedded derivatives in its financial statements. These embedded derivatives represent early redemption options related to financial instruments issued by the Group. The fair value of the embedded derivatives amounted to CHF 36.3 million as of March 31, 2014, an increase of CHF 13.6 million from CHF 22.7 million reported as of December 31, 2013. The change in fair value is reported in the financial statement caption 'net financial items' in the table below. For clarification of the underlying operational performance, the following table shows the condensed consolidated interim statements of income excluding the fair value adjustments made in relation with the acquisition of Sunrise Communications AG and embedded derivatives.

Effect of fair value adjustments resulting from the acquisition of Sunrise Communications AG & embedded derivatives on the condensed consolidated interim statements of income

	January 1 - March 31, 2014 Before FV adjustments & embedded derivatives	January 1 - March 31, 2014 Impact of FV adjustments & embedded derivatives	January 1 - March 31, 2014 Including FV adjustments & embedded derivatives
Revenue	**470'390**	**(211)**	**470'179**
Transmission costs and cost of goods sold	(149'726)	-	(149'726)
Other operating expenses	(141'187)	-	(141'187)
Wages, salaries and pension costs	(54'593)	-	(54'593)
Total operating expenses before other income and expenses, depreciation and amortization	**(345'506)**	-	**(345'506)**
Other income	7'386	-	7'386
Other expenses	(80)	-	(80)
Income before depreciation and amortization, net financial items and income taxes	**132'190**	**(211)**	**131'979**
Depreciation and amortization	(65'314)	(37'952)	(103'266)
Operating income	**66'876**	**(38'163)**	**28'713**
Net financial items	**(44'006)**	**13'619**	**(30'387)**
Income/(loss) before income taxes	**22'870**	(24'544)	**(1'674)**
Income taxes	(5'157)	3'591	(1'566)
Net income/(loss)	**17'713**	**(20'953)**	**(3'240)**

This table has been added for clarify reasons on the operational performance of the Group.

Principal factors affecting mobile services revenues

Mobile subscriber base and ARPU development

The table below sets forth selected subscriber data for the mobile business for the periods indicated, including an analysis by type of subscriber.

Mobile subscriber base		'000
	March 31, 2014	March 31, 2013
Subscribers at end of period[1]	2'477.2	2'137.5
Growth over prior period	*15.9%*	
Of which:		
Postpaid[1][2]	1'275.2	1'196.6
Prepaid[1][3]	1'202.0	940.9

(1) Excludes MVNO subscribers but includes reseller-originated and yallo subscribers. Excludes machine-to-machine SIM cards (M2M).
(2) Postpaid mobile subscribers are counted as subscriber base as long as they have an active contract.
(3) Prepaid mobile subscribers are counted as subscriber base if they have had an activity event, such as a usage or refill, within the last 91 days.

Mobile ARPU		CHF/month
	January 1 - March 31, 2014	January 1 - March 31, 2013
Mobile ARPU[1]	35.1	41.0
Decrease over prior period	*(14.4)%*	

(1) The Group defines mobile ARPU as the total mobile revenue in the period divided by the average number of mobile subscribers in the period, which is subsequently divided by the number of months in the period. The average number of mobile subscribers during a period is calculated by adding together the number of active mobile SIM cards at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period.

The Group reports a quarter-over-quarter increase of the mobile subscriber base of 339.7 thousand from 2'131.7 thousand to 2'477.2 million as of March 31, 2014. The increase is primarily attributable to a growth of the prepaid subscribers driven by the acquisitions of YOL Communications GmbH and YOL Services AG. Applying a 12-month activity rule on prepaid (as reported by Swisscom and Orange CH), Sunrises prepaid subscriber base would be 1'994.2 million and the total mobile subscriber base would amount to 3'269.4 thousand as of March 31, 2014.

New quarter-over-quarter postpaid subscribers' activations of 78.6 thousand were primarily attributable to competitive flat rate and mobile data plans as well as attractive hardware offers.

Mobile ARPU decreased by CHF 5.9, or 14.4%, to CHF 35.1 for the three-month period ended March 31, 2014, from CHF 41.0 as of March 31, 2013. The decrease is primarily driven by the mobile price reductions introduced in 2012 resulting in new customers joining with lower ARPUs and existing customers migrating to the new competitive flat rate and mobile data plans and a higher prepaid subscriber share following the acquisition of YOL Communications GmbH and YOL Services AG which contributed about 32% of the absolute quarter-over-quarter decline.

Mobile churn

Sunrise's prepaid and postpaid blended mobile churn rate increased year-on-year from 9.5% to 11.6% for the three-month period ended March 31, 2014, which is primarily attributable to an increased churn in the prepaid segment, partly due to pre- to postpaid migrations.

Mobile termination rates

The applicable mobile termination rates for the first three months of 2013 were CHF 0.07 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.0875 per minute for mobile calls terminating on either Orange's network or Sunrise's own network.

Starting July 1, 2013 the applicable mobile termination rates for calls terminating on Swisscom's mobile network amount to CHF 0.065 per minute and those for calls terminating on Orange's and Sunrise's own network amount to CHF 0.0825 per minute.

Principal factors affecting landline services revenues

Subscriber base

The table below sets forth selected subscriber data for the landline retail voice subscribers.

Retail voice subscriber base (1)	‘000	
	March 31, 2014	March 31, 2013
Retail voice	426.6	466.2
Decrease over prior period	*(8.5)%*	
Of which:		
LLU	196.0	249.2
Decrease over prior period	*(21.3)%*	

(1) In the retail voice business, subscribers are reported based on activity within the last month.

Compared to prior year's first quarter the total number of retail voice subscribers decreased by 39.6 thousand, or 8.5%, from 466.2 thousand to 426.6 thousand as of March 31, 2014. Sunrise attributes the decrease to the departure of retail voice-only CPS customers; including customers acquired as part of the acquisition of Tele2 Switzerland in 2008 as well as clients churning off the Sunrise retail voice network or are substituting their service with mobile services.

ARPU

The table below sets forth the retail voice ARPU for the periods indicated.

Landline services ARPU	CHF / month	
	January 1 - March 31, 2014	January 1 - March 31, 2013
Retail voice ARPU (1)	40.7	42.3
Decrease over prior period	*(3.9)%*	

(1) Sunrise defines landline retail voice ARPU as the total retail voice revenue in the period divided by the average number of retail voice subscribers in the period, which is subsequently divided by the number of months in the period. The average number of retail voice subscribers in a period is calculated by adding together the number of retail voice subscribers at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period.

Retail voice ARPU decreased quarter-on-quarter by CHF 1.6 or 3.9% from CHF 42.3 to CHF 40.7 for the three-month period ended March 31, 2014. The decrease is primarily attributable to the reduction in voice volumes.

Principal factors affecting landline internet revenues

Subscriber base

The table below sets forth selected subscriber data for the landline internet subscribers, including Sunrise TV subscribers.

Landline internet subscriber base[1]		'000
	March 31, 2014	March 31, 2013
Landline internet[2]	340.0	366.0
Decrease over prior period	*(7.1)%*	
Of which:		
Broadband BBCS	144.0	114.2
Growth over prior period	*26.1%*	
Broadband LLU	196.0	249.2
Decrease over prior period	*(21.3)%*	
Sunrise TV [3]	82.8	50.0
Growth over prior period	*65.5%*	

(1) In the landline internet business, the Group reports Broadband Connectivity Services (BBCS) subscribers without ARB based on technical installations, while the Group reports BBCS subscribers with ARB and LLU subscribers based on the number of active contracts. Sunrise currently pays fees to Swisscom of CHF 15.60 per month for each LLU line and CHF 28.00 per month for each BBCS line.
(2) Since January 24, 2013 the service for dial-up customers has been deactivated (March 31, 2013 2.6 thousand dial-up customers).
(3) Sunrise TV was launched end of March 2012.

The total number of Sunrises landline internet subscribers declined by 26.0 thousand or 7.1%, from 366.0 thousand to 340.0 thousand as of March 31, 2014. As of March 31, 2014 the total number of broadband subscribers, including both LLU and BBCS services likewise decreased by 23.4 thousand or 6.4% to 340.0 from 363.4, as of March 31, 2013. The decline of LLU customers subscribing to ADSL products was only partially offset by an increase of BBCS customers using high-bandwidth VDSL products (i.e. TV customers bundling voice/internet and IPTV).

ARPU

The table below sets forth the landline internet, including Sunrise TV ARPU for the periods indicated.

Landline internet ARPU		CHF / month
	January 1 - March 31, 2014	January 1 - March 31, 2013
Landline internet ARPU [1]	39.1	36.3
Growth over prior period	*7.6%*	
Blended internet ARPU [2]	44.9	39.3
Growth over prior period	*14.3%*	

(1) Landline internet ARPU is defined as the total landline internet ADSL revenue in the period divided by the average number of landline internet ADSL subscribers in the period, which is subsequently divided by the number of months in the period. The average number of landline internet ADSL subscribers in a period is calculated by adding together the number of landline internet ADSL subscribers at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period. For purposes of calculating landline internet ARPU, landline internet revenue includes revenue generated from monthly subscription fees but does not include dial-up revenue and revenue from the sale of customer premises equipment, such as modems.
(2) The blended internet + TV ARPU is defined as the total landline ADSL revenue plus service revenue from the IPTV business divided by the average number of landline internet ADSL subscribers.

Landline internet ARPU increased quarter-over-quarter by 2.8 CHF or 7.6 % from CHF 36.3 to CHF 39.1 as of March 31, 2014. Blended internet ARPU increased by CHF 5.6 or 14.3%, driven by an increasing TV customer base.

Material affiliate transactions

Sunrise Communications AG acts as a central counter-party to external financial institutions for all derivative instrument transactions of the Group (refer to note 12). When necessary, back-to-back agreements are in place between Sunrise Communications AG and the respective debt holding group entities, mirroring the external agreements with financial institutions.

On March 17, 2014 the Group repaid accrued interest on PECs in the amount of CHF 27.8 million to Mobile Challenger Intermediate Group S.A. which used the proceeds to pay interests due amounting to CHF 27.8 million of its PIK (Payment In Kind) toggle note.

Material contractual arrangements

On January 16, 2014 Sunrise extended its partnership agreement with Téléfonica and can profit from Téléfonica's service and global network for another two years.

Material debt instruments

On February 6, 2014 Sunrise repaid CHF 35.0 million of the revolving credit facility to reduce the drawn down amount to CHF 60.0 million.

Credit ratings

There were no changes to the Group's credit rating in the 1th quarter of the year ending March 31, 2014.

Material risk factors

Sunrise operates a centralized risk management system which distinguishes between strategic and operating risks. Competition, network performance and maintenance, changes in regulations, acceptance by market of newly launched products are the main risks and uncertainties the Group is facing.
All identified risks are quantified (according to their realization probability and impact) and tracked on a risk schedule. This risk schedule is subject to an annually repeated detailed discussion process in the Group's board of directors which was performed in the 4th quarter 2013.

The development on the FX market and the strong Swiss franc do not have a material net effect on the Group, as Sunrise is predominantly active in the domestic market. The foreign currency risk arising from loans and notes denominated in Euros has been fully hedged by the Group.

Material recent developments

As the first Swiss telecommunication company, Sunrise successfully tested the latest development of the new mobile network generation, LTE-Advanced (LTE-A). The start of the roll-out of the LTE-A technology is planned step-by-step in the third quarter of 2014 and increases the data transfer up to 300 Mbit/s which give the customers the possibility to surf with double speed on their mobile devices.

Starting in April 7, 2014 Sunrise is the first Swiss provider to launch a new mobile product, which separates the cost for the subscriptions plan and the mobile handset. This results in more flexible and transparent offerings to end customers whilst eliminating fixed contractual durations for the mobile subscription plans.

On May 9th, 2014, Standard & Poor's Ratings Services revised the outlook of Sunrise Communications Holdings S.A. from negative to stable and affirmed the "B+" corporate credit rating.

Acquisition, disposals and recapitalizations

No material acquisitions, disposals and recapitalizations occurred within the 1th quarter ended March 31, 2014.

Sunrise Communications Holdings S.A.

Condensed consolidated interim financial statements for the three-month period ended March 31, 2014 (unaudited)

Condensed consolidated interim statements of income CHFk

	Note	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Revenue	**5,6**	**470'179**	**486'527**
Transmission costs and cost of goods sold		(149'726)	(150'214)
Other operating expenses		(141'187)	(148'214)
Wages, salaries and pension costs		(54'593)	(52'303)
Total operating expenses before other income and expenses, depreciation and amortization		**(345'506)**	**(350'731)**
Other income	7	7'386	5'987
Other expenses	7	(80)	(540)
Income before depreciation and amortization, net financial items and income taxes		**131'979**	**141'243**
Amortization	8	(57'004)	(56'647)
Depreciation	8	(46'262)	(60'031)
Operating income		**28'713**	**24'565**
Foreign currency gains / (losses), net		11'796	(11'474)
Financial income		42'322	41'009
Financial expenses		(84'505)	(79'783)
Net financial items	**10**	**(30'387)**	**(50'248)**
Loss before income taxes		**(1'674)**	**(25'683)**
Income taxes		(1'566)	(2'829)
Net loss		**(3'240)**	**(28'512)**
Net loss attributable to equity holders of the parent company		**(3'240)**	**(28'512)**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statements of comprehensive income

	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited *Restated**
Net loss	**(3'240)**	**(28'512)**
Actuarial (losses) / gains related to defined benefit pension plans	(10'548)	9'525
Income tax effect	2'215	(2'000)
Net other comprehensive income not to be reclassified to profit and loss in subsquent periods	**(8'333)**	**7'525**
Cash flow hedge gains	129	5'901
Income tax effect	-	(100)
Net other comprehensive income to be reclassified to profit and loss in subsquent periods	**129**	**5'801**
Other comprehensive income, net of tax	**(8'204)**	**13'326**
Total comprehensive income	**(11'444)**	**(15'186)**
Comprehensive income attributable to equity holders of the parent company	**(11'444)**	**(15'186)**

* Please refer to note 3 for further information

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statements of financial position

Assets CHFk

	Note	March 31, 2014 Unaudited	December 31, 2013 Unaudited
Non-current assets			
Intangible assets		2'741'188	2'788'969
Property, plant and equipment	15	915'912	916'427
Derivative financial assets	12	38'245	25'726
Other non-current assets		200	200
Total non-current assets		**3'695'545**	**3'731'322**
Current assets			
Inventories		50'642	38'260
Trade and other receivables	15	317'206	279'674
Prepaid expenses		34'225	10'647
Cash and cash equivalents		64'746	149'198
Total current assets		**466'819**	**477'779**
Total assets		**4'162'364**	**4'209'101**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statements of financial position

Equity and liabilities CHFk

	Note	March 31, 2014 Unaudited	December 31, 2013 Unaudited
Equity			
Common shares, share premium and PECs	9	828'270	828'270
Valuation reserve		(12'567)	(12'696)
Accumulated deficit		(157'074)	(117'715)
Total equity		**658'629**	**697'859**
Non-current liabilities			
Non-current portion of loans and notes	11	2'177'271	2'186'644
Non-current portion of financial leases	11	28'020	29'454
Non-current portion of trade and other payables	15	208'936	207'420
Deferred tax liabilities		240'952	247'209
Provisions		114'831	114'101
Employee benefit obligations		68'327	57'409
Derivative financial liabilities	12	143'992	134'133
Deferred income		16'061	15'430
Total non-current liabilities		**2'998'390**	**2'991'800**
Current liabilities			
Current portion of loans and notes	11	-	35'000
Current portion of financial leases	11	6'081	5'991
Current portion of trade and other payables	15	428'013	399'257
Income tax payable		8'702	4'991
Deferred income		51'263	50'300
Provisions		9'272	22'198
Other current liabilities		2'014	1'705
Total current liabilities		**505'345**	**519'442**
Total liabilities		**3'503'735**	**3'511'242**
Total equity and liabilities		**4'162'364**	**4'209'101**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statements of cash flow — CHFk

	Note	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Loss before income taxes		**(1'674)**	**(25'683)**
Amortization		57'004	56'647
Depreciation		46'262	60'031
Gain on disposal of property, plant and equipment		1	-
Movement in pension		(23)	380
Movement in provisions		(316)	(3'962)
Change in net working capital	14	(98'810)	(20'671)
Cash flow from operating activities before net financial items and tax		**2'444**	**66'742**
Financial income	10	(42'322)	(41'009)
Financial expense	10	84'505	79'783
Foreign currency (losses) / gain, net		(11'784)	10'436
Interest received		2'858	4'822
Interest paid		(8'434)	(4'967)
Corporate income and withholding tax paid		6'550	(2'056)
Total cash flow from operating activities		**33'817**	**113'751**
Purchase of property, plant and equipment		(45'639)	(33'095)
Purchase of intangible assets		(9'245)	(5'720)
Sale of property, plant and equipment		-	224
Total cash flow used in investing activities		**(54'884)**	**(38'591)**
Redemption of PECs		(27'786)	(20'531)
Repayments of long-term loans and notes		(35'000)	-
Repayments of capital leases		(1'344)	(1'479)
Total cash flow used in financing activities		**(64'130)**	**(22'010)**
Total cash flow		**(85'197)**	**53'150**
Cash and cash equivalents as of January 1		149'198	170'601
Foreign currency impact on cash		745	623
Cash and cash equivalents as of March 31		**64'746**	**224'374**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statements of changes in equity CHFk

	Common shares	Share premium	PECs	Valuation reserve	Accumulated deficit	Total
Equity as of January 1, 2014	**1'000**	**125'876**	**701'394**	**(12'696)**	**(117'715)**	**697'859**
Net loss for the period	-	-	-	-	(3'240)	(3'240)
Other comprehensive income	-	-	-	129	(8'333)	(8'204)
Total comprehensive income	**-**	**-**	**-**	**129**	**(11'573)**	**(11'444)**
Redemption of PEC's	-	-	-	-	(27'786)	(27'786)
Equity attributable to the equity holders of the parent company as of March 31, 2014	**1'000**	**125'876**	**701'394**	**(12'567)**	**(157'074)**	**658'629**

	Common shares	Share premium	PECs	Valuation reserve	Accumulated deficit	Total
Equity as of January 1, 2013	**1'000**	**125'876**	**721'643**	**(27'858)**	**(27'505)**	**793'156**
Net income for the period	-	-	-	-	(28'512)	(28'512)
Other comprehensive income, restated*	-	-	-	5'801	7'525	13'326
Total comprehensive income, restated*	**-**	**-**	**-**	**5'801**	**(20'987)**	**(15'186)**
Prior year reclassification	-	-	-	-	490	490
Redemption of PEC's	-	-	(20'249)	-	(282)	(20'531)
Equity attributable to the equity holders of the parent company as of March 31, 2013 , restated*	**1'000**	**125'876**	**701'394**	**(22'057)**	**(48'284)**	**757'929**

* Please refer to note 3 for further information

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Notes to condensed consolidated interim financial statements

Overview

Note 1 General information

Sunrise Communications Holdings S.A. ("Sunrise" or the "Group") has its registered office at Avenue Monterey 20, L-2163 Luxembourg. Sunrise Communications Holdings S.A. holds indirectly 100% of its principal operating company, Sunrise Communications AG, which has its registered office at Binzmühlestrasse 130, CH-8050 Zurich, Switzerland.

Sunrise Communications AG is the second-largest full-range telecommunications provider in Switzerland, and offers mobile voice and data, landline services (retail and wholesale voice, business and integration services), landline internet including IPTV services to both residential and business customers, as well as to other operators. Sunrise has its own national backbone landline and IP network, as well as its own mobile network based on GSM/EDGE, UMTS/HSDPA and LTE technologies. In connection with the provision of services Sunrise resells handsets manufactured by 3rd party suppliers.

These condensed consolidated interim financial statements were authorized for issue by the Group's board of directors on May 21, 2014.

Note 2 Basis of preparation

These financial statements are the condensed consolidated interim financial statements of Sunrise Communication Holdings S.A. as of and for the three months ended March 31, 2014. They have been prepared in accordance with IAS 34, "Interim financial reporting" – as adopted by the European Union. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013.

Foreign currency translation
These condensed consolidated interim financial statements are presented in CHF which is the functional currency of the parent company and each of its subsidiaries.

The following table summarizes the principal exchange rates used by the Group:

Currency	Balance sheet		Income statement and cash flow	
	March 31, 2014	December 31, 2013	March 31, 2014	March 31, 2013
Euro	1.2180	1.2274	1.2393	1.2335
US Dollar	0.8846	0.8929	0.9079	0.9316

Note 3 Accounting estimates and judgments, changes in accounting estimates and presentation

Accounting estimates and judgments
The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Those estimates affect mainly provisions, goodwill impairment tests, employee benefit obligations, allowance for doubtful receivables, embedded derivatives and taxes. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended December 31, 2013 except for the changes disclosed in note 4.

Note 3 Accounting estimates and judgments, changes in accounting estimates and presentation (continued)

Restatement of prior year comparatives
Sunrise adopted IAS 19 revised (IAS 19R) in 2013. The revised standard introduced a number of amendments to the accounting for defined benefit plans, among which the withdrawal of the 'corridor method' was the most relevant one. At the time of the preparation of the consolidated interim financial statements as of March 31, 2013, the actuarial report prepared under IAS 19R was not yet available and therefore Sunrise deferred the application of the new standards to the second quarter of 2013 and accounted for the defined benefit plans under the old standard as of March 31, 2013.

As a result the comparative figures have been restated as if the application of the revised standard had started from 1 January 2013. The impact on the consolidated statement of comprehensive income and on the consolidated interim statement of changes in equity as of March 31, 2013 is presented below:

Retrospective application of IAS 19R			CHFk
	Reported	Adjustment	Restated
Other comprehensive income as of March 31, 2013			
Actuarial gains related to defined benefit pension plans	-	9'525	9'525
Income tax effect	-	(2'000)	(2'000)
Net other comprehensive income not to be reclassified to profit and loss in subsquent periods	**-**	**7'525**	**7'525**
Equity as of March 31, 2013			
Accumulated deficit	**(55'809)**	**7'525**	**(48'284)**

Note 4 New accounting standards

As of January 1, 2014 Sunrise has adopted various amendments to existing International Financial Reporting Standards (IFRSs) and Interpretations.

The amendments will not have any impact on the Group's result or financial position.

Note 5 Segment reporting

The operating segments have been determined based on the management reports reviewed by the board of directors. The Group's organizational structure reflects the different customer groups to which the Group provides its telecommunication products and services: 'Residential', 'Business', 'Wholesale' and a reportable segment 'Head Office' which includes finance, IT and technology functions of the Group.

Residential provides fixed line and mobile services to residential end customers. Through its investments in Local-Loop Unbundling (LLU) and IPTV, Sunrise focuses on selling its products in the Swiss telecommunications market by marketing bundled offers in fixnet/internet, mobile and IPTV.

Business provides a full range of products and services, from fixed-line and mobile communications to internet and data services as well as integration services to different business areas: Single Office and Home Office (SOHO), Small and Medium Enterprises (SME), and large corporate clients.

The wholesale product portfolio covers voice, data, internet and infrastructure services such as carrier and roaming services which are marketed to national and international telecom service providers as well as Mobile Virtual Network Operators (MVNO's).

Head Office activities comprise support units such as network, IT and customer care as well as staff functions like finance, human resources and strategy. Furthermore certain fees and sundry revenues and payments of reminder fees are allocated to this operating segment.

The accounting policies applicable to the reportable segments are the same as the Group's accounting policies that are applied to the consolidated financial statements for the year ended as of December 31, 2013 and those disclosed in note 3 above.

Performance is measured based on the EBITDA as included in the internal financial reports reviewed by the board of directors. EBITDA is defined as operating income before depreciation and amortization, net financial result and income tax expenses. The EBITDA earned by each segment is considered to be an adequate measure of the operating performance of the segments reported to the board of directors for the purposes of resource allocation and performance assessment.

Assets and liabilities are not allocated to operating segments in the management reports reviewed by the board of directors, as the review focuses on the development in net working capital on Group level.

Activities CHFk

	Residential		Business		Wholesale[1]		Head Office activities		Total	
	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Revenue										
External customers	328'051	332'729	76'463	81'385	58'514	66'169	7'151	6'244	470'179	486'527
Inter-segment revenue	-	-	-	-	14'174	2'835	-	-	14'174	2'835
Total	**328'051**	**332'729**	**76'463**	**81'385**	**72'688**	**69'004**	**7'151**	**6'244**	**484'353**	**489'362**
Transmission costs and costs of goods sold										
External customers	(75'228)	(80'285)	(24'603)	(26'758)	(49'895)	(43'146)	-	(25)	(149'726)	(150'214)
Inter-segment costs	(14'174)	(2'835)	-	-	-	-	-	-	(14'174)	(2'835)
Total	**(89'402)**	**(83'120)**	**(24'603)**	**(26'758)**	**(49'895)**	**(43'146)**	**-**	**(25)**	**(163'900)**	**(153'049)**
Other operating expenses	(61'932)	(61'817)	(9'549)	(10'651)	(1'105)	(1'090)	(68'601)	(74'656)	(141'187)	(148'214)
Wages, salaries and pension costs	(14'771)	(10'784)	(13'775)	(14'450)	(682)	(792)	(25'365)	(26'277)	(54'593)	(52'303)
Other income	253	2	-	-	-	-	7'133	5'985	7'386	5'987
Other expenses	-	-	-	-	-	-	(80)	(540)	(80)	(540)
EBITDA	**162'199**	**177'010**	**28'536**	**29'526**	**21'006**	**23'976**	**(79'762)**	**(89'269)**	**131'979**	**141'243**

[1] Including hubbing revenue of CHFk 37'070 generated in Q1 2014 and CHFk 32'370 generated in Q1 2013

Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) CHFk

	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
EBITDA from reportable segments	131'979	141'243
Unallocated:		
Amortization	(57'004)	(56'647)
Depreciation	(46'262)	(60'031)
Net financial items	(30'387)	(50'248)
Loss before income taxes	**(1'674)**	**(25'683)**

Note 6 Revenue CHFk

	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Mobile services	291'284	303'547
Landline services	127'547	135'019
thereof hubbing	*37'070*	*32'370*
Landline internet	51'348	47'961
Total	**470'179**	**486'527**

	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Sales of goods	33'988	36'859
Sales of services	436'191	449'668
Total	**470'179**	**486'527**

Note 7 Other income and other expenses

CHFk

Other income	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Early termination fees	3'530	4'692
Sub-leases	1'156	1'159
Aperiodic settlements of charges for access services calculated using the prices of the Swiss regulator	1'600	-
Other	1'100	136
Total	**7'386**	**5'987**

Other expenses	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Restructuring expenses	-	(540)
Other	(80)	-
Total	**(80)**	**(540)**

Note 8 Depreciation and amortization

Depreciation and amortization recorded during the three-month period ending March 31, 2014 decreased quarter-over-quarter from CHF 116.7 million to CHF 103.3 million. The higher depreciation and amortization in Q1 2013 was primarily driven by non-recurring write-offs of CHF 12.3 million related to the replacement of the mobile radio network with multi standard radio equipment in Q1 2013.

Note 9 Equity

CHFk

	Number of shares	Nominal value (CHF)	March 31, 2014 Unaudited	December 31, 2013 Unaudited
Class A shares	90'000'000	0.01	900	900
Class B shares	10'000'000	0.01	100	100
Share premium			125'876	125'876
Series A PECs *)	62'589'067'221	0.01	625'890	625'890
Series B PECs *)	7'550'384'405	0.01	75'504	75'504
Total common shares, share premium and PECs *)			**828'270**	**828'270**

*) Preferred Equity Certificates

Share capital
The total authorized and issued number of ordinary shares comprises 100’000’000 shares with a nominal value of CHF 0.01 each.

PIK toggle note interest payment
In March 2014 Sunrise Communications Holdings S.A. paid accrued interest in the amount of CHF 27.8 million to Mobile Challenger Intermediate Group S.A..

Valuation reserve
Valuation reserve comprises fair value changes of derivative instruments that qualify as cash flow hedges. The fair value changes are recognized net of tax.

Accumulated deficit
Actuarial gains and losses, net of taxes, and the result for the current period and earnings or losses carried forward are recognized in accumulated deficit.

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Note 10 Net financial items

CHFk

	Interest	Fair value adjustments	Total financial income and (expenses) before foreign currency	Net foreign currency gains/(losses)	January 1 - March 31, 2014 Unaudited Total
Income					
Cash and cash equivalents	258	-	258	745	1'003
Financial liabilities measured at amortized cost	-	-	-	11'276	11'276
Cash flow hedges and economic hedges	28'045	-	28'045		28'045
Embedded derivatives [1)]	-	13'619	13'619	-	13'619
Other	400	-	400	-	400
Total income	**28'703**	**13'619**	**42'322**	**12'021**	**54'343**
Expenses					
Financial liabilities measured at amortized cost	(41'825)	-	(41'825)	-	(41'825)
Cash flow hedges and economic hedges	(28'354)	(11'087)	(39'441)	-	(39'441)
Other	(3'239)	-	(3'239)	(225)	(3'464)
Total expenses	**(73'418)**	**(11'087)**	**(84'505)**	**(225)**	**(84'730)**
Net financial items	**(44'715)**	**2'532**	**(42'183)**	**11'796**	**(30'387)**

	Interest	Fair value adjustments	Total financial income and (expenses) before foreign currency	Net foreign currency gains/(losses)	January 1 - March 31, 2013 Unaudited Total
Income					
Cash and cash equivalents	44	-	44	625	669
Cash flow hedges and economic hedges	28'270	12'480	40'750	-	40'750
Interest rate derivatives	3	212	215	-	215
Total income	**28'317**	**12'692**	**41'009**	**625**	**41'634**
Expenses					
Financial liabilities measured at amortized cost	(44'212)	-	(44'212)	(11'422)	(55'634)
Cash flow hedges and economic hedges	(28'349)	-	(28'349)	-	(28'349)
Interest rate derivatives	(189)	-	(189)	-	(189)
Embedded derivatives [1)]	-	(3'767)	(3'767)	-	(3'767)
Other	(3'266)	-	(3'266)	(677)	(3'943)
Total expenses	**(76'016)**	**(3'767)**	**(79'783)**	**(12'099)**	**(91'882)**
Net financial items	**(47'699)**	**8'925**	**(38'774)**	**(11'474)**	**(50'248)**

[1)] Embedded derivatives represent early redemption options related to financial instruments issued by the Group.

Note 11 Borrowings

CHFk

	Nominal value at inception	Foreign exchange movement[1]	Capitalized debt issuance cost including discounts and premium[1]	Loan and finance lease repayments	March 31, 2014 Carrying value Unaudited	December 31. 2013 Carrying value Unaudited
Floating rate						
Floating rate notes - EUR	200'570	2'839	(2'903)	-	200'506	201'877
Revolving credit facility - CHF	95'000	-	-	(35'000)	60'000	95'000
Fixed rate						
Senior secured notes - CHF [2]	300'000	-	(7'506)	-	292'494	292'111
Senior secured notes - CHF [3]	370'000	-	(5'390)	-	364'610	364'317
Senior secured notes - EUR [4]	658'641	(54'503)	(7'603)	-	596'535	600'792
Senior notes - EUR	755'942	(72'633)	(20'183)	-	663'126	667'547
Total loans and notes	**2'380'153**	**(124'297)**	**(43'585)**	**(35'000)**	**2'177'271**	**2'221'644**
Other						
Debt relating to finance leases	-	-	-	(1'344)	34'101	35'445
Total borrowings	**-**	**-**	**-**	**(36'344)**	**2'211'372**	**2'257'089**
Of which current					6'081	40'991
Of which non-current					2'205'291	2'216'098

[1] Since issuance of the borrowings.

[2] Issued October 14, 2010.

[3] Issued July 19, 2012.

[4] Including a tap offering of EUR 125.0 million aggregate principal amount of its existing 7% fixed rates senior secured notes.

The Group's borrowings are governed by a number of financial covenants specified in the revolving credit facility. The main covenants consist of a leverage ratio and an interest cover ratio. The Group performs quarterly covenant testing. The last covenant testing, performed as of March 31, 2014, showed that the Group was in compliance with the applicable financial covenants.

Liabilities relating to finance leases are related primarily to lease agreements of fiber networks.

Note 12 Derivatives

CHFk

Derivative financial instruments are reported in the condensed consolidated interim statement of financial position as follows:

	March 31, 2014 Notional Amount	December 31, 2013 Notional amount	March 31, 2014 Fair value assets [4]	March 31, 2014 Fair value liabilities [4]	December 31, 2013 Fair value assets [4]	December 31, 2013 Fair value liabilities [4]
Cross currency interest rate swaps – fixed rate borrowings	1'256'198	1'256'198	-	(133'573)	-	(124'968)
Total cash flow hedges	**1'256'198**	**1'256'198**	**-**	**(133'573)**	**-**	**(124'968)**
Cross currency interest rate swaps – fixed rate borrowings [1]	161'878	161'878	-	(10'419)	-	(9'165)
Cross currency interest rate swaps – variable rate borrowings [2]	200'567	200'567	1'914	-	3'014	-
Total economic hedges	**362'445**	**362'445**	**1'914**	**(10'419)**	**3'014**	**(9'165)**
Interest rate swap[5]	-	100'000	-	-	-	-
Total interest rate derivatives	**-**	**100'000**	**-**	-	**-**	**-**
Embedded derivatives [3]	-	-	36'331	-	22'712	-
Total embedded derivatives	-	-	**36'331**	**-**	**22'712**	**-**
Total derivatives	**-**	**-**	**38'245**	**(143'992)**	**25'726**	**(134'133)**

[1] Cross currency interest rate swaps related to senior secured notes EUR 125 million
[2] Cross currency interest rate swaps related to senior secured floating rate notes EUR 167 million
[3] Embedded derivatives represent early redemption options related to financial instruments issued by the Group
[4] For fair value estimation please refer to note 13.
[5] Interest rate swap has matured as of December 31, 2013

	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
The change in the fair value of derivatives in the period can be summarized as:		
Cash flow hedges – movement in hedge reserve	(8'733)	10'158
Cash flow hedges – ineffectiveness	-	120
Economic hedges	(2'354)	2'202
Total impact of hedging derivatives in the statement of income (note 10)	**(11'087)**	**12'480**
Impact of interest rate derivatives in the statement of income (note 10)	-	212
Impact of embedded derivatives in the statement of income (note 10)	13'619	(3'767)
Total impact of derivatives in the statement of income (note 10)	**2'532**	**8'925**

Note 13 Fair value estimation

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The table below shows a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the condensed consolidated interim financial statements:

CHFk

	Measurement principle	March 31, 2014 Fair value	March 31, 2014 Carrying value	December 31, 2013 Fair value	December 31, 2013 Carrying value
Cash[1)]	Amortized cost	64'746	64'746	149'198	149'198
Trade and other receivables[1)]	Amortized cost	317'206	317'206	279'674	279'674
Other non-current assets[1)]	Amortized cost	200	200	200	200
Derivatives - held for trading[2)]	Fair value - Level 2	38'245	38'245	25'726	25'726
Total financial assets		**420'397**	**420'397**	**454'798**	**454'798**
Trade payables and other payables[1)]	Amortized cost	(636'949)	(636'949)	(606'677)	(606'677)
Loans and notes	Amortized cost	(2'295'354)	(2'177'271)	(2'308'037)	(2'186'644)
Financial leases[1)]	Amortized cost	(34'101)	(34'101)	(35'445)	(35'445)
Derivatives - held for trading[2)]	Fair value - Level 2	(10'419)	(10'419)	(9'165)	(9'165)
Derivatives - held for hedging[2)]	Fair value - Level 2	(133'573)	(133'573)	(124'968)	(124'968)
Other current liabilities[1)]	Amortized cost	(2'014)	(2'014)	(1'705)	(1'705)
Total financial liabilities		**(3'112'410)**	**(2'994'327)**	**(3'085'997)**	**(2'964'604)**

1) Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments.

2) The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There have been no transfers between the different hierarchy levels during the three- month period ended March 31, 2014.

Note 14 Change in net working capital

CHFk

	January 1 - March 31, 2014 Unaudited	January 1 - March 31, 2013 Unaudited
Change in inventories	(12'382)	(1'219)
Change in trade and other receivables	(16'471)	9'518
Change in trade and other payables	(59'136)	(13'142)
Change in other items, net	(10'821)	(15'828)
Total	**(98'810)**	**(20'671)**

The table above outlines cash relevant transactions which have been recognized in the caption 'change in net working capital' in the condensed consolidated interim statement of cash flow of the Group (see page 17).

Note 15 Other balance sheet items

Trade and other receivables
The increase of CHF 37.5 million in trade and other receivables for the three-month period ended March 31, 2014 is mainly due to accrued interest on swaps in Q1 2014 and the settlement of roaming agreement as of March 31, 2014.

Property, plant and equipment and current portion of trade and other payables
In March 2014, the Group received new information from its managed service provider on the purchase price of capital expenditure in 2013. As a result of this information the Group has increased the purchase price of tangible assets by CHF 23.2 million in the current period.

Non-current trade and other payables
This financial statement item is mainly related to the acquisition of the spectrum licenses in 2012 and consists of the 2nd and the 3rd installments due in 2015 and 2016 respectively.

Note 16 Dividend distribution

No dividend resolutions have been taken by the board of directors of Sunrise Communications Holdings SA – the ultimate parent of the group – or any other entity of the Group during the period under review (during the first quarter 2014).

Note 17 Contractual commitments

As per March 31, 2014 Sunrise Communications AG has entered into multiple supply contracts with a minimal financial commitment of CHF 50.7 million.

Note 18 Financial risk management

We did not identify any material financial risks in Q1 2014. The strong Swiss franc does not have a material net effect on the Group, as Sunrise is predominantly active in the domestic market. The foreign currency risk arising from loans and notes denominated in Euros have been fully hedged.

Note 19 Events after the balance sheet date

On May 9th, 2014, Standard & Poor's Ratings Services revised the outlook of Sunrise Communications Holdings S.A. from negative to stable and affirmed the "B+" corporate credit rating.